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CORPORATE INFORMATION

BOARD OF DIRECTORS

- Dato' Seri Abdul Ghani Bin Abdul Aziz
(Independent Non-Executive Chairman)
- Datuk Johari Bin Abdul Ghani
(Managing Director)
- Maj Gen (R) Dato' Mohamed Isa Bin Che Kak
(Independent Non-Executive Director)
- Datuk Syed Ali Bin Tan Sri Syed Abbas Alhabshee
(Independent Non-Executive Director)
- Dato' Azmeer Bin Rashid
(Independent Non-Executive Director)
- Chan Peng Chiw
(Senior Independent Non-Executive Director)
- Nor Hishammuddin Bin Dato' Mohd Nordin
(Independent Non-Executive Director)
- Erwin Selvarajah A/L Peter Selvarajah
(Non-Independent Non-Executive Director)
- Datin Mariam Prudence Binti Yusof
(Non-Independent Non-Executive Director)

AUDIT COMMITTEE

- Chan Peng Chiw
(Chairman, Senior Independent Non-Executive Director)
- Datuk Johari Bin Abdul Ghani
(Managing Director)
- Nor Hishammuddin Bin Dato' Mohd Nordin
(Independent Non-Executive Director)

REMUNERATION COMMITTEE

- Chan Peng Chiw
(Chairman, Senior Independent Non-Executive Director)
- Datuk Johari Bin Abdul Ghani
(Managing Director)
- Nor Hishammuddin Bin Dato' Mohd Nordin
(Independent Non-Executive Director)

NOMINATION COMMITTEE

- Chan Peng Chiw
(Chairman, Senior Independent Non-Executive Director)
- Dato' Seri Abdul Ghani Bin Abdul Aziz
(Independent Non-Executive Chairman)
- Nor Hishammuddin Bin Dato' Mohd Nordin
(Independent Non-Executive Director)

RISK MANAGEMENT COMMITTEE

- Chan Peng Chiw
(Chairman, Senior Independent Non-Executive Director)
- Datuk Johari Bin Abdul Ghani
(Managing Director)
- Nor Hishammuddin Bin Dato' Mohd Nordin
(Independent Non-Executive Director)
- Erwin Selvarajah A/L Peter Selvarajah
(Member)
- Lee Peng Khoon
(Member)
- Teoh Kar Hoe
(Risk Manager)

COMPANY SECRETARIES

- Abdul Halim Bin Abdul Rahman (MIA 17912)
Nuruluyun Binti Abdul Jabar (MIA 9113)

SHARE REGISTRAR

- Symphony Share Registrars Sdn Bhd
Level 26, Menara Multi-Purpose, Capital Square
No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur
Tel: 03-2721 2222 Fax: 03-2721 2530

REGISTERED OFFICE

- Lot 5 & 7, Jalan P/5 & P/6, Seksyen 13
Kawasan Perusahaan, 43650 Bandar Baru Bangi
Selangor Darul Ehsan
Tel: 03-8725 3333 Fax: 03-8725 3208

AUDITORS

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

PRINCIPAL BANKERS

- Bank Industri & Teknologi Malaysia Berhad
Bank Islam Malaysia Berhad
Bank Muamalat Malaysia Bhd
Bank Pembangunan & Infrastruktur Malaysia Berhad
Bumiputra-Commerce Bank Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
RHB Bank Berhad
Southern Bank Berhad

LISTING

- Bursa Malaysia Securities Berhad (Main Board)

NOTICE IS HEREBY GIVEN THAT the Twenty-Seventh Annual General Meeting of the Company will be held at Hotel Equatorial Bangi-Putra Jaya, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan on Thursday, 24 November 2005 at 10.00 a.m. for the purpose of transacting the following business:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 30 June 2005 together with the Directors' and Auditors' Reports thereon. **Resolution 1**
2. To approve the payment of Directors' fees for the financial year ended 30 June 2005. **Resolution 2**
3. To re-elect the following Directors who are retiring in accordance with Article 92 of the Company's Articles of Association:
 - i. Maj Gen (R) Dato' Mohamed Isa Bin Che Kak **Resolution 3**
 - ii. Erwin Selvarajah A/L Peter Selvarajah **Resolution 4**
 - iii. Chan Peng Chiu **Resolution 5**
4. To re-elect the following Director who is retiring in accordance with Article 98 of the Company's Articles of Association:
 - i. Datin Mariam Prudence Binti Yusof **Resolution 6**
5. To re-appoint Messrs BDO Binder as auditors of the Company and to authorise the Directors to fix their remuneration for the ensuing year. **Resolution 7**

SPECIAL BUSINESS

6. To consider and, if thought fit, pass with or without modifications, the following Ordinary Resolutions:

ORDINARY RESOLUTION 1

- **Authority to Directors to Issue Shares**

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

Resolution 8

ORDINARY RESOLUTION 2

- **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature** **Resolution 9**

"THAT subject to the Companies Act, 1965 (the "Act"), the Memorandum and Articles of Association of the Company and the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("Group") to enter into recurrent related party transactions of a revenue or trading nature ("Recurrent RPT") as set out in Section 2.4 of the Circular to shareholders of the Company dated 28 October 2005 ("Circular") which are necessary for the Group's day-to-day operations subject further to the following:

- (i) the Recurrent RPT is in the ordinary course of business and is on normal commercial terms which are not more favourable to the related parties than those available to the public and is on terms not to the detriment of the minority shareholders of the Company; and
- (ii) disclosure is made in the annual report of the aggregate value of Recurrent RPT conducted during the financial year pursuant to the approval hereby given providing a breakdown of the aggregate value of the Recurrent RPT made during the financial year, amongst others, based on the type of the Recurrent RPT made and the names of the related parties involved in each type of the Recurrent RPT made and their relationship with the Company;

AND THAT such approval shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time the approval hereby given will lapse, unless a resolution for renewal is passed at the said AGM; or
- (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to section 143(2) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier;

AND THAT the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this resolution."

NOTICE OF TWENTY-SEVENTH ANNUAL GENERAL MEETING (cont'd)

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ANY OTHER BUSINESS

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

BY ORDER OF THE BOARD

C.I. HOLDINGS BERHAD

ABDUL HALIM BIN ABDUL RAHMAN (MIA 17912)

NURULUYUN BINTI ABDUL JABAR (MIA 9113)

Company Secretaries

Selangor Darul Ehsan

Date: 28 October 2005

NOTES:

1. A member of the Company who is entitled to attend and vote at the Meeting is entitled to appoint one or more than one proxy to attend and vote in his(her) stead. A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. The instrument appointing a proxy shall be in writing under the hands of the appointor or of his(her) attorney duly authorised in writing or if the appointor is a corporation either under its common seal or under the hand of its officer or its duly authorised attorney.
3. Where a member appoints two or more proxies, he(she) shall specify the proportion of his shareholdings to be represented by each proxy.
4. The instrument appointing a proxy must be deposited at the Company's registered office at Lot 5 & 7, Jalan P/5 & P/6, Seksyen 13, Kawasan Perusahaan, 43650 Bandar Baru Bangi, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting.

EXPLANATORY NOTES ON SPECIAL BUSINESS

(a) Authority to Directors to Issue Shares

In line with the Company's plan for expansion/diversification, the Company is actively looking into prospective areas so as to broaden the operating base and earning potential of the Company. As the expansion/diversification may involve the issue of new shares, the Directors, under present circumstances, would have to call for a general meeting to approve the issue of new shares even though the number involved is less than 10% of the issued share capital.

In order to avoid any delay and costs involved in convening a general meeting to approve such issue of shares, it is proposed that the Directors be empowered to issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for the time being for such purposes as they consider would be in the interests of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

(b) Proposed Renewal of Shareholders' Mandate

For further information on Resolution 9 under item 6 on the Proposed Renewal of Shareholders' Mandate, please refer to the Circular to shareholders of the Company dated 28 October 2005 accompanying the Annual Report 2005.

STATEMENT ACCOMPANYING NOTICE OF TWENTY-SEVENTH ANNUAL GENERAL MEETING

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1. Directors who are standing for re-election at the Twenty-Seventh Annual General Meeting of C.I. Holdings Berhad.
 - i. Maj Gen (R) Dato' Mohamed Isa Bin Che Kak **(Resolution 3)**
 - ii. Erwin Selvarajah A/L Peter Selvarajah **(Resolution 4)**
 - iii. Chan Peng Chiw **(Resolution 5)**
 - iv. Datin Mariam Prudence Binti Yusof **(Resolution 6)**

2. Details of attendance of Directors at Board Meetings.

The details of attendance of each Director at board meetings are set out on page 14 of this Annual Report.

3. Place, date and time of the Twenty-Seventh Annual General Meeting.

Date of Meeting	Time of Meeting	Place of Meeting
24 November 2005	10.00 a.m.	Hotel Equatorial Bangi-Putra Jaya, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan.

4. The details of Directors who are standing for re-election are disclosed in Directors' profile on pages 07 to 09. In addition, details of their securities holdings in the Company are disclosed in the Statement on Directors' Interests on pages 95 and 98 of this Annual Report.

DIRECTORS' PROFILE

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

YBhg Dato' Seri Abdul Ghani Bin Abdul Aziz, aged 61, a Malaysian was appointed to the Board on 25 November 1999 as Executive Director. On 12 July 2001, he became a Non-Independent Non-Executive Chairman of the Company. On 1 November 2003, he qualified as an Independent Non-Executive Chairman. He holds a Master of Arts Degree in International Relations and Strategic Studies from Lancaster University, United Kingdom. He is a member of the Nomination Committee. He is presently a business executive and had previously served in the Royal Malaysian Air Force ("RMAF") for 32 years where he was appointed the Chief of the RMAF on March 1993 and retired in November 1996. He is currently a Board member of KFC Holdings (Malaysia) Bhd.

Save as disclosed in page 95, he does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has personal interest. He does not have any convictions for offences within the past 10 years other than traffic offences, if any.

YBhg Datuk Johari Bin Abdul Ghani (Managing Director)

YBhg Datuk Johari Bin Abdul Ghani, aged 41, a Malaysian was appointed to the Board on 29 November 2002 as Managing Director. He obtained a Diploma in Accountancy from Institute Teknologi MARA in 1982 and is a Fellow member of the Chartered Association of Certified Accountants in England. He started his career as an Auditor with Peat Marwick & Co, an international accounting firm and has held senior positions in various listed and unlisted companies. He is a member of the Audit, Remuneration and Risk Management Committees. He is also currently a Board member of KFC Holdings (Malaysia) Bhd and QSR Brands Bhd.

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

YBhg Maj Gen (R) Dato' Mohamed Isa Bin Che Kak

YBhg Maj Gen (R) Dato' Mohamed Isa Bin Che Kak, aged 70, a Malaysian was appointed to the Board on 28 April 2003 as an Independent Non-Executive Director. He graduated from the Malaysian Royal Military College and was commissioned into the Royal Malay Regiment in 1958. During his military career, he attended various military training courses such as The Joint Services Command, the Staff College in Wellington, India where he qualified with Pass Staff College (psc) and The Senior Officers Management Course in Naval Staff College in Monterey, California, United States of America.

In his more than 32 years of service in the Malaysian Army, he had served in various capacities both Regimental and Staff. Among his early appointments was the Regimental Intelligence Officer serving with the United Nation forces in the Congo. He was also appointed as the Aide De Camp (ADC) to his Majesty Yang Di-Pertuan Agong of Malaysia from 1971-1975. In recognition of his services, he was awarded with the military honour of Pahlawan Angkatan Tentera.

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

DIRECTORS' PROFILE (cont'd)**Yang Berhormat Senator Datuk Syed Ali Bin Tan Sri Syed Abbas Alhabshee**

Yang Berhormat Senator Datuk Syed Ali Bin Tan Sri Syed Abbas Alhabshee, aged 43, a Malaysian was appointed to the Board on 27 August 2003 as an Independent Non-Executive Director. He obtained Professional Diploma in Leadership and Management, New Zealand Institute of Management Inc and Post Graduate Diploma in Business Administration, Society of Business Practitioners, Cheshire-England. He started his business career since 1980 and has vast experience in the oil and gas industry. He is a member of the Instrument Society of America. Presently, he is the Managing Director of Interbrand Sdn. Bhd., both Executive Director of Rimaco (M) Sdn. Bhd and Bumi Wangsa (M) Berhad. He also sits on the Board of other private limited companies. He is also both Secretary to Badan Perhubungan UMNO Wilayah Persekutuan and Barisan Nasional Wilayah Persekutuan since 2001.

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

YBhg Dato' Azmeer Bin Rashid

YBhg Dato' Azmeer Bin Rashid, aged 66, a Malaysian was appointed to the Board on 27 August 2003 as an Independent Non-Executive Director. He holds a Bachelor of Arts and Post Graduate Diploma in Public Administration from University Malaya and Master of Business Administration from University of Santa Clara, California, United States of America. He was the Deputy Chairman of Cement Industries of Malaysia Bhd. (CIMA) and a member of Muda Agricultural Development Authority. Since 1964, he had held various positions in government departments including the Secretary General of the Ministry of Lands and Cooperative Development, the State Secretary of Perlis and the President of the Municipal Council of Seberang Perai, Penang. He was the Deputy Chairman of the Education Service Commission from 1997 to 2000.

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

Chan Peng Chiu

Chan Peng Chiu, aged 65, a Malaysian was appointed to the Board on 18 May 2001 as an Independent Non-Executive Director and as the Chairman of the Audit Committee on 24 May 2001. Subsequently, he was appointed as a Senior Independent Non-Executive Director on 7 November 2002. He is also the Chairman of the Remuneration, Nomination and Risk Management Committees. He has been practicing as a Chartered Accountant since 1969 and is a Board member of several private limited companies.

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

DIRECTOR'S PROFILE (cont'd)**Nor Hishammuddin Bin Dato' Mohd Nordin**

Nor Hishammuddin Bin Dato' Mohd Nordin, aged 39, a Malaysian was appointed to the Board as an Independent Non-Executive Director and a member of the Audit Committee on 30 May 2001. He is also a member of the Remuneration, Nomination and Risk Management Committees. He holds a Bachelor of Law (LLB) degree with honours and was called to the Malaysian Bar as an Advocate and Solicitor of the High Court of Malaya in 1994. He is presently the Managing Partner of the law firm of Messrs Hisham Yoong - K.C. Lim.

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

Erwin Selvarajah A/L Peter Selvarajah

Erwin Selvarajah A/L Peter Selvarajah, aged 36, a Malaysian was appointed to the Board on 27 August 2003 as an Independent Non-Executive Director. On 1 April 2004, he became a Non-Independent Non-Executive Director of the Company. He holds a Bachelor of Arts in Economics and Accounting from University of Reading, United Kingdom. Having started his career briefly in London, he returned to Malaysia and joined the auditing firm of KPMG Peat Marwick in 1992. Shortly after, he was transferred to Vietnam to help start up the KPMG office there.

In 1995, he left KPMG and joined PepsiCo Beverages International's regional office in Thailand, gaining extensive experience in the consumer goods industry across Asia Pacific. His last position was Finance Director of South East Asia and Micronesia based in Singapore. In 1999, he returned to Malaysia and joined Permanis Sdn. Bhd. as President and Chief Executive Officer and continues to hold this position until today.

He has no directorships in other public companies. Save as disclosed in pages 95 and 98, he does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has personal interest. He does not have any convictions for offences within the past 10 years other than traffic offences, if any.

YBhg Datin Mariam Prudence Binti Yusof

YBhg Datin Mariam Prudence Binti Yusof, aged 53, a Malaysian was appointed to the Board on 27 July 2005 as a Non-Independent Non-Executive Director. She graduated with BA (Honours), University of Malaya in 1974. She started her career in the field of Personnel with multinational companies, namely Motorola (M) Sdn. Bhd., Intel (M) Sdn. Bhd., Shell Malaysia Sdn. Bhd. and Nestle (M) Sdn. Bhd. In 1984, she entered the field of stockbroking and is currently a director of MIDF Sisma Holdings Sdn. Bhd. which owns 100% of MIDF Sisma Securities Sdn. Bhd. Her present position is Executive Director Dealing of MIDF Sisma Securities Sdn. Bhd.

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

Currently she is a Committee member of the Association of Stock Broking Companies of Malaysia.

She has no directorships in other public companies. Save as disclosed in page 95, she does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which she has personal interest. She does not have any convictions for offences within the past 10 years other than traffic offences, if any.

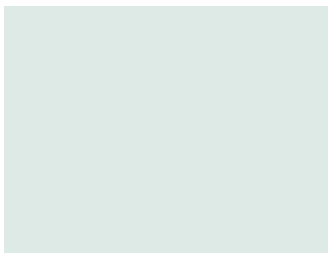
On behalf of the Directors, I am pleased to present the Annual Report 2005 and the Financial Statements of the Group and the Company for the financial year ended 30 June 2005.

FINANCIAL PERFORMANCE

For the financial year under review, the Group achieved Revenue of RM267.97 million an increase of 250% and the Group profit after taxation and minority interest was RM0.77 million as compared to a loss after taxation and minority interest of RM64.60 million in the previous financial year.



The Group profit contributions are mainly from the Beverages, Tapware and Quarrying Divisions. The Group profit after taxation and minority interest of RM0.77 million included the recognition of impairment loss on property of RM11.69 million and goodwill of RM0.35 million. Excluded these items, the Group recorded a profit after taxation of RM12.81 million.



At Company level, the Company incurred a loss after taxation of RM134.64 million, an increase of RM33.03 million or 32.51% over the previous financial year. The current financial year's loss after taxation was mainly due to the impairment loss arising from investment in subsidiaries of RM18.59 million and allowance for doubtful debts for inter-company advances of RM111.76 million.



CHAIRMAN'S STATEMENT (cont'd)

REVIEW OF OPERATIONS

a) Beverages Division

The Beverages Division achieved another record year of sales with revenue growing to RM248.12 million and profit after tax of RM11.61 million.



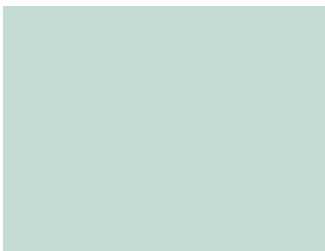
Two significant events, namely the securing of a new PepsiCo franchise territory in the state of Sarawak, Malaysia in July 2004 as well as the new franchise agreement for Lipton "ready to drink" in January 2005 has helped the Division to register strong growth. With the new territory of Sarawak, Permanis is now the sole franchisee for PepsiCo throughout Malaysia.



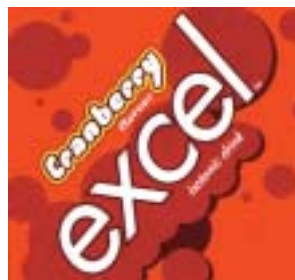
In addition to the above events, the Division has also been very successful in launching seven (7) new products in the year under review. These launchers are Mirinda Lemon, Pepsi Fire, Pepsi Ice, Excel Cranberry, Mirinda Batman Berry and Lipton "ready to drink" in Ice Lemon Tea and Mango Flavour. With strong advertising and promotional campaigns coupled with good taste profile, these products received tremendous response from the customers and consumers alike.



In addition to a strong calendar of product launches, creative advertising and promotions on all brands and the continuing efforts of improving the efficiency at all levels of the Division has helped the Division to weather a year of escalating raw materials prices and overhead cost increases due to the increase in world crude oil prices.



The Division anticipate that with the continued efforts to innovate in new product and promotions in the coming financial year, the Division should continue to register good growth.



CHAIRMAN'S STATEMENT (cont'd)



b) Tapware Division

The Tapware Division revenue decrease by 21% from RM22.34 million in previous financial year to RM17.65 million in the current financial year. The Division was not spared the sluggish conditions in the financial year under review. The pace of the construction sector caused by the shortage of foreign labour resulted in a decline in new property launches and a market overhang position. Furthermore prices of copper and the Euro exchange rate reached unprecedented high and fears of inflation due to record high petroleum prices further dampened consumer sentiments.

Against such tough and challenging conditions the Division did not perform as expected and will continue to exercise the appropriate measures to improve its results in the next financial year.



c) Quarrying Division

The Quarrying Division revenue decrease by 7.6% from RM2.38 million in previous financial year to RM2.20 million in the current financial year. The Division has five (5) quarries under contract arrangement since 2000. During the financial year, the Division was informed of the non-renewal of Berapit quarry upon its expiry on 30 September 2004. The non-renewal will have an estimated loss in annual revenue of RM0.40 million to the Division.

Subsequent to the financial year end, the Division received a notice of termination from the operator of the Penanti quarry as it has become uneconomic to carry out the Quarry operations. The termination will have an estimated loss in annual revenue of RM0.40 million to the Division in the next financial year.

The Division will continue to receive tributes from the quarrying operations under the contract arrangement without being involved in the day-to-day quarrying operations. The Company will explore all possible avenues to dispose off the Division.



CHAIRMAN'S STATEMENT (cont'd)**DIVIDEND**

Your Board does not propose a dividend for the financial year under review in order to conserve the Group's liquidity position for the Group's developments and operations.

CURRENT YEAR PROSPECTS

The beverages industry continued to be competitive and as beverages is the Group core business, the Group will continue to focus on the Division Brand building, continuing launching of new products and aggressive promotional activities.

**APPRECIATION**

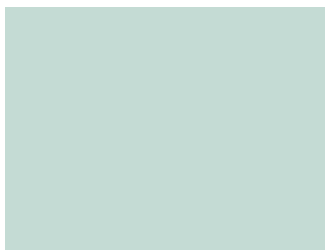
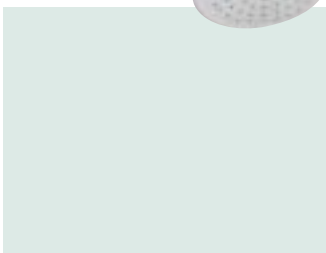
On behalf of the Board, I would like to take this opportunity to welcome Datin Mariam Prudence Binti Yusof who was appointed as Non-Independent Non-Executive Director on 27 July 2005.

On behalf of the Board, I would also like to express our gratitude and thanks to the management and staff of the Group for their continued commitment and dedication in facing the challenging times and to our loyal shareholders, business associates, bankers for their continued support, confidence and assistance given to us.

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

DATO' SERI ABDUL GHANI BIN ABDUL AZIZ

Chairman



The Board is pleased to disclose the Company's application of the principles as set out in Part 1 of the Malaysian Code on Corporate Governance ("the said Code") and would like to state that the Company has complied with all the best practices of Part 2 of the said Code during the financial year under review.

BOARD OF DIRECTORS

The Board

The Board, comprising of one (1) executive Director and eight (8) non-executive Directors, effectively leads and controls the Group. Out of the eight (8) non-executive Directors, six (6) are independent Directors, which is higher than the prescribed limit as recommended by the said Code. In addition, Chan Peng Chiv is the appointed Senior Independent Director who would be available to deal with concerns of the Company.

All Board members bring an independent judgement to bear on issues of strategy, performance, risk management, resources and standards of conduct. The Board has also delegated specific responsibilities to four (4) subcommittees (Audit, Nomination, Remuneration and Risk Management Committees). The Committees have the authority to examine particular issues and report to the Board with their recommendation. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

The composition of these Committees are outlined in page 02 of this Annual Report.

Board Meetings and Attendance

During the financial year ended 30 June 2005, eight (8) Board meetings were held. The number of Board meetings attended by each Director during the financial year is set out below.

The number of meetings attended by each Director during the financial year is as follows:-

Name	Meeting*
Dato' Seri Abdul Ghani Bin Abdul Aziz	8/8
Datuk Johari Bin Abdul Ghani	8/8
Maj Gen (R) Dato' Mohamed Isa Bin Che Kak	7/8
Chan Peng Chiv	8/8
Nor Hishammuddin Bin Dato' Mohd Nordin	8/8
Dato' Azmeer Bin Rashid	8/8
Datuk Syed Ali Bin Tan Sri Syed Abbas Alhabshee	5/8
Erwin Selvarajah A/L Peter Selvarajah	8/8
Datin Mariam Prudence Binti Yusof (<i>Appointed on 27 July 2005</i>)	Not Applicable

* Number of meetings attended (first figure)/number of meetings held while in office (second figure)

Supply of Information

All Directors are provided with an agenda and a set of Board papers prior to Board meetings for consideration and where appropriate, for decision. This is issued in sufficient time to enable the Directors to obtain further explanations, where and when necessary, in order to be properly briefed before the meeting. The Board papers containing information relevant to the business of the meeting, including management information on the financial and trading position of the Group. Senior management staff may be invited to attend Board meetings to provide the Board with detailed explanations and clarification on certain matters that are tabled to the Board.

In addition, there is a schedule of matters reserved specifically for the Board's decision.

Directors have access to all information within the Company, whether as full Board members or in their individual capacity, in furtherance of their duties.

All Directors have access to the advice and services of the Company Secretaries and may seek independent advice should the need arise.

Appointments to the Board

All appointments to the Board are made on recommendation by the Nomination Committee. This would involve the assessment of the Directors for re-election at every Annual General Meeting in accordance to the Company's Articles of Association.

Annual Assessment of the Board

The Board, through the Nomination Committee, reviews annually its required mix of skills and experience and other qualities, including core competencies, which non-executive Directors should bring to the Board. This annual assessment would include the review on the effectiveness of the Board, the performance of the Committees and contribution of each individual Director.

Directors' Training

All members of the Board have completed the Mandatory Accreditation Programme and are undergoing the Continuous Education Programme as prescribed by Bursa Malaysia Securities Berhad. Directors are encouraged to attend seminars and/or conferences organized by relevant regulatory authorities and professional bodies to enhance their skills and knowledge where relevant.

Directors' Remuneration

The Remuneration Committee will be responsible for setting the policy framework and making recommendations to the Board on all elements of the remuneration and other terms of employment of Executive Director(s). Non-Executive Directors' remuneration will be decided by the Board as a whole with the Director concerned abstaining from deliberation and voting on decisions in respect of his individual remuneration.

Details of the remuneration of the Directors, distinguishing between Executive and Non-Executive Directors in aggregate, with categorisation into appropriate components and the number of Directors whose remuneration falls into each successive bands of RM50,000 are disclosed below:-

	Basic Salary RM'000	EPF RM'000	Leave Passage RM'000	Bonus and Allowance RM'000	Benefit- in-kind RM'000	Directors' Fees RM'000	Total RM'000
Executive							
Datuk Johari Bin Abdul Ghani	360	50	40	60	4	-	514
Non-Executive Directors							
Dato' Seri Abdul Ghani Bin Abdul Aziz	-	-	-	-	-	10	10
Chan Peng Chiv	-	-	-	-	-	10	10
Nor Hishammuddin Bin Dato' Mohd Nordin	-	-	-	-	-	10	10
Maj Gen (R) Dato' Mohamed Isa Bin Che Kak	-	-	-	-	-	10	10
Senator Datuk Syed Ali Bin Tan Sri Syed Abbas Alhabshee	-	-	-	-	-	10	10
Dato' Azmeer Bin Rashid	-	-	-	-	-	10	10
Erwin Selvarajah A/L Peter Selvarajah	480	93	80	295	-	-	948
Sub-total	480	93	80	295	-	60	1,008
Total	840	143	120	355	4	60	1,522

RM	Executive Director	Non- Executive Directors	Total
50,000 and below	-	6	6
500,001 – 550,000	1	-	1
900,001 – 950,000	-	1	1

SHAREHOLDERS

Dialogue between the Company and Investors

The Board recognizes the importance of effective communication with shareholders and the investing community. Shareholders and the investing community are kept well informed of the developments and performances of the Company through disclosures to Bursa Malaysia Securities Berhad and the press (where appropriate) as well as the Annual Report.

Adequate time is given during Annual and Extraordinary General Meetings to allow the shareholders to seek clarification or ask questions on pertinent and relevant matters.

In addition, the Company is always willing to meet up with institutional investors when needs arises, to elaborate or further clarify information already disclosed to other shareholders.

ACCOUNTABILITY AND AUDIT

Audit Committee

The Audit Committee of the Board comprises two (2) Independent Non-Executive Directors and one (1) Managing Director with Chan Peng Chiu as Chairman. The composition of the Committee is set out on page 18.

The Audit Committee met five (5) times during the financial year ended 30 June 2005. During these meetings, the Committee carried out the duties as set out on pages 18 to 21.

Financial Reporting

In presenting the annual financial statements and the quarterly results to the shareholders, the Directors aim to present a balanced and clear assessment of the Group's position and prospects. This also applies to other price-sensitive public reports and reports to regulators.

Internal Controls

The Directors acknowledge their responsibility for the Group's Internal Control to safeguard shareholders' investment and Company's assets. The Company has already put in place several systems of internal control covering financial control, operational and compliance control and risk management. The Internal Audit Department reviews, appraises and monitors the effectiveness of systems of internal control within the Group. The Statement on Internal Control furnished on pages 22 to 23 of the Annual Report provides an overview of the state of the internal control within the Group.

Relationship with the Auditors

The role of the Audit Committee in relation to the external auditors is described in the Audit Committee Report. The Group has always maintained a close and transparent relationship with its auditors in seeking professional advice and ensuring compliance with the appropriate accounting standards.

AUDIT COMMITTEE REPORT

The primary objective of the Committee is to assist the Board of Directors (“Board”) in fulfilling its responsibilities relating to accounting and reporting practices of the Company and its subsidiary companies (“the Group”).

1. MEMBERS OF THE COMMITTEE

The Audit Committee comprises the following members and their respective attendances at the Audit Committee meetings are as follows:-

Member	Designation	Meeting*
Chan Peng Chiw (MIA 451) Chairman - Senior Independent Non-Executive Director	Chairman	5/5
Nor Hishammuddin Bin Dato’ Mohd Nordin Independent Non-Executive Director	Member	5/5
Datuk Johari Bin Abdul Ghani Managing Director	Member	5/5

* Number of meetings attended (first figure)/number of meetings held while in office (second figure)

2. TERM OF REFERENCE

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 of whom a majority shall be independent directors. No alternate director is appointed as a member of the Committee and at least one (1) member of the 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 of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.

The members of the Audit Committee shall elect a Chairman from among their number who shall be an independent director. In the event of any vacancy in the committee resulting in the non-compliance of the above stated condition, the Company shall fill the vacancy within three (3) months. 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.

AUDIT COMMITTEE REPORT (cont'd)

2.2 Authority

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

- (a) have authority to investigate any matters within its terms of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information, records, properties and personnel of the Company and of the Group;
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activities;
- (e) be able to convene meetings with the external auditors, excluding the attendance of the executive members of the Committee, whenever deemed necessary; and
- (f) be able to obtain independent professional or other advice and to invite outsiders with relevant experience and expertise to attend the Committee's meetings when considered necessary.

2.3 Meetings

- (a) the Committee shall hold a minimum of 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 meeting shall be chaired by the Chairman or in his absence, another member who is an Independent Director nominated by the committee. The quorum of the meeting shall consist of at least two (2) members, the majority of whom shall be Independent Directors. The Chairman also has the discretion to call for additional meetings as warranted:
 - (i) the Company Secretary shall act as Secretary of the 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;
 - (ii) The Company Secretary of the Committee shall be entrusted to record all proceeding and minutes of all meetings of the Committee;
 - (iii) The external auditors shall be invited to attend the meeting to discuss the annual financial statement and their audit findings;
 - (iv) The Committee to convene meetings with external auditors without the presence of the executive directors, whenever deemed necessary;
 - (v) The internal auditors shall be in attendance at all meetings to present and discuss the audit reports and other related matters and the recommendations relating thereto and to follow up on relevant decisions made; and
- (c) The Committee may invite any Board member or any member of the senior management or any relevant employees within the Company or the Group who the Committee thinks fit to attend its meetings to assist in resolving and clarifying matter raised in audit report.

AUDIT COMMITTEE REPORT (cont'd)

2.4 Minutes

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

The Audit Committee meetings agenda are prepared and distributed to all members in advance with sufficient documentation to enable them to read ahead of the Meeting. The Financial Controller, Internal Auditor and External Auditors are also invited at appropriate times to attend the Audit Committee meeting to brief on their respective reports and findings.

The books containing the minutes of proceedings of any meetings of the Committee shall be kept by the Company at the registered office of the Company, and shall be opened to the inspection of any member of the Committee and the Board.

2.5 Functions and Responsibilities

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

- (a) to review with the external auditors
 - (i) their audit plan, their evaluation of the system of internal controls and their audit report;
 - (ii) the assistance given by employees of the Company to them;
- (b) to make recommendations concerning the appointment of external auditors and their remuneration to the Board;
- (c) to review and consider the adequacy of scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
- (d) to review the financial condition of the Group, its internal control and audit programme, the performance and findings of internal audit staff and to recommend action to be taken thereon by management and whether or not appropriate action is taken on the recommendations of the internal audit function;
- (e) to review the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:
 - (i) changes in or implementation of major accounting policy changes;
 - (ii) significant and unusual events; and
 - (iii) compliance with accounting standards and other legal requirements.
- (f) 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 raises questions of management integrity;
- (g) to review and report the same to the Board any letter of resignation from the external auditors of the Company as well as whether there is any reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment; and

AUDIT COMMITTEE REPORT (cont'd)

(h) such other functions as may be agreed to by the Committee and the Board.

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

3. ACTIVITIES OF THE AUDIT COMMITTEE

There were five (5) meetings of the Audit Committee held during the financial year ended 30 June 2005 and the activities of the Committee included:-

- (a) The Audit Committee has reviewed the Group's quarterly financial results and year end financial statement before presenting to the Board for approval. At the Board meetings, the Chairman of the Audit Committee briefed the Board on the significant accounting issues raised in respect of the financial statements and recommendations of the Audit Committee thereon.
- (b) Prior to the commencement of the audit of the Group's financial statements, the Audit Committee reviewed the audit plan prepared by the External Auditors. The External Auditors also updated the Audit Committee on new developments of accounting standards issued by the Malaysian Accounting Standards Board that are applicable to the Group's financial statements for the financial year ended 30 June 2005.
- (c) During the review of the Group's financial statement for the financial year ended 30 June 2005, the representatives of the External Auditors were present to brief the Audit Committee on their findings and accounting issues arising from their audit together with recommendations in respect of the findings.
- (d) The Audit Committee also reviewed and discussed the internal audit reports incorporating the audit findings of the Strategic Business Units ("SBU"), the internal audit recommendations and Management's response.
- (e) During the financial year, the Audit Committee also reviewed and monitored recurrent related party transactions of a revenue nature under the mandate obtained from the shareholders.

4. INTERNAL AUDIT ACTIVITIES

The Head of Internal Audit Department shall have unrestricted access to Committee members and report to the Committee whose scope of responsibility includes overseeing development and the establishment of the Internal Audit Department.

In respect of routine administrative matters, the Head of Internal Audit Department shall report to the Managing Director.

During the financial year, the Internal Auditors reviews and assesses the operational procedures and effectiveness of internal control on all the SBU of the Group. The Internal Auditors also conducts compliance tests to ascertain the extent of compliance with control procedures and guidelines.

The Internal Audit Department undertakes internal audit function based on the internal audit plan and timetable that is reviewed and approved by the Audit Committee and carried out special review or ad hoc assignment as requested by Management and Audit Committee.

The Internal Audit Reports which incorporated the audit findings, recommendations and Management's response were issued to and reviewed by the Audit Committee. The Head of Internal Audit Department attended the Audit Committee Meetings to table and discuss the audit reports and follow up on matters raised.

During the Internal Audit process, there were no material internal control failures or significant issues discovered during the financial year.

INTRODUCTION

This Statement on Internal Control is made in accordance with the Malaysian Code on Corporate Governance and paragraph 15.27 (b) of the Bursa Malaysia Securities Berhad's Listing Requirements, which requires public listed companies to make a statement about their state of internal control, as a group, in their annual report.

THE BOARD'S RESPONSIBILITY

The Board acknowledges its overall responsibility to maintain a sound system of internal controls and effective risk management practices in the Group to safeguard shareholders' investment and the Group's assets. The Board ensures continuously the adequacy and integrity of the overall internal control system for the Group. The Board also recognizes that the system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives of the Group. In this regard, internal control can only provide reasonable assurance but not absolute assurance against material misstatement, loss or fraud.

RISK MANAGEMENT

The Group established a formal risk management framework during the previous financial year which enabled the management and the Board to share a common model in the effective communication and evaluation of all principal risks and control. The process involved Management's identification of risks, the assessment of risks and its controls and the formulation of appropriate action plans. These are then submitted for the Board's review and approval.

INTERNAL AUDIT FUNCTION

The Group has an internal audit function whose primary responsibilities is to assure the Board, through the Audit Committee, that the internal control systems function as intended. In providing this assurance, the Internal Audit Department carries out regular audit activities in accordance with its annual audit plan to review the adequacy and integrity of internal control system and thereafter a report of the shortcomings together with the appropriate recommendations are made to the Head of respective SBU. The Head of respective SBU shall respond to the findings and recommendations and a follow-up audit shall be subsequently carried out to ensure that the Management's agreed action plans are implemented on a timely basis.

The Audit Committee, on behalf of the Board, reviews and holds discussion with Management to deliberate on action plans addressing the internal control issues as identified by the Internal Auditor, the External Auditors and Management.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

The Board provides the following guidelines to ensure success of business objectives:

- The Group has in place an organization structure with key responsibilities clearly defined for the Board, committees of the board and the executive management of the Group's operating units.
- Authorization limits are established within the Group to provide a functional framework of authority in approving revenue and capital expenditures.
- Each operation unit is to provide to the Board for approval a comprehensive annual budget.
- The results of the each operation business units are reported monthly and variances are analyzed against budget and acted on in a timely manner. Budgets are revised on a semi-annual basis, if necessary, after taking into account any significant changes to business risks.
- The Managing Director conducts monthly meetings with management of all SBU within the Group. From these monthly management meetings, the Managing Director would identify area of significant risk and if necessary, request the internal audit function to review the financial and operational risks of the business unit concerned.
- The Board receives and reviews quarterly reports on the Group's business operations.
- Policies and procedures regulating financial and operating activities are clearly documented in a manual. The manual is subject to regular reviews and updates to reflect the changing business risks and to resolve operational deficiencies, if any.

CONCLUSION

The Board is of the opinion that the system of internal control, which is reviewed on an ongoing basis, is adequate for the Group to manage its risk and to achieve its business objectives.

The Board of Directors is required under Paragraph 15.27(a) of Chapter 15 of the Listing Requirements of Bursa Malaysia Securities Berhad to issue a statement explaining their responsibilities for preparing the annual 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 the applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year then ended.

In preparing the financial statements for the financial year ended 30 June 2005, the Directors have:-

- i) used appropriate accounting policies and applied them consistently;
- ii) made judgements and estimates that are reasonable and prudent;
- iii) ensured that all applicable approved financial reporting standards in Malaysia have been followed; and
- iv) prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

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

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

FINANCIAL STATEMENTS



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38	Notes to the Financial Statements

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2005.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services to its subsidiary companies. The principal activities of the subsidiary companies are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit/(Loss) after tax	790	(134,642)
Minority interests	(24)	-
Net profit/(loss) for the financial year	766	(134,642)

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors also do not recommend any dividend in respect of the financial year ended 30 June 2005.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

WARRANTS

A total of 57,377,835 warrants were issued by the Company in conjunction with the Renounceable Rights Issue in the previous financial year. Each warrant is convertible into one new ordinary share of RM1.00 each at the exercise price of RM1.08 per share. The warrants are valid for a period of five years and shall expire on 23 June 2009. As at the date of the Report, none of the warrants has been exercised.

DIRECTORS

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

Dato' Seri Abdul Ghani Bin Abdul Aziz
 Datuk Johari Bin Abdul Ghani
 Nor Hishammuddin Bin Dato' Mohd Nordin
 Chan Peng Chiw
 Maj Gen (R) Dato' Mohamed Isa Bin Che Kak
 Datuk Syed Ali Bin Tan Sri Syed Abbas Alhabshee
 Dato' Azmeer Bin Rashid
 Erwin Selvarajah A/L Peter Selvarajah
 Datin Mariam Prudence Binti Yusof (Appointed on 27 July 2005)

DIRECTORS' REPORT (cont'd)**DIRECTORS' INTERESTS**

Except as stated below, no other Directors holding office at the end of the financial year had any beneficial interests in the ordinary shares and/or warrants of the Company and its related corporations during the financial year ended 30 June 2005, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965:-

	Number of ordinary shares of RM1.00 each			Balance as at 30.6.2005
	Balance as at 1.7.2004	Bought	Sold	
Shares in the Company				
Direct interest				
Datuk Johari Bin Abdul Ghani	5,157,400	-	-	5,157,400
Erwin Selvarajah A/L Peter Selvarajah	-	1,201,500	-	1,201,500

	Number of Warrants 2004/2009				Balance as at 30.6.2005
	Balance as at 1.7.2004	Bought	Sold	Exercised	
Warrants in the Company					
Direct interest					
Datuk Johari Bin Abdul Ghani	5,157,400	-	-	-	5,157,400
Erwin Selvarajah A/L Peter Selvarajah	-	239,300	-	-	239,300

DIRECTORS' BENEFITS

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

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than those arising from the warrants 2004/2009 issued.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY:**(I) AS AT THE END OF THE FINANCIAL YEAR**

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:-
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY: (cont'd)**(I) AS AT THE END OF THE FINANCIAL YEAR** (cont'd)

- (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 DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:-
- (i) which would render the amount written off for bad debts or the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent; or
 - (ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:-
- (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve 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 EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 41 to the financial statements.

AUDITORS

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

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

.....
Dato' Seri Abdul Ghani Bin Abdul Aziz
Director

Kuala Lumpur
25 October 2005

.....
Datuk Johari Bin Abdul Ghani
Director

STATEMENT BY DIRECTORS

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

Annual Report 2005

In the opinion of the Directors, the financial statements set out on pages 31 to 91 have been drawn up in accordance with the provisions of the Companies Act 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:-

- (i) the state of affairs of the Group and of the Company as at 30 June 2005 and of their results for the financial year then ended; and
- (ii) the cash flows of the Group and of the Company for the financial year ended 30 June 2005.

On behalf of the Board,

.....
Dato' Seri Abdul Ghani Bin Abdul Aziz
Director

.....
Datuk Johari Bin Abdul Ghani
Director

Kuala Lumpur
25 October 2005

STATUTORY DECLARATION

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

I, Datuk Johari Bin Abdul Ghani, being the Director primarily responsible for the financial management of C.I. Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 31 to 91 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 October 2005)

Datuk Johari Bin Abdul Ghani

Before me:
TEONG KIAN MENG (W147)
Commissioner for Oaths

We have audited the financial statements set out on pages 31 to 91.

These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:-

- (a) the financial statements have been properly drawn up in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of:-
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
 - (ii) the state of affairs of the Group and of the Company as at 30 June 2005 and of their results and cash flows for the financial year then ended;

and

- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies have been properly kept in accordance with the provisions of the said Act.

We are satisfied that the financial statements of the subsidiary companies 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 consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

Our reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under Section 174(3) of the Act.

Without qualifying our opinion, we draw attention to Note 5.1 to the financial statements where reference has been made on matter concerning the uncertainty relating to the appropriateness of preparing the financial statements of the Group and the Company on a going concern basis which is dependent on the continued financial support from its creditors, lenders and shareholders.

BDO Binder

AF: 0206

Chartered Accountants

Ng Chee Hoong

2278/10/06 (J)

Partner

Kuala Lumpur

25 October 2005

BALANCE SHEETS

As At 30 June 2005

Annual Report 2005

	Note	Group		Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
ASSETS EMPLOYED					
PROPERTY, PLANT AND EQUIPMENT	6	96,755	97,931	74	102
INVESTMENT IN SUBSIDIARY COMPANIES	7	-	-	63,887	82,478
INVESTMENT IN AN ASSOCIATED COMPANY	8	-	186	-	-
OTHER INVESTMENTS	9	21	21	21	21
INTELLECTUAL PROPERTY	10	5,520	5,840	-	-
BOTTLES AND CASES	11	6,404	6,861	-	-
GOODWILL ON CONSOLIDATION	12	47,548	47,548	-	-
DEFERRED TAX ASSETS	13	2,554	1,804	-	-
CURRENT ASSETS					
Inventories	14	26,121	24,847	-	-
Trade receivables	15	59,523	58,678	-	-
Other receivables, deposits and prepayments	16	3,500	3,512	63	72
Amounts owing by subsidiary companies	17	-	-	38,931	140,005
Tax recoverable		2,471	513	287	4,303
Fixed deposits placed with licensed banks	18	1,011	929	500	374
Cash and bank balances		3,765	6,706	44	4,950
		96,391	95,185	39,825	149,704
LESS: CURRENT LIABILITIES					
Trade payables	19	23,935	25,537	-	-
Other payables, deposits and accruals	20	29,847	32,395	12,927	6,682
Provisions	21	2,333	3,964	-	-
Amounts owing to subsidiary companies	17	-	-	21,799	19,250
Amount owing to an associated company	22	-	2,865	-	-
Borrowings	23	91,325	90,442	1,978	4,611
Tax liabilities		32	1,823	-	-
		147,472	157,026	36,704	30,543
NET CURRENT (LIABILITIES)/ ASSETS					
		(51,081)	(61,841)	3,121	119,161
		107,721	98,350	67,103	201,762

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

BALANCE SHEETS

As At 30 June 2005 (cont'd)

Annual Report 2005

	Note	Group		Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
FINANCED BY					
SHARE CAPITAL	27	129,607	129,607	129,607	129,607
SHARE PREMIUM		1,156	1,156	1,156	1,156
RESERVE ON CONSOLIDATION		55,458	55,458	-	-
SPECIAL RESERVE	28	10,622	10,622	10,622	10,622
(ACCUMULATED LOSSES)/ RETAINED PROFITS	29	(111,627)	(112,393)	(74,299)	60,343
SHAREHOLDERS' EQUITY		85,216	84,450	67,086	201,728
MINORITY INTERESTS		1,054	1,030	-	-
NON-CURRENT AND DEFERRED LIABILITIES					
Borrowings	23	13,834	3,259	17	34
Retirement benefit obligations	30	2,323	2,035	-	-
Deferred tax liabilities	13	5,294	7,576	-	-
		107,721	98,350	67,103	201,762

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

INCOME STATEMENTS

For The Financial Year Ended 30 June 2005

Annual Report 2005

	Note	Group		Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Revenue	31	267,975	76,533	1,490	16,346
Cost of sales		(184,578)	(54,488)	-	-
Gross profit		83,397	22,045	1,490	16,346
Other operating income		3,776	4,677	10	61
Selling and distribution costs		(36,651)	(3,985)	-	-
Administration expenses		(35,685)	(16,659)	(1,839)	(5,403)
Other operating expenses		(12,049)	(60,329)	(130,353)	(111,217)
Profit/(Loss) from operations		2,788	(54,251)	(130,692)	(100,213)
Finance costs		(4,501)	(17,618)	(4)	(1,395)
Share of (loss)/profit in an associated company		(105)	14,769	-	-
Loss before tax	32	(1,818)	(57,100)	(130,696)	(101,608)
Tax income/(expense)	34	2,608	(7,499)	(3,946)	-
Profit/(loss) after tax		790	(64,599)	(134,642)	(101,608)
Minority interests		(24)	3	-	-
Net profit/(loss) for the financial year		766	(64,596)	(134,642)	(101,608)
Earnings/(loss) per ordinary share (sen)	35	0.6	(118.0)		

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

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 30 June 2005

Annual Report 2005

Group	←----- Non-distributable ----->			Distributable		Total RM'000
	Share capital RM'000	Share premium RM'000	Reserve on consolidation RM'000	Special reserve RM'000	(Accumulated losses)/ Retained profits RM'000	
Balance as at 30 June 2003	57,378	1,007	55,458	10,622	(47,797)	76,668
Rights issue (Note 27(i))	57,378	-	-	-	-	57,378
Debt settlement (Note 27(ii))	14,851	149	-	-	-	15,000
Net loss for the financial year	-	-	-	-	(64,596)	(64,596)
Balance as at 30 June 2004	129,607	1,156	55,458	10,622	(112,393)	84,450
Net profit for the financial year	-	-	-	-	766	766
Balance as at 30 June 2005	129,607	1,156	55,458	10,622	(111,627)	85,216
Company						
Balance as at 30 June 2003	57,378	1,007	-	10,622	161,951	230,958
Rights issue (Note 27(i))	57,378	-	-	-	-	57,378
Debt settlement (Note 27(ii))	14,851	149	-	-	-	15,000
Net loss for the financial year	-	-	-	-	(101,608)	(101,608)
Balance as at 30 June 2004	129,607	1,156	-	10,622	60,343	201,728
Net loss for the financial year	-	-	-	-	(134,642)	(134,642)
Balance as at 30 June 2005	129,607	1,156	-	10,622	(74,299)	67,086

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

CASH FLOW STATEMENTS

For The Financial Year Ended 30 June 2005

Annual Report 2005

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax	(1,818)	(57,100)	(130,696)	(101,608)
Adjustments for:-				
Allowance for doubtful debts	5,311	411	111,762	-
Amortisation of intellectual property	320	80	-	-
Bad debts written off	154	23	-	-
Breakages and amortisation of bottles and cases	1,601	-	-	-
Depreciation of property, plant and equipment	10,767	3,473	42	73
Deposits written off	78	-	-	-
Impairment loss on goodwill on consolidation	354	20,464	-	-
Impairment loss on property, plant and equipment	11,695	-	-	-
Impairment loss on investment in subsidiary companies	-	-	18,591	50,884
Interest expense	4,501	17,598	4	1,394
Inventories written down	164	1,351	-	-
Inventories written off	4,082	7,695	-	-
Loss on disposal of a subsidiary company	-	35,509	-	-
Property, plant and equipment written off	113	164	-	-
Provision for retirement benefits	426	1,596	-	-
Provision for retirement benefits no longer required	-	(400)	-	-
Provision for warehouse and marketing expenses	-	539	-	-
Waiver of amount owing by a former subsidiary company	-	-	-	60,333
Share of results of associated companies	105	(14,769)	-	-
Allowance for doubtful debts no longer required	(95)	(706)	-	-
Dividend income from a subsidiary company	-	-	-	(15,367)
Gain arising from a subsequent change in the sale proceeds on the disposal of a former subsidiary company	-	(1,172)	-	-
Gain on disposal of property, plant and equipment	(1,349)	(216)	-	(10)

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

CASH FLOW STATEMENTS

For The Financial Year Ended 30 June 2005 (cont'd)

Annual Report 2005

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Interest income	(83)	(80)	(10)	(51)
Overprovision of bonus in prior year	(313)	-	-	-
Provision for warehouse and marketing expenses no longer required	(1,200)	-	-	-
Unrealised gain on foreign exchange	(10)	-	-	-
Write back of breakages and amortisation of bottles and cases	-	(648)	-	-
Operating profit/(loss) before working capital changes	34,803	13,812	(307)	(4,352)
(Increase)/Decrease in inventories	(4,988)	299	-	-
Increase in trade receivables	(5,628)	(28,116)	-	-
(Increase)/Decrease in other receivables, deposits and prepayments	(994)	28,159	9	31
(Decrease)/Increase in trade payables	(3,182)	87,210	-	-
(Decrease)/Increase in other payables, deposits and accruals	(2,520)	(80,177)	(3,646)	3,991
Decrease in amount owing to an associated company	(12)	(985)	-	-
Cash generated from/(used in) operations	17,479	20,202	(3,944)	(330)
Dividend received from a subsidiary company	-	-	-	11,064
Warehouse and marketing expenses paid	(431)	-	-	-
Tax (paid)/refunded	(3,951)	(1,757)	70	78
Interest paid	(3,728)	(502)	-	(174)
Retirement benefits paid	(138)	(348)	-	-
Retrenchment benefits paid	-	(57)	-	-
Net cash from/(used in) operating activities	9,231	17,538	(3,874)	10,638

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

CASH FLOW STATEMENTS

For The Financial Year Ended 30 June 2005 (cont'd)

Annual Report 2005

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of subsidiary companies, net of cash and cash equivalents (Note 7(a))	(2,079)	(51,900)	-	(44,000)
Disposal of subsidiaries, net of cash and cash equivalents (Note 7(b))	-	(3)	-	*
Advances to subsidiary companies	-	-	(796)	(11,965)
Dividend received from an associated company	-	5,137	-	-
Interest received	70	55	10	51
Purchase of additional shares in an associated company	-	(100)	-	-
Proceeds from disposal of marketable securities	-	879	-	-
Proceeds from disposal of property, plant and equipment	3,458	715	-	70
Purchase of bottles and cases	-	(1,273)	-	-
Purchase of property, plant and equipment (Note 36)	(9,907)	(1,950)	(14)	(19)
Uplift of fixed deposits	57	-	-	-
Net cash used in investing activities	(8,401)	(48,440)	(800)	(55,863)
CASH FLOWS FROM FINANCING ACTIVITIES				
Advances from/(Repayment to) subsidiary companies	-	-	2,549	(20,157)
Proceeds from Rights Issue	-	57,378	-	57,378
Proceeds from issuance of ordinary shares	-	15,000	-	15,000
Repayment of hire-purchase and lease creditors	(2,967)	(1,322)	(18)	(90)
Repayment of borrowings	(10,160)	(287,879)	(2,633)	(1,878)
Drawdown of borrowings	9,988	258,343	-	-
Interest paid	(773)	(16,389)	(4)	(1,220)
Net cash (used in)/from financing activities	(3,912)	25,131	(106)	49,033
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(3,082)	(5,771)	(4,780)	3,808
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	(4,191)	1,580	5,324	1,516
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR (Note 37)	(7,273)	(4,191)	544	5,324

* Denotes RM1

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

As At 30 June 2005

1. GENERAL INFORMATION

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

The registered office and principal place of business of the Company are located at Lot 5 & 7, Jalan P/5 & P/6, Seksyen 13, Kawasan Perusahaan, 43650 Bandar Baru Bangi, Selangor Darul Ehsan.

The financial statements are presented in Ringgit Malaysia.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks, including foreign currency exchange risk, interest rate risk, credit risk and liquidity risk. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders. The Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on financial performance of the Group. Financial risk management is carried out through risk reviews, internal control systems and adherence to Group's financial risk management policies. The Board regularly reviews these risks and approves the treasury policies, which cover the management of these risks and do not engage in speculative transactions.

Foreign currency exchange risk

The Group is exposed to foreign currency exchange risk as a result of foreign transactions entered into in currencies other than Ringgit Malaysia. Such exposures arise from the purchase of raw and packaging materials (i.e. concentrates) from suppliers and the export of goods to overseas.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts.

Prior to 21 July 2005, the foreign currency risk was minimal as Ringgit Malaysia ("RM") was pegged to the USD at USD1.00 to RM3.80. From 21 July 2005, the exchange rate of RM operates in a managed float against a basket of currencies. The Group will monitor changes in the exchange rate and, where appropriate, enter into forward foreign currency exchange contracts to limit its exposure on foreign currency payables.

Interest rate risk

The Group finances its operations through bank borrowings. Interest rate exposure arises from the Group's borrowings mainly through the use of fixed and floating rate debt. As the Group's income and operating cash flows are substantially independent of changes in market interest rate, the Group does not use derivative financial instruments to hedge its risk.

The Group had no substantial long term interest-bearing assets as at 30 June 2005. The investments in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits which yield better returns than cash at bank.

Credit risk

Credit risk arises when sales are made on deferred credit terms. The Group seeks to control credit risk by setting counterparty credit limits and ensuring that sales of products are made to customers with appropriate credit history. The Group considers the risk of material loss in the event of non-performance by a financial counterparty to be unlikely.

Liquidity risk

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

As At 30 June 2005 (cont'd)

3. PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services to its subsidiary companies. The principal activities of the subsidiary companies are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

4. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention as modified by the revaluation of certain land and building unless otherwise indicated in the significant accounting policies and on the basis of accounting principles applicable to a going concern. The continuation of the Group and of the Company as a going concern entity depends on the Group's and the Company's ability to operate profitably in the foreseeable future and continue to receive adequate financial support. The Group and the Company will continue to receive adequate financial support from its creditors, lenders and shareholders. Therefore the preparation of financial statements of the Group and of the Company on a going concern basis is appropriate.

In the event that the going concern basis of preparing the financial statements of the Group and of the Company be inappropriate, adjustments will have to be made to reclassify non-current assets and non-current liabilities to current assets and liabilities respectively, to restate carrying value of assets to their recoverable amounts and to provide for further liabilities which may arise.

The preparation of financial statements in conformity with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

5.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiary companies made up to the end of the financial year using the acquisition method of accounting.

The difference between the purchase price and the fair value of the net assets of the subsidiary companies at the date of acquisition is treated as goodwill or negative goodwill arising on consolidation. Goodwill on consolidation is stated at cost less impairment losses, if any. Negative goodwill arising on consolidation is not recognised as income and is presented as a separate item in the balance sheet. The results of subsidiary companies acquired or disposed of during the financial year are included in the consolidated financial statements from the date of acquisition or up to the date of disposal.

Inter-company transactions and balances are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

Minority interest is measured at the minorities' share of post-acquisition fair values of the identifiable assets and liabilities of the acquiree.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.3 Property, plant and equipment and depreciation

The gross carrying amounts of property, plant and equipment are initially measured at cost. Certain leasehold land and buildings which have been subsequently revalued are stated at valuation less accumulated depreciation and impairment losses, if any. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Surplus arising from valuation, net of deferred tax, if any, is credited to shareholders' equity as a revaluation reserve and any subsequent deficit is charged against such surplus to the extent that the decrease offsets any increase. In all other cases, the deficit will be charged to the income statement.

Upon disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement and the revaluation reserve related to the asset, if any, is transferred directly to retained profits.

Building under construction, plant and machinery under construction and freehold land are not depreciated. Leasehold land is amortised in equal instalments over period of the respective leases ranging from 50 to 99 years. Quarry improvements are written off over a period of two years. Depreciation of other property, plant and equipment is calculated to write off the cost of the assets on a straight line basis over their expected useful lives. The principal annual depreciation rates used are as follows:-

Buildings	2% - 20%
Plant and machinery	5% - 15%
Office equipment, furniture and fittings	15% - 25%
Motor vehicles	20% - 25%
Access road	10% - 20%

5.4 Impairment of assets

The carrying amount of the Group's and Company's assets, other than financial assets (other than investment in subsidiary companies and investment in an associate company), inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised whenever the recoverable amount is less than the carrying amount of the asset. The impairment loss is recognised in the income statement immediately except for the impairment on a revalued asset where the impairment loss is recognised directly against the revaluation reserve account to the extent of the surplus credited from the previous revaluation for the same asset with the excess of the impairment loss charged to the income statement. All reversals of an impairment loss are recognised as income immediately in the income statement except for the reversal of an impairment loss on a revalued asset where the reversal of the impairment loss is treated as a revaluation increase and credited to the revaluation reserve account of the same asset.

The impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and subsequent external events have occurred that reverse the effect of the specific event. In respect of other assets, an impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount.

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

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.5 Investments

(i) Subsidiary companies

A subsidiary company is a company in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from its activities.

Investments in subsidiary companies which are eliminated on consolidation are stated at cost less impairment losses, if any.

(ii) Associated company

An associated company is a company in which the Group have a long term equity interest and where the Group is in a position to exercise significant influence over the financial and operating policies of the investee company.

The Group's investment in an associated company is stated at cost less impairment losses, if any.

Investment in an associated company is accounted for in the consolidated financial statements using the equity method of accounting. The Group's interests in an associated company is stated at cost plus adjustments to reflect changes in the Group's share of post acquisition results and reserve in the associated company.

Goodwill or negative goodwill arising on acquisition represents the difference between the cost of investment and the Group's share of the value of net assets of the associated company at the date of acquisition.

Goodwill on acquisition is stated at cost less impairment losses, if any. Negative goodwill arising on acquisition is not recognised as income.

The Group's share of results and reserve in the associated company acquired or disposed of are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal.

(iii) Other investments

Investment in golf club memberships held as long term investment is stated at cost unless in the opinion of the Directors there is a decline other than temporary in the value of such investments. Such decline is recognised as an expense in the period in which the decline is identified.

5.6 Intellectual property

Expenditure on acquired intellectual property is capitalised and amortised using the straight line basis over their estimated useful lives but not exceeding 20 years, whichever is shorter. The carrying amount of intellectual property is reviewed annually and adjusted for any impairment in value where it is considered necessary.

5.7 Bottles and cases

Bottles and cases are stated at cost less breakages and amortisation. The carrying value of bottles and cases is written off and amortised as follows:-

- (i) equivalent deposit values of bottles and cases are written off based on actual breakages and losses; and
- (ii) excess of cost over their related deposit values are amortised based on the straight line basis over a period of five years.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.8 Inventories

Inventories are stated at the lower of cost and net realisable value after adequate allowance has been made for all deteriorated, damaged, obsolete or slow moving inventories.

Cost of raw materials is determined on a first-in, first-out basis and comprises the original cost of purchase plus the cost of bringing the inventories to their present location and condition.

The cost of finished goods and work-in-progress includes the cost of raw materials, direct labour and a proportion of manufacturing overheads.

5.9 Receivables

Receivables are carried at anticipated receivable value. Known bad debts are written off and specific allowance is made for debts considered to be doubtful of collection. In addition, a general allowance based on a percentage of receivables is made to cover possible losses which are not specifically identified.

5.10 Income tax

Income tax in the financial statements for the financial year comprises current tax expense and deferred tax.

5.10.1 Current tax expense

Current tax expense is based on taxable profits. Current tax expense also includes withholding taxes and real property gains taxes payable on disposal of properties, if any.

5.10.2 Deferred tax

Deferred tax, which includes deferred tax liabilities and assets, is provided for under the liability method at the current tax rate in respect of all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base including unused tax losses and capital allowances.

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of a deferred tax asset is reviewed at each balance sheet date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

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

5.11 Assets acquired under hire-purchase and lease agreements

Assets acquired under hire-purchase and lease arrangements which transfer substantially all the risks and rewards of ownership to the Group and the Company 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.

Finance charges are charged to the income statement over the period of the agreements to give a constant periodic rate of charge on the remaining hire-purchase and lease liabilities.

As At 30 June 2005 (cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.12 Foreign currency transactions and translation

(a) Transactions and balances in foreign currencies

Transactions in foreign currencies are converted into Ringgit Malaysia at the rates of exchange ruling on transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at the approximate rates of exchange at the balance sheet date.

All gains or losses arising from the settlement of foreign currency transactions and from translating foreign monetary assets and liabilities are taken up in the income statement.

(b) Principal closing rates

The principal closing rates used in the translation of foreign currency amounts are as follows:-

	2005 RM	2004 RM
1 US Dollar	3.80	3.80
1 Thai Baht	0.10	0.10
1 Singapore Dollar	2.25	2.21
1 Euro	4.64	4.59

5.13 Provisions

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

5.14 Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

5.15 Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

(i) Sale of goods

Revenue relating to sale of goods is recognised upon the delivery of products and customer acceptance, net of sale taxes and discounts, and after eliminating sales within the Group.

(ii) Dividend income

Dividend income is recognised when the rights to receive the dividend payment are established.

(iii) Progress billings on contracts

Profits accruing on uncompleted contracts where the outcome can be reliably estimated are recognised on the percentage of completion method which determines the stage of completion based on the proportion of contract costs incurred for work performed to date bear to the estimated total contract costs. Provision is made for any foreseeable losses.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.15 Revenue recognition (cont'd)

(iv) Management and other fees

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

(v) Tributes receivable

Tributes are recognised on an accrual basis in accordance with the terms of agreement.

5.16 Employee benefits

5.16.1 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 and the Company.

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

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

5.16.2 Defined contribution plan

The Group and the Company makes contributions to a statutory provident fund and recognises the contributions payable:-

(a) after deducting contributions already paid as a liability; and

(b) as an expense in the financial year in which the employees render their services.

5.16.3 Defined benefit plan

The amount recognised as a liability in respect of a defined benefit plan is the present value of the defined benefit obligations at the balance sheet date adjusted for unrecognised actuarial gains and losses and unrecognised past service cost minus the fair value at the balance sheet date of plan assets out of which the obligations are to be settled directly.

If the amount calculated results in an asset, the Group measures the resulting asset at the lower of the amount calculated and the net total of any 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 and the fair value of the plan assets with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the balance sheet date.

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

As At 30 June 2005 (cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**5.16.3 Defined benefit plan**

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 when the net cumulative unrecognised actuarial gains or losses exceed the higher of:-

- (a) 10% of the present value of the defined benefit obligations at that date (before deducting plan assets); and
- (b) 10% of the fair value of any plan assets at that date.

5.17 Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, bank overdrafts, deposits and other short term, highly liquid investments that are readily convertible to cash and which are subject to insignificant risk of changes in value.

5.18 Contingent liabilities and contingent assets

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resource will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstance where there is a liability that cannot be recognised because it cannot be measured reliably.

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

5.19 Segment information

Segment information is presented in respect of the Group's business and geographical segments. The primary reporting segment information is in respect of business segments as the Group's risks and returns are affected predominantly by differences in the products it produces. No segment information by geographical area has been prepared as the Group operates predominantly in Malaysia.

A segment with a majority of operating income earned from providing product or services to external clients and whose operating income, results or assets are 10 percent or more of all segments is reported separately.

Segment results, assets and liabilities include items that are directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.20 Financial instruments

5.20.1 Financial instruments recognised on the balance sheets

(a) Ordinary shares

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of share issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Cost incurred directly attributable to the issuance of the shares are accounted for as a deduction from share premium. Otherwise, they are charged to the income statement.

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

(b) Other borrowings

Other interest bearing borrowings are recorded at the amount of proceeds received, net of transaction cost.

(c) Other financial instruments

The accounting policies for other financial instruments recognised on the balance sheets are disclosed in the individual policy associated with each item.

5.20.2 Financial instruments not recognised on the balance sheets

Foreign currency forward contracts

Foreign currency forward contracts are used to hedge foreign exposures as a result of receipts and payments in foreign currency. Any gains or losses arising from contracts entered into as hedges of anticipated future transactions are deferred until the dates of such transactions at which time they are included in the measurement of such transactions.

All other gains or losses relating to hedged instruments are recognised in the income statement in the same period as the exchange differences on the underlying hedged items.

NOTES TO THE FINANCIAL STATEMENTS

Annual Report 2005

As At 30 June 2005 (cont'd)

6. PROPERTY, PLANT AND EQUIPMENT

Group 2005	As at 1 July 2004 RM'000	Acquisition of a subsidiary company RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Reclassi- fication RM'000	As at 30 June 2005 RM'000
At valuation							
Long term leasehold land	457	-	-	-	-	-	457
Building	579	-	-	-	-	-	579
At cost							
Freehold land	35,128	-	-	-	-	-	35,128
Short term leasehold land	1,691	-	-	-	-	-	1,691
Long term leasehold land	3,023	-	-	(1,395)	-	-	1,628
Building under construction	828	-	1,550	-	-	(2,378)	-
Buildings	21,701	-	705	(715)	(934)	2,378	23,135
Leasehold land and building	2,727	-	-	-	-	-	2,727
Plant and machinery	97,620	84	16,967	(998)	(1,332)	-	112,341
Plant and machinery under construction	1,197	-	-	-	-	-	1,197
Office equipment, furniture and fittings	4,799	84	2,317	(1)	(115)	9	7,093
Renovation	-	212	83	-	(164)	-	131
Motor vehicles	6,802	531	1,223	(1,221)	(26)	(9)	7,300
Access road	1,475	-	-	-	(25)	-	1,450
Quarry improvements	4,208	-	-	-	(902)	-	3,306
	182,235	911	22,845	(4,330)	(3,498)	-	198,163

NOTES TO THE FINANCIAL STATEMENTS

Annual Report 2005

As At 30 June 2005 (cont'd)

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

Group 2005	As at 1 July 2004 RM'000	Acquisition of a subsidiary company RM'000	Charge for the financial year RM'000	Disposals RM'000	Written off RM'000	Reclassi- fication RM'000	As at 30 June 2005 RM'000
Accumulated depreciation							
At valuation							
Long term leasehold land	121	-	5	-	-	-	126
Building	275	-	11	-	-	-	286
At cost							
Freehold land	-	-	-	-	-	-	-
Short term leasehold land	805	-	34	-	-	-	839
Long term leasehold land	639	-	48	(369)	-	-	318
Building under construction	-	-	-	-	-	-	-
Buildings	5,756	-	483	(225)	(934)	-	5,080
Leasehold land and buildings	198	-	64	-	-	-	262
Plant and machinery	65,943	29	8,039	(947)	(1,283)	-	71,781
Plant and machinery under construction	-	-	-	-	-	-	-
Office equipment, furniture and fittings	3,013	30	915	(1)	(106)	6	3,857
Renovation	-	119	61	-	(109)	-	71
Motor vehicles	1,153	70	1,107	(679)	(26)	(6)	1,619
Access road	1,475	-	-	-	(25)	-	1,450
Quarry improvements	4,208	-	-	-	(902)	-	3,306
	83,586	248	10,767	(2,221)	(3,385)	-	88,995
Impairment losses							
				As at 1 July 2004 RM'000	Impairment losses for the financial year RM'000		As at 30 June 2005 RM'000
Freehold land				594	11,695		12,289
Buildings				124	-		124
				718	11,695		12,413

NOTES TO THE FINANCIAL STATEMENTS

Annual Report 2005

As At 30 June 2005 (cont'd)

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

Group 2005	As at 1 July 2004 RM'000	Acquisition of a subsidiary company RM'000	Additions RM'000	Charge for the financial year RM'000	Impairment losses RM'000	Disposals RM'000	Written off RM'000	Reclassi- fication RM'000	As at 30 June 2005 RM'000
Net book value									
At valuation									
Long term leasehold land	336	-	-	(5)	-	-	-	-	331
Building	304	-	-	(11)	-	-	-	-	293
At cost									
Freehold land	34,534	-	-	-	(11,695)	-	-	-	22,839
Short term leasehold land	886	-	-	(34)	-	-	-	-	852
Long term leasehold land	2,384	-	-	(48)	-	(1,026)	-	-	1,310
Building under construction	828	-	1,550	-	-	-	-	(2,378)	-
Buildings	15,821	-	705	(483)	-	(490)	-	2,378	17,931
Leasehold land and buildings	2,529	-	-	(64)	-	-	-	-	2,465
Plant and machinery	31,677	55	16,967	(8,039)	-	(51)	(49)	-	40,560
Plant and machinery under construction	1,197	-	-	-	-	-	-	-	1,197
Office equipment, furniture and fittings	1,786	54	2,317	(915)	-	-	(9)	3	3,236
Renovation	-	93	83	(61)	-	-	(55)	-	60
Motor vehicles	5,649	461	1,223	(1,107)	-	(542)	-	(3)	5,681
Access road	-	-	-	-	-	-	-	-	-
Quarry improvements	-	-	-	-	-	-	-	-	-
	97,931	663	22,845	(10,767)	(11,695)	(2,109)	(113)	-	96,755

NOTES TO THE FINANCIAL STATEMENTS

Annual Report 2005

As At 30 June 2005 (cont'd)

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

Group 2004	As at 1 July 2003 RM'000	Additions RM'000	Acquisition of subsidiary companies RM'000	Disposals RM'000	Written off RM'000	As at 30 June 2004 RM'000
At valuation						
Long term leasehold land	457	-	-	-	-	457
Building	579	-	-	-	-	579
At cost						
Freehold land	28,436	-	6,692	-	-	35,128
Short term leasehold land	-	-	1,691	-	-	1,691
Long term leasehold land	449	-	2,574	-	-	3,023
Building under construction	-	828	-	-	-	828
Buildings	2,262	5	19,611	-	(177)	21,701
Leasehold land and buildings	527	-	2,200	-	-	2,727
Plant and machinery	11,040	1,420	86,482	(1,322)	-	97,620
Plant and machinery under construction	-	-	1,197	-	-	1,197
Office equipment, furniture and fittings	1,358	309	3,315	(52)	(131)	4,799
Motor vehicles	1,265	1,434	4,920	(817)	-	6,802
Access road	1,475	-	-	-	-	1,475
Quarry improvements	4,208	-	-	-	-	4,208
	52,056	3,996	128,682	(2,191)	(308)	182,235

NOTES TO THE FINANCIAL STATEMENTS

Annual Report 2005

As At 30 June 2005 (cont'd)

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

Group 2004	As at 1 July 2003 RM'000	Charge for the financial year RM'000	Acquisition of subsidiary companies RM'000	Disposals RM'000	Written off RM'000	As at 30 June 2004 RM'000
Accumulated depreciation						
At valuation						
Long term leasehold land	116	5	-	-	-	121
Building	264	11	-	-	-	275
At cost						
Freehold land	-	-	-	-	-	-
Short term leasehold land	-	9	796	-	-	805
Long term leasehold land	52	18	569	-	-	639
Building under construction	-	-	-	-	-	-
Buildings	1,264	130	4,442	-	(80)	5,756
Leasehold land and buildings	69	15	114	-	-	198
Plant and machinery	7,729	2,610	56,514	(910)	-	65,943
Plant and machinery under construction	-	-	-	-	-	-
Office equipment, furniture and fittings	868	321	1,914	(26)	(64)	3,013
Motor vehicles	777	354	778	(756)	-	1,153
Access road	1,475	-	-	-	-	1,475
Quarry improvements	4,208	-	-	-	-	4,208
	16,822	3,473	65,127	(1,692)	(144)	83,586
Impairment losses						
			As at 1 July 2003 RM'000	Impairment losses for the financial year RM'000		As at 30 June 2004 RM'000
Freehold land			594	-		594
Buildings			124	-		124
			718	-		718

NOTES TO THE FINANCIAL STATEMENTS

Annual Report 2005

As At 30 June 2005 (cont'd)

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

Group 2004	As at 1 July 2003 RM'000	Acquisition of a subsidiary company RM'000	Additions RM'000	Charge for the financial year RM'000	Disposals RM'000	Written off RM'000	As at 30 June 2004 RM'000
Net book value							
At valuation							
Long term							
leasehold land	341	-	-	(5)	-	-	336
Building	315	-	-	(11)	-	-	304
At cost							
Freehold land	27,842	6,692	-	-	-	-	34,534
Short term							
leasehold land	-	895	-	(9)	-	-	886
Long term							
leasehold land	397	2,005	-	(18)	-	-	2,384
Building under							
construction	-	-	828	-	-	-	828
Buildings	874	15,169	5	(130)	-	(97)	15,821
Leasehold land and							
buildings	458	2,086	-	(15)	-	-	2,529
Plant and machinery	3,311	29,968	1,420	(2,610)	(412)	-	31,677
Plant and machinery							
under construction	-	1,197	-	-	-	-	1,197
Office equipment,							
furniture and fittings	490	-	309	(321)	(26)	(67)	1,786
Motor vehicles	488	1,401	1,434	(354)	(61)	-	5,649
Access road	-	4,142	-	-	-	-	-
Quarry improvements	-	-	-	-	-	-	-
	34,516	63,555	3,996	(3,473)	(499)	(164)	97,931

NOTES TO THE FINANCIAL STATEMENTS

Annual Report 2005

As At 30 June 2005 (cont'd)

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

Company 2005	As at 1 July 2004 RM'000	Additions RM'000	Disposals RM'000	As at 30 June 2005 RM'000	Net book value 2005 RM'000
At cost					
Office equipment, furniture and fittings	160	14	(1)	173	36
Motor vehicles	103	-	-	103	38
	263	14	(1)	276	74

	As at 1 July 2004 RM'000	Charge for the financial year RM'000	Disposals RM'000	As at 30 June 2005 RM'000
Accumulated depreciation				
At cost				
Office equipment, furniture and fittings	116	22	(1)	137
Motor vehicles	45	20	-	65
	161	42	(1)	202

Company 2004	As at 1 July 2003 RM'000	Additions RM'000	Disposals RM'000	As at 30 June 2004 RM'000	Net book value 2004 RM'000
At cost					
Office equipment, furniture and fittings	141	19	-	160	44
Motor vehicles	360	-	(257)	103	58
	501	19	(257)	263	102

	As at 1 July 2003 RM'000	Charge for the financial year RM'000	Disposals RM'000	As at 30 June 2004 RM'000
Accumulated depreciation				
At cost				
Office equipment, furniture and fittings	85	31	-	116
Motor vehicles	200	42	(197)	45
	285	73	(197)	161

As At 30 June 2005 (cont'd)

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

Had the revalued assets been carried at cost less depreciation, the carrying amounts would have been as follows:-

2005	Cost RM'000	Accumulated depreciation RM'000	Net book value RM'000
Building	301	(150)	151
Long term leasehold land	65	(18)	47
	366	(168)	198

2004	Cost RM'000	Accumulated depreciation RM'000	Net book value RM'000
Building	301	(144)	157
Long term leasehold land	65	(17)	48
	366	(161)	205

- (a) Long term leasehold land and building of the Group have not been revalued since they were first revalued in 1980. The Group does not adopt a policy of regular valuations. These revalued assets have been retained on the basis of their previous valuation in accordance with the transitional provisions of International Accounting Standards ("IAS") No. 16 (Revised) - Property, Plant and Equipment applied by the Group when the IAS was first adopted by the Malaysian Accounting Standards Board ("MASB") in 1998. The above transitional provisions are available only on the first application of the MASB approved accounting standards IAS 16 which is effective for periods ending on or after 1 September 1998. The transitional provisions will remain in force until and unless the Group adopts a revaluation policy in place of a cost policy where MASB 15 (which supersedes IAS 16) would require revaluations to be carried out at regular intervals.
- (b) The net book values of property, plant and equipment held under hire-purchase and finance lease arrangements are as follows:-

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Motor vehicles	2,229	2,493	38	57
Plant and machinery	12,149	3,159	-	-
Office equipment	986	115	-	-
	15,364	5,767	38	57

As At 30 June 2005 (cont'd)

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

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

	Group	
	2005 RM'000	2004 RM'000
Long term leasehold land	331	-
Freehold land	1,305	1,305
Buildings	1,128	455
	2,764	1,760

- (d) A freehold land with net book value of RM409,736 (2004: RM409,736) is registered in the name of a Director of a subsidiary company, who hold the property in trust for the subsidiary company, which is regarded as the beneficial owner.

7. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2005 RM'000	2004 RM'000
Unquoted investments, at cost	209,538	209,538
Less: Accumulated impairment losses	(145,651)	(127,060)
	63,887	82,478

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

Name of Company	Effective equity interest		Principal activities
	2005 %	2004 %	
Doe Industries Sdn. Bhd.	100	100	Manufacture and trading of water taps and other plumbing accessories
C.I. Building Industries Sdn. Bhd.	100	100	Investment holding
C.I. Construction Sdn. Bhd.	100	100	Inactive
C.I. Development Sdn. Bhd.	100	100	Dormant
C.I. Management Sdn. Bhd.	100	100	Provision of management services

NOTES TO THE FINANCIAL STATEMENTS

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As At 30 June 2005 (cont'd)

7. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

Name of Company	Effective equity interest		Principal activities
	2005 %	2004 %	
C.I. Properties Sdn. Bhd.	100	100	Dormant
C.I. Marketing Sdn. Bhd.	100	100	Inactive
Mawar Seroja Sdn. Bhd.	100	100	Investment holding
C.I. Engineering Sdn. Bhd.	100	100	Investment holding
Pep Bottlers Sdn. Bhd.	100	100	Investment holding
Permanis Sdn. Bhd.#	100	100	Selling, bottling and distribution of beverages
Subsidiary company of C.I. Building Industries Sdn. Bhd.			
C.I. Quarries Sdn. Bhd.	100	100	Granite quarrying and manufacture of bitumen hot premix for road surfacing
Subsidiary companies of C.I. Quarries Sdn. Bhd.			
C.I. Quarrying & Marketing Sdn. Bhd.	100	100	Granite quarrying
C.I. Damansara Quarry Sdn. Bhd.	65	65	Dormant
Capital Aim Sdn. Bhd.	100	100	Investment holding
Subsidiary companies of Capital Aim Sdn. Bhd.			
Mutual Prospect Sdn. Bhd.	100	100	Quarry proprietors and operators
C.I. Quarries (Nilai) Sdn. Bhd.	100	100	Extraction of granite
Subsidiary company of C.I. Engineering Sdn. Bhd.			
C.I. Auto Services Sdn. Bhd.	51	51	Inactive
Subsidiary company of Permanis Sdn. Bhd.			
Permanis Sandilands Sdn. Bhd.	100	100	Marketing and distribution of beverages
Bevmac Sdn. Bhd.	100	100	Dormant
Champs Water Sdn. Bhd.	100	100	Selling, bottling and distribution of beverages
Bevmac Engineering Sdn. Bhd.	100	20	Assembling and servicing beverage refrigerators and operation of vending machine

of which 51% equity interest is held directly by the Company and the remaining 49% equity interest is held through Pep Bottlers Sdn. Bhd.

As At 30 June 2005 (cont'd)

7. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

All subsidiary companies are audited by BDO Binder.

(a) Acquisition of subsidiary companies

2005

The Group through Permanis Sdn. Bhd. ("Permanis"), a wholly-owned subsidiary company, had on 14 December 2004 entered into a Shares Sale Agreement ("SSA") with Visual Portfolio Sdn. Bhd. and Low Cheong Seng @ Lau Cheong Seng (collectively known as "the Vendors"), whereby the Vendors grant to Permanis the option to acquire the remaining 80% equity in Bevmac Engineering Sdn. Bhd., a 20% owned associated company, for a purchase consideration of RM800,000. Permanis has exercised its option and the acquisition has been duly completed.

Goodwill arising on this acquisition amounting to RM354,710 has been accounted for using the acquisition method and has been fully impaired during the financial year.

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

	RM'000
Revenue	292
Cost of sales	(302)
Gross loss	(10)
Other operating income	26
Administration expenses	(288)
Loss from operations	(272)
Finance costs	(56)
Loss before tax	(328)
Tax expense	-
Decrease in Group's net profit	(328)

The effect of the acquisition on the financial position of the Group at the end of the financial year is as follows:-

	RM'000
Property, plant and equipment	1,459
Inventories	418
Trade receivables	54
Other receivables, deposits and prepayments	283
Amounts owing by related companies	3,914
Tax recoverable	159
Cash and bank balances	62
Trade payables	(1,169)
Other payables and accruals	(277)
Borrowings (interest bearing)	(718)
Amounts owing to related companies	(137)
Increase in Group's net assets	4,048

As at the date of acquisition, the acquired subsidiary company has unrecognised deferred tax assets of approximately RM175,000. Deferred tax assets have not been recognised in the financial statements as it is not probable that taxable profit of the acquired subsidiary company will be available against which the deductible temporary differences can be utilised.

7. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

a) Acquisition of subsidiary companies (cont'd)

2004

Upon completion of the Reorganisation Scheme on 1 April 2004, the Group acquired 100% equity interest in Permanis Sdn. Bhd. for a total consideration of RM72 million consisting of cash of RM44 million and the assumption of debts owing by Milestone Option Sdn. Bhd. amounting to RM28 million to Hwee Ann Credit & Leasing Sdn. Bhd., a former subsidiary company of the Group.

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

	RM'000
Revenue	50,876
Operating costs	(45,547)
Profit before tax	5,329
Tax expense	(3,245)
Increase in Group's net profit	2,084

The effect of the acquisition on the financial position of the Group at the end of the financial year is as follows:-

	RM'000
Property, plant and equipment	64,917
Trademark and intellectual property	5,840
Investments in an associated company	186
Bottles and cases	6,861
Inventories	18,502
Goodwill on consolidation	47,548
Trade receivables	50,147
Other receivables, deposits and prepayments	3,337
Cash and bank balances	1,044
Trade payables	(22,466)
Other payables, deposits and accruals	(14,524)
Provision for warehouse and marketing expenses	(3,155)
Bank overdrafts	(10,059)
Deferred tax liabilities	(4,794)
Borrowings	(72,509)
Tax liabilities	(1,791)
Increase in Group's net assets	69,084

As At 30 June 2005 (cont'd)

7. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

a) Acquisition of subsidiary companies (cont'd)

The fair values of the assets acquired and liabilities assumed from the acquisition of the subsidiary companies were as follows:-

	2005 RM'000	2004 RM'000
Property, plant and equipment	663	63,555
Trademark and intellectual property	-	5,920
Investments in an associated company	-	159
Bottles and cases	-	4,940
Deferred tax assets	-	97
Inventories	532	26,598
Trade receivables	381	49,011
Other receivables, deposits and prepayments	3,339	2,111
Cash and bank balances	34	1,161
Trade payables	(1,586)	(26,491)
Other payables, deposits and accruals	(349)	(13,589)
Provision for warehouse and marketing expenses	-	(2,616)
Bank overdrafts	(1,313)	(9,061)
Deferred tax liabilities	-	(5,239)
Borrowings	(1,396)	(71,405)
Tax recoverable/(liabilities)	222	(699)
Group's share of net assets	527	24,452
Less: Transferred from investment in an associated company	(81)	-
Goodwill on consolidation	354	47,548
Cost of acquisition	800	72,000
Purchase consideration satisfied by:-		
Cash	800	44,000
Assumption of amount owing by Milestone Option Sdn. Bhd.	-	28,000
Total cost of acquisition	800	72,000
Cash outflow arising on acquisition:-		
Purchase consideration satisfied by cash	800	44,000
Cash and cash equivalents of the subsidiary companies acquired	1,279	7,900
Cash flow on acquisition, net of cash and cash equivalents acquired	2,079	51,900

7. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

(b) Disposal of a subsidiary company

2004

The Company completed its disposal of its 100% equity interest in C.I. Enterprise Sdn. Bhd. ("CIE") for a cash consideration of RM1.00 and the assumption by QSR Brands Berhad of an amount owing by CIE to the Company of RM198 million upon completion of the disposal of CIE on 1 April 2004.

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

	2004 RM'000
Administration expenses	(1,530)
Share of results of an associated company	8,658
Finance costs	(14,786)
Decrease in Group's loss	(7,658)

The effects of the disposal on the financial position of the Group as at the end of the previous financial year is as follows:-

	2004 RM'000
Investments in associated companies	326,289
Cash and bank balances	3
Payables	(92,783)
Borrowings	(198,000)
Share of net assets	35,509
Loss on disposal	(35,509)
Total sale consideration	*
Less: Cash and cash equivalents of subsidiary companies disposed	(3)
Cash flow on disposal, net of cash and cash equivalents disposed	(3)

* Denotes RM1

There was no disposal during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

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As At 30 June 2005 (cont'd)

8. INVESTMENT IN AN ASSOCIATED COMPANY

	Group	
	2005 RM'000	2004 RM'000
Unquoted shares, at cost	259	259
Share of post acquisition results and reserve	(178)	(73)
	81	186
Transferred to investment in subsidiary companies	(81)	-
	-	186
The Group's investment in an associated company is represented by:-		
Group's share of net assets	-	210
Negative goodwill	-	(24)
	-	186

The details of the associated company which is incorporated in Malaysia are as follows:-

Name of Company	Interest in equity held by Company		Principal activities
	2005 %	2004 %	
Bevmac Engineering Sdn. Bhd.	100	20	Assembling and servicing beverage refrigerators and operation of vending machines

During the financial year, a wholly-owned subsidiary company, Permanis Sdn. Bhd. ("Permanis") acquired the remaining 80% equity interest in Bevmac Engineering Sdn. Bhd. which became a wholly-owned subsidiary company of Permanis for a total consideration of RM800,000.

9. OTHER INVESTMENTS

	Group	
	2005 RM'000	2004 RM'000
At cost		
Golf club memberships	21	21

10. INTELLECTUAL PROPERTY

	Group	
	2005 RM'000	2004 RM'000
At cost	6,400	6,400
Less: Accumulated amortisation	(880)	(560)
	5,520	5,840

NOTES TO THE FINANCIAL STATEMENTS

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As At 30 June 2005 (cont'd)

11. BOTTLES AND CASES

	Group	
	2005 RM'000	2004 RM'000
Bottles and cases (on hand and in circulation) consist of the following:-		
Equivalent deposit values of bottles and cases	8,577	7,433
Less: Accumulated breakages and amortisation for bottles and cases	(2,173)	(572)
	6,404	6,861
Excess of cost over their related deposit values	-	287
Less: Amortisation	-	(287)
	-	-
	6,404	6,861

12. GOODWILL ON CONSOLIDATION

	Group	
	2005 RM'000	2004 RM'000
Balance as at 1 July 2004/2003	68,012	20,464
Acquisition of subsidiary companies (Note 7(a))	354	47,548
	68,366	68,012
Less: Impairment losses	(20,818)	(20,464)
Balance as at 30 June	47,548	47,548

13. DEFERRED TAX

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

	Group	
	2005 RM'000	2004 RM'000
Balance as at 1 July 2004/2003	5,772	1,424
Recognised in the income statement (Note 34)	(3,032)	(794)
Acquisition of subsidiary companies	-	5,142
Balance as at 30 June	2,740	5,772

As At 30 June 2005 (cont'd)

13. DEFERRED TAX (cont'd)

	Group	
	2005 RM'000	2004 RM'000
Presented after appropriate offsetting:-		
Deferred tax assets, net	(2,554)	(1,804)
Deferred tax liabilities, net	5,294	7,576
	2,740	5,772

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

	Group	
	2005 RM'000	2004 RM'000
Deferred tax assets		
Balance as at 1 July 2004/2003	3,180	319
Recognised in the income statement		
- Provision for liabilities	180	278
- Unused tax losses and unabsorbed capital allowances	1,126	2,418
- Retirement benefit obligations	16	57
- Inventories	46	-
- Others	-	11
	1,368	2,764
Acquisition of subsidiary company		
- Provision for liabilities	-	97
Balance as at 30 June	4,548	3,180
Deferred tax liabilities		
Balance as at 1 July 2004/2003	8,952	1,743
Recognised in the income statement		
- Accelerated capital allowances	(821)	1,970
- Bottles and cases	(229)	-
- Fair value adjustments on property, plant and equipment	(614)	-
	(1,664)	1,970
Acquisition of subsidiary company		
- Accelerated allowances	-	3,023
- Fair value adjustments on property, plant and equipment	-	455
- Bottles and cases	-	1,761
	-	5,239
Balance as at 30 June	7,288	8,952

13. DEFERRED TAX (cont'd)

(c) The components of deferred tax assets and liabilities as the end of the financial year comprise the tax effect of:-

	Group	
	2005 RM'000	2004 RM'000
Deferred tax assets		
Inventories	178	132
Provision for liabilities	501	321
Unused tax losses and unabsorbed capital allowances	3,544	2,418
Retirement benefit obligations	135	119
Others	190	190
	4,548	3,180
Deferred tax liabilities		
Accelerated capital allowances	4,702	5,523
Fair value adjustments on property, plant and equipment	1,054	1,668
Bottles and cases	1,532	1,761
	7,288	8,952

(d) The amount of temporary differences for which no deferred tax assets have been recognised in the balance sheet are as follow:-

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Unused tax losses	5,480	18,131	605	507
Unabsorbed capital allowances	2,547	2,555	124	93
Provision for liabilities	478	402	-	-
Allowance for doubtful debts	15,540	11,137	-	-
Property, plant and equipment	17	10	17	10
	24,062	32,235	746	610

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

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As At 30 June 2005 (cont'd)

14. INVENTORIES

	Group	
	2005 RM'000	2004 RM'000
At cost		
Raw materials	12,686	11,161
Work-in-progress	770	1,393
Finished goods	12,302	12,211
Spares and consumables	363	82
	26,121	24,847

15. TRADE RECEIVABLES

	Group	
	2005 RM'000	2004 RM'000
Trade receivables	77,201	71,346
Less: Allowance for doubtful debts	(17,678)	(12,668)
	59,523	58,678

The credit terms offered by the Group in respect of trade receivables range from 30 to 90 days from the date of invoice.

The foreign currency exposure of trade receivables are as follows:-

	Group	
	2005 RM'000	2004 RM'000
US Dollar	12	449
Singapore Dollar	2	12

16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Other receivables	1,343	1,243	11	20
Less: Allowance for doubtful debts	(206)	-	-	-
	1,137	1,243	11	20
Deposits	919	1,404	52	52
Prepayments	1,444	865	-	-
	3,500	3,512	63	72

As At 30 June 2005 (cont'd)

16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (cont'd)

The foreign currency exposure of other receivables are as follows:-

	Group	
	2005 RM'000	2004 RM'000
US Dollar	260	42

17. AMOUNTS OWING BY/TO SUBSIDIARY COMPANIES

	Company	
	2005 RM'000	2004 RM'000
Amounts owing by subsidiary companies	150,693	140,005
Less: Allowance for doubtful debts	(111,762)	-
	38,931	140,005
Amounts owing to subsidiary companies	21,799	19,250

The amounts owing by/to subsidiary companies represent advances and payments made on behalf which are unsecured, interest-free and have no fixed terms of repayment.

During the financial year, the Company has obtained the agreements from two creditors of a subsidiary company to assume the total debts of approximately RM9.8 million on behalf of the subsidiary company.

18. FIXED DEPOSITS PLACED WITH LICENSED BANKS

Included in the fixed deposit placed with licensed banks of the Group are:-

- (i) a deposit of RM107,595 in 2004 which is pledged as security for a bank overdraft security granted to a subsidiary company, as referred to in Note 23(b)(ii).
- (ii) a deposit of RM460,916 (2004: RM447,427) which is pledged for an import trade financing facility and a hire-purchase arrangement granted to a subsidiary company as referred to in Note 23(d).
- (iii) a deposit of RM50,000 (2004: Nil) which is pledged to a licensed financial institution as a security for bank guarantee issued in favour of a third party by a subsidiary company.

The weighted average effective annual interest rates of deposits as at balance sheet date are as follows:-

	Group		Company	
	2005 %	2004 %	2005 %	2004 %
Fixed deposits placed with licensed banks	2.69	3.00	2.40	2.55

NOTES TO THE FINANCIAL STATEMENTS

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As At 30 June 2005 (cont'd)

18. FIXED DEPOSITS PLACED WITH LICENSED BANKS (cont'd)

The average maturity period of deposits as at the end of the financial year were as follows:-

	Group		Company	
	2005 Days	2004 Days	2005 Days	2004 Days
Fixed deposits placed with licensed banks	30 to 365	30 to 365	30	30

19. TRADE PAYABLES

The credit terms available to the Group in respect of trade payables range from 30 to 120 days (2004: 30 to 90 days) from date of invoice.

The foreign currency exposure of trade payables are as follows:-

	Group	
	2005 RM'000	2004 RM'000
Euro	212	774
US Dollar	168	409
Thai Baht	601	216
Singapore Dollar	1	2

20. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Other payables	23,429	24,169	12,547	4,433
Deposits received	477	502	-	-
Accruals	5,941	7,724	380	2,249
	29,847	32,395	12,927	6,682

Other payables mainly comprise advances from third parties and amounts owing to service providers, for example transportation, marketing and warehouse.

The foreign currency exposure of other payables and deposits received are as follows:-

	Group	
	2005 RM'000	2004 RM'000
US Dollar	431	640
Euro	55	-

NOTES TO THE FINANCIAL STATEMENTS

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As At 30 June 2005 (cont'd)

21. PROVISIONS

	Warehouse expenses RM'000	Marketing expenses RM'000	Construction costs (Note 43(b)(ii)) RM'000	Total RM'000
Balance as at 1 July 2004	1,598	1,557	809	3,964
Provision no longer required	(100)	(1,100)	-	(1,200)
Payment made	-	(431)	-	(431)
Balance as at 30 June 2005	1,498	26	809	2,333

22. AMOUNT OWING TO AN ASSOCIATED COMPANY

Group

The amount owing to an associated company in the previous financial year represents balances from normal trade transactions and advances which is unsecured, interest-free and has no fixed terms of repayment.

23. BORROWINGS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Current liabilities				
Secured:-				
Bank overdrafts	84	73	-	-
Bankers' acceptance	987	-	-	-
Term loans from licensed banks (Note 24)	40	269	-	-
Islamic loans (Note 25)	1,158	-	-	-
Import trade financing	638	1,365	-	-
Revolving credit facility	-	5,000	-	-
Hire-purchase and finance lease creditors (Note 26)	2,665	1,381	18	18
	5,572	8,088	18	18
Unsecured:-				
Bank overdrafts	11,454	11,198	-	-
Bankers' acceptances	47,417	46,254	-	-
Short term advances	4,583	-	-	-
Loan from a licensed credit company	1,960	4,450	1,960	4,450
Term loans from licensed banks (Note 24)	92	18	-	-
Revolving credit facility	20,247	20,434	-	143
	91,325	90,442	1,978	4,611

NOTES TO THE FINANCIAL STATEMENTS

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As At 30 June 2005 (cont'd)

23. BORROWINGS (cont'd)

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Non-current liabilities				
Secured:-				
Term loans from licensed banks (Note 24)	1,202	1,363	-	-
Islamic loans (Note 25)	3,597	-	-	-
Hire-purchase and finance lease creditors (Note 26)	8,990	1,832	17	34
Unsecured:-				
Term loans from licensed banks (Note 24)	45	64	-	-
	13,834	3,259	17	34
Total borrowings				
Bank overdrafts (Note (b) below)	11,538	11,271	-	-
Bankers' acceptances (Note (c) below)	48,404	46,254	-	-
Revolving credit facility	20,247	25,434	-	143
Import trade financing (Note (d) below)	638	1,365	-	-
Short term advances	4,583	-	-	-
Term loans from licensed banks (Note 24)	1,379	1,714	-	-
Islamic loans (Note 25)	4,755	-	-	-
Loan from a licensed credit company (Note (e) below)	1,960	4,450	1,960	4,450
Hire-purchase and finance lease creditors (Note 26)	11,655	3,213	35	52
	105,159	93,701	1,995	4,645
Maturity of borrowings (excluding hire-purchase and finance lease):-				
Within one year	88,660	89,061	1,960	4,593
More than 1 year and less than 5 years	2,799	310	-	-
5 years or more	2,045	1,117	-	-
	93,504	90,488	1,960	4,593

As At 30 June 2005 (cont'd)

23. BORROWINGS (cont'd)

The weighted average effective annual interest rates at the balance sheet date for borrowings were as follows:-

	Group		Company	
	2005 %	2004 %	2005 %	2004 %
Bank overdrafts	7.02	7.04	-	-
Bankers' acceptances	3.16	3.39	-	-
Revolving credit facility	4.92	4.84	-	6.67
Import trade financing	3.32	3.04	-	-
Term loans from licensed banks	6.93	7.10	-	-

- (a) All the bank borrowings are generally secured by way of a corporate guarantee and indemnity by the Company.
- (b) Included in the bank overdrafts are amounts of:-
- (i) RM84,007 (2004: Nil), which is secured by a first party legal charge over a leasehold property of a subsidiary company;
 - (ii) RM72,607 in 2004, which is secured by a third party pledge on a subsidiary company's fixed deposit of RM107,595; and
 - (iii) a negative pledge on certain subsidiary companies' assets.
- (c) Included in the bankers' acceptance is an amount of RM987,000 (2004: Nil) which is secured by a first party legal charge over a leasehold property of a subsidiary company.
- (d) The import trade financing facility is also secured by a security deposit of 20% from each drawdown to be deposited with the bank.
- (e) The loan from a licensed credit company is unsecured, has no fixed terms of repayment and is interest-free.

24. TERM LOANS FROM LICENSED BANKS

	Group	
	2005 RM'000	2004 RM'000
Unsecured:-		
Term loan I	73	-
Term loan II	64	82
Secured:-		
Term loan I	-	358
Term loan III	1,242	1,274
	1,379	1,714

As At 30 June 2005 (cont'd)

24. TERM LOANS FROM LICENSED BANKS (cont'd)

	Group	
	2005 RM'000	2004 RM'000
Repayable as follows:-		
Current liabilities		
- not later than one year	132	287
Non-current liabilities		
- later than one year and not later than five years	239	310
- later than five years	1,008	1,117
	1,247	1,427
	1,379	1,714

All the term loans from licensed banks are guaranteed by the Company.

- In the previous financial year, term loan I is repayable by way of monthly instalments of RM21,953, over a 3 years period and secured by a third party pledge on the fixed deposit of RM100,000 and a negative pledge on the assets of the said subsidiary company. However, the repayment period has been rescheduled and effective from 1 July 2005, term loan I is repayable over 9 months by monthly instalment of RM10,500 and the security charged on the fixed deposits has been discharged during the financial year.
- Term loan II is repayable by way of 60 equal monthly instalment of RM1,892 each until it is fully settled. It is secured by a negative pledge on the assets of the said subsidiary company.
- Term loan III is repayable in terms of 20 years. The monthly instalments are varying in accordance to the interest charge at prevailing base lending rate. It is secured by a first party legal charge over a property of the said subsidiary company.

25. ISLAMIC LOANS

	Group	
	2005 RM'000	2004 RM'000
Secured		
Bai-Bithaman Ajil ("BBA")	1,837	-
Murabahah	2,918	-
	4,755	-

As At 30 June 2005 (cont'd)

25. ISLAMIC LOANS (cont'd)

	Group	
	2005 RM'000	2004 RM'000
Repayable as follows:-		
Current liabilities		
- not later than one year	1,158	-
Non-current liabilities		
- later than one year and not later than five years	2,560	-
- later than five years	1,037	-
	3,597	-
	4,755	-

BBA Facility is repayable by 72 monthly instalments of RM20,841 each commencing 1 August 2004. Thereafter, by 72 monthly instalments of RM21,281 each commencing upon expiry of the first 72 instalments.

Murabahah Facility is repayable as follows:-

- (i) by 6 monthly instalments of RM17,500 each commencing 1 August 2004;
- (ii) by 12 monthly instalments of RM92,975 each commencing subsequent to (i);
- (iii) by 12 monthly instalments of RM93,210 each commencing subsequent to (ii); and
- (iv) by 12 monthly instalments of RM93,334 each commencing subsequent to (iii).

Both facilities are secured by:-

- (i) BBA property Sale and Purchase Agreement;
- (ii) Murabahah Asset Sale and Purchase Agreement;
- (iii) Negative pledge over assets of the Group; and
- (iv) Corporate guaranteed by the Company.

As At 30 June 2005 (cont'd)

26. HIRE-PURCHASE AND LEASE CREDITORS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Minimum hire-purchase and lease payments:-				
- not later than 1 year	3,428	1,598	21	21
- later than 1 year and not later than 5 years	10,639	2,098	21	41
- later than 5 years	10	116	-	-
	14,077	3,812	42	62
Less: Future interest charges	(2,422)	(599)	(7)	(10)
Present value of hire-purchase and lease creditors	11,655	3,213	35	52
Repayable as follows:-				
Current liabilities:-				
- not later than 1 year	2,665	1,381	18	18
Non-current liabilities				
- later than 1 year and not later than 5 years	8,981	1,729	17	34
- later than 5 years	9	103	-	-
	8,990	1,832	17	34
	11,655	3,213	35	52

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

- (i) RM9,849,329 (2004: Nil) which is secured by way of a corporate guarantee by the Company.
- (ii) RM94,643 (2004: Nil) which is secured by a security deposit of 10% from a purchase price of the machinery and equipment.

27. SHARE CAPITAL

	Group and Company			
	2005		2004	
	Number of shares	RM'000	Number of shares	RM'000
Ordinary shares of RM1.00 each:-				
Authorised	500,000,000	500,000	500,000,000	500,000
Issued and fully paid:-				
Balance as at 1 July 2004/2003	129,607	129,607	57,378	57,378
Issued during the financial year:-				
Rights issue (Note i)	-	-	57,378	57,378
Debt settlement (Note ii)	-	-	14,851	14,851
Balance as at 30 June	129,607	129,607	129,607	129,607

In the previous financial year, the Company increased its issued and paid-up ordinary share capital from RM57,377,835 to RM129,607,155 by way of:-

- (i) the issuance of 57,377,835 new ordinary shares of RM1.00 each in the Company through a Renounceable Rights Issue, together with 57,377,835 free new detachable warrants, at an issue price of RM1.00 per rights share, payable in full upon acceptance, on the basis of one Rights Share and one free Warrant for every one existing ordinary share of RM1.00 each held in the Company; and
- (ii) the issuance of 14,851,485 new ordinary shares of RM1.00 each in the Company at an issue price of RM1.01 per share as a settlement of the principal amount owing by a wholly-owned subsidiary company, Doe Industries Sdn. Bhd. to Malaysian Assurance Alliance Berhad amounting to RM15 million.

The abovementioned ordinary shares rank pari passu in all respects with the then existing ordinary shares of the Company.

WARRANTS 2004/2009

In the previous financial year, a total of 57,377,835 warrants were issued free by the Company in conjunction with the Renounceable Rights Issue. Each warrant is convertible into one new ordinary share of RM1.00 each at the exercise price of RM1.08 per share. The warrants are valid for a period of five years and shall expire on 23 June 2009. As at the date of the Report, none of the warrants has been exercised.

28. SPECIAL RESERVE - NON-DISTRIBUTABLE

In the financial year ended 30 June 1996, the Company received approval from the High Court of Malaya to reduce the share premium account of the Company by RM43,385,000 and for such amount to be transferred to a Special Reserve Account and thereon to set off against purchased goodwill at that point in time.

As At 30 June 2005 (cont'd)

29. (ACCUMULATED LOSSES)/RETAINED PROFITS

Company

Subject to agreement from the Inland Revenue Board, the Company has tax exempt account of approximately RM12,500,000 (2004: RM12,500,000) for distribution of tax exempt dividend.

30. RETIREMENT BENEFIT OBLIGATIONS

The Group operates unfunded defined benefit plans for non-executive staff who are entitled to a payment calculated by reference to their length of service and earnings. Provision for retirement benefits is calculated based on the predetermined rate of basic salaries and length of service of the employees.

The amounts recognised in the balance sheets are as follows:-

	Group	
	2005 RM'000	2004 RM'000
Present value of unfunded obligations	2,323	2,035

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

	Group	
	2005 RM'000	2004 RM'000
Balance as at 1 July 2004/2003	2,035	622
Acquisition of subsidiary companies	-	565
Amounts recognised in the income statement	426	1,196
Contributions paid	(138)	(348)
Balance as at 30 June	2,323	2,035

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

	Group	
	2005 RM'000	2004 RM'000
Current service cost	193	187
Interest cost	233	134
Transition obligation recognised	-	1,275
Provision for retirement benefit no longer required	-	(400)
Expenses recognised in the income statement included under administration expenses	426	1,196

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As At 30 June 2005 (cont'd)

30. RETIREMENT BENEFIT OBLIGATIONS (cont'd)

The principal actuarial assumptions used are as follows:-

	Group and Company	
	2005 %	2004 %
Discount rate	7.0	7.0
Expected rate of annual salary increase	5.0 and 6.0	5.0 and 6.0

31. REVENUE

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Gross dividends received from a subsidiary company	-	-	-	15,367
Progress billings on contract works	-	196	-	-
Sale of goods	265,352	73,955	-	-
Management and other fees from subsidiary companies	-	-	1,490	979
Tributes received and receivable	2,202	2,382	-	-
Assembling and servicing of beverage refrigerators	421	-	-	-
	267,975	76,533	1,490	16,346

32. LOSS BEFORE TAX

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Loss before tax is arrived at after charging:-				
Allowance for doubtful debts	5,311	411	111,762	-
Amortisation of intellectual property	320	80	-	-
Auditors' remuneration:-				
- Statutory:-				
- current year	165	172	25	25
- (over)/under provision in prior year	(3)	6	-	-
- Non-statutory	48	55	8	5

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As At 30 June 2005 (cont'd)

32. LOSS BEFORE TAX (cont'd)

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Bad debts written off	154	23	-	-
Breakages and amortisation of bottles and cases	1,601	-	-	-
Deposits written off	78	-	-	-
Depreciation of property, plant and equipment	10,767	3,473	42	73
Directors' remuneration (Note 33)	1,518	919	570	705
Impairment loss on goodwill on consolidation	354	20,464	-	-
Impairment loss on investment in subsidiary companies	-	-	18,591	50,884
Impairment loss on property, plant and equipment	11,695	-	-	-
Interest expense on:-				
- bank overdraft	627	182	-	-
- bankers acceptance	1,846	510	-	-
- term loans	133	16,190	-	1,197
- revolving credit	1,174	444	-	130
- hire-purchase and lease	491	199	4	23
- overdue invoices	-	71	-	44
- letter of credit	81	-	-	-
- Islamic loans	149	-	-	-
- others	-	2	-	-
Inventories written down	164	1,351	-	-
Inventories written off	4,082	7,695	-	-
Loss on disposal of a subsidiary company	-	35,509	-	-
Professional fees incurred for Reorganisation Scheme	-	2,621	-	2,621
Provision for retirement benefits	426	1,596	-	-
Provision for warehouse and marketing expenses	-	539	-	-
Property, plant and equipment written off	113	164	-	-
Realised foreign exchange loss	60	14	-	-
Rental of equipments	1,493	287	-	-
Rental of motor vehicles	68	11	-	-
Rental of premises	581	166	99	99
Retrenchment benefits	41	57	-	-
Royalty payable	39	-	-	-
Waiver of amount owing by a former subsidiary company	-	-	-	60,333

NOTES TO THE FINANCIAL STATEMENTS

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As At 30 June 2005 (cont'd)

32. LOSS BEFORE TAX (cont'd)

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
And crediting:-				
Allowance for doubtful debts no longer required	95	706	-	-
Bad debts recovered	11	7	-	-
Gain arising from a subsequent change in the sale proceeds on the disposal of a former subsidiary company	-	1,172	-	-
Gain on disposal of property, plant and equipment	1,349	216	-	10
Interest income	83	80	10	51
Over provision of bonus in prior years	313	-	-	-
Provision for retirement benefits no longer required	-	400	-	-
Provision for warehouse and marketing expenses no longer required	1,200	-	-	-
Rental income	136	-	-	-
Royalty income	-	144	-	-
Write back of breakages and amortisation of bottles and cases	-	648	-	-
Unrealised gain on foreign exchange	10	-	-	-

33. DIRECTORS' REMUNERATION

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Directors of the Company				
Executive Director				
- salaries and allowances	460	460	460	460
- defined contribution plan	50	50	50	50
	510	510	510	510
Non-Executive Directors				
- salaries and allowances	855	200*	-	-
- defined contribution plan	93	14*	-	-
- emoluments	-	195	-	195
- fees	60	-	60	-
	1,008	409	60	195
	1,518	919	570	705

* For the period from 1 April 2004 to 30 June 2004

NOTES TO THE FINANCIAL STATEMENTS

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As At 30 June 2005 (cont'd)

33. DIRECTORS' REMUNERATION (cont'd)

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group and from the Company are as follows:-

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Executive Director	4	6	4	6
Non-Executive Directors	-	8	-	8
	4	14	4	14

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			
	2005		2004	
	Executive Director	Non-Executive Directors	Executive Director	Non-Executive Directors
Directors of the Company				
Below RM50,000	-	6	-	6
RM200,001 - RM250,000	-	-	-	1
RM500,001 - RM550,000	1	-	1	-
RM900,001 - RM950,000	-	1	-	-

34. TAX (INCOME)/EXPENSE

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Income tax:-				
Tax expense for the financial year	800	2,609	-	-
Withholding tax	57	7	-	-
(Over)/Under provision in prior years	(433)	(506)	3,946	-
	424	2,110	3,946	-
Deferred tax (Note 13):-				
Origination and reversal of temporary differences	(1,445)	(248)	-	-
Over provision in prior years	(1,587)	(546)	-	-
	(3,032)	(794)	-	-
Share of tax expense in an associated company	-	6,183	-	-
	(2,608)	7,499	3,946	-

NOTES TO THE FINANCIAL STATEMENTS

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As At 30 June 2005 (cont'd)

34. TAX (INCOME)/EXPENSE (cont'd)

A reconciliation between the average effective tax rate and the applicable tax rate to the loss before tax to the Group and the Company is as follows:-

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Loss before tax	(1,818)	(57,100)	(130,696)	(101,608)
Taxation at statutory tax of 28% (2004: 28%)	(509)	(15,988)	(36,595)	(28,450)
Effect in reduction in statutory tax rate on first RM500,000 chargeable income for certain subsidiary companies	(15)	(23)	-	-
Withholding tax	57	7	-	-
Income not subject to tax	(1,115)	(333)	-	(4,303)
Non-allowable expenses	4,039	25,350	36,557	32,554
Utilisation of reinvestment allowances	(582)	(159)	-	-
Deferred tax assets not recognised during the financial year	(2,463)	(303)	38	199
Over provision of deferred tax in prior years	(1,587)	(546)	-	-
Under/(Over) provision of income tax in prior years	(433)	(506)	3,946	-
Tax (income)/expense for the financial year	(2,608)	7,499	3,946	-

Tax savings recognised during the financial year arising from:-

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Utilisation of unused tax losses brought forward	2,875	745	-	-
Utilisation of current year tax losses	-	19,437	10	618
Utilisation of unabsorbed capital allowances brought forward	34	1,124	-	-
Utilisation of reinvestment allowances	582	159	-	-

Subject to the agreement of Inland Revenue Board, the Company have unused tax losses and unabsorbed capital allowances of approximately RM605,000 (2004: RM507,000) and RM124,000 (2004: RM93,000) available to set off against future taxable profits.

As At 30 June 2005 (cont'd)

35. EARNINGS/(LOSS) PER ORDINARY SHARE

The basic earnings/(loss) per ordinary share for the financial year has been calculated based on the consolidated profit/(loss) after tax and minority interests divided by the weighted average number of ordinary shares outstanding during the financial year.

	2005	2004
Consolidated profit/(loss) after tax and minority interest (RM'000)	766	(64,596)
Weighted average number of ordinary shares in issued ('000)	129,607	54,740
Basic earnings/(loss) per ordinary share (sen)	0.6	(118.0)

The fully diluted earning/(loss) per ordinary share in respect of warrants is not presented as it is anti-dilutive.

36. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

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

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Purchase of property, plant and equipment (Note 6)	22,845	3,996	14	19
Financed by:-				
- hire-purchase and lease arrangement	(11,008)	(2,046)	-	-
- Islamic loan	(1,930)	-	-	-
Cash payments on purchase of property, plant and equipment	9,907	1,950	14	19

37. CASH AND CASH EQUIVALENTS

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

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Cash and bank balances	3,765	6,706	44	4,950
Fixed deposits with licensed banks	1,011	929	500	374
Bank overdrafts	(11,538)	(11,271)	-	-
Less: Fixed deposit pledged to licensed bank	(6,762) (511)	(3,636) (555)	544 -	5,324 -
	(7,273)	(4,191)	544	5,324

The effective interest rates of the bank balances of both the Group and the Company are 0.6% to 1.6% (2004: 1.39% to 1.6%) per annum.

As At 30 June 2005 (cont'd)

38. FINANCIAL INSTRUMENTS

(a) Credit risk

As at 30 June 2005, the Group has trade receivables of RM17,116,808 which have been outstanding for more than 90 days. Other than as mentioned, the Group has no significant concentration of credit risk. The maximum exposure to credit risk are represented by the carrying amounts of the financial assets in the balance sheets.

(b) Foreign currency forward contracts

During the financial year, the Group entered into foreign currency forward contracts to manage exposure to the currency risk for payables which are denominated in a currency other than the functional currency of the Group. The notional amount and maturity date of the foreign currency forward contracts outstanding as at 30 June 2005 are as follows:-

	Currency	Expiry dates	Contract amounts	RM'000 equivalent
Forward contracts used to hedge trade payables	Euro	July 2005 to August 2005	66,388	317

The Group's did not enter into any forward foreign exchange contract in the previous financial year.

(c) Fair values

The carrying amounts of financial assets and liabilities of the Group and the Company at the balance sheet date approximate their fair values except as set out below:-

	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
30 June 2005				
Amounts owing by subsidiary companies	-	-	38,931	#
Foreign currency forward contract	-	12	-	-
Amounts owing to subsidiary companies	-	-	21,799	#
30 June 2004				
Amounts owing by subsidiary companies	-	-	140,005	#
Amount owing to an associated company	2,865	#	-	-
Amounts owing to subsidiary companies	-	-	19,250	#

It is not practical to estimate the fair values of amounts owing by/to subsidiary companies and an associated company. This is principally due to the lack of fixed repayment terms and inability to estimate fair value without incurring excessive costs. However, the Group and the Company do not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would be eventually be received or settled.

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

- The carrying amounts of financial assets and liabilities maturing within 12 months approximate their fair values due to the relatively short term maturity of these financial instruments.
- The fair values of the Group's and the Company's borrowings are estimated based on the current rates offered to the Group and the Company for borrowings of the same remaining maturities.

As At 30 June 2005 (cont'd)

38. FINANCIAL INSTRUMENTS (cont'd)

(c) Fair values (cont'd)

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

- (i) The carrying amounts of financial assets and liabilities maturing within 12 months approximate their fair values due to the relatively short term maturity of these financial instruments.
- (ii) The fair values of the Group's and the Company's borrowings are estimated based on the current rates offered to the Group and the Company for borrowings of the same remaining maturities.
- (iii) The fair value of forward foreign exchange contracts are the estimated amount payable or receivable on the termination of the outstanding position arising from such contracts and is determined by reference to the difference between the contracted rate and the forward exchange rate at the balance sheet date for contracts with similar quantum and maturity profile.

39. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group	
	2005 RM'000	2004 RM'000
Sales and distribution of goods to corporations in which a Director of the Company and a Director of a subsidiary company have deemed interest		
- Pizza Hut Restaurants Sdn. Bhd.	4,587	995
- KFC (Peninsular Malaysia) Sdn. Bhd.	15,129	3,982
- Kedai Ayamas Sdn. Bhd.	629	150
- Rasa Ayamas Sdn. Bhd.	237	48
- KFC (Sarawak) Sdn. Bhd.	775	-
- KFC (Sabah) Sdn. Bhd.	729	-

The transactions have been entered into in the normal course of business and are based on negotiated and mutually agreed terms. The transactions with these companies were conducted in accordance with the general mandate obtained from shareholders for recurrent related party transactions.

40. CAPITAL COMMITMENTS

	Group	
	2005 RM'000	2004 RM'000
Capital expenditure in respect of purchase of property, plant and equipment:-		
Approved but not contracted for	2,628	2,785

41. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 1 July 2004, a subsidiary company entered into the Second Supplemental Exclusive Bottling Appointment ("the 2nd Supp. EBA") with Pepsico. Inc and Seven-Up International to enable the subsidiary company to bottle, market, sell and/or distribute the beverage known as and sold under the trademark as stipulated in the 2nd Supp. EBA in the State of Sarawak, East Malaysia.
- (b) On 16 July 2003, a subsidiary company entered into a conditional Sale and Purchase Agreement with Parksen Enterprise Sdn. Bhd. ("the Purchaser") for the disposal of a property known as No. 52, Salak Perusahaan 3, Kawasan Perusahaan Prai, Pulau Pinang for a total consideration of RM880,000 to be satisfied wholly in cash. The disposal was completed in December 2004.
- (c) On 26 March 2004, a subsidiary company entered into a conditional Sale and Purchase Agreement with CLF Trading Sdn. Bhd. for the disposal of a vacant leasehold industrial land known as PT No. 35167 Mukim of Kuala Kuantan, District of Kuantan, Pahang for a total consideration of RM775,368. The disposal was completed in December 2004.
- (d) On 6 July 2004, a subsidiary company and Ramanas Sdn. Bhd. entered into a conditional Sale and Purchase Agreement for the disposal of a piece of vacant industrial land known as PT No. 6897, Lot No. 18184K, Mukim of Kuala Nerus, District of Kuala Terengganu, State of Kuala Terengganu for a total consideration of RM398,430. The disposal was completed in December 2004.
- (e) On 6 September 2004, a subsidiary company entered into a conditional Sale and Purchase Agreement with Kawan Dynamic Engineering Sdn. Bhd. for the disposal of a piece of vacant leasehold industrial land known as No. PN 89535, No. Lot 181684 Mukim Hulu Kinta, Daerah Kinta, Negeri Perak Darul Ridzuan for a total consideration of RM735,000. The disposal was completed in April 2005.
- (f) On 14 December 2004, a subsidiary company entered into a Shares Sale Agreement ("SSA") with Visual Portfolio Sdn. Bhd. and Low Cheong Seng @ Lau Cheong Seng for the acquisition of the remaining 80% equity interest in Bevmac Engineering Sdn. Bhd. ("BESB") for a total purchase consideration of RM800,000. Upon the completion of the acquisition, BESB became a wholly-owned subsidiary company of the Group.
- (g) On 22 March 2005, the Company's shares are reclassified from the "Industrial Products" sector to the "Consumer Products" sector on the Main Board of Bursa Malaysia Securities Berhad.
- (h) On 8 June 2005, a subsidiary company has commenced arbitration proceedings against Konsortium Logistik Berhad ("KLB") to claim for stock losses amounting to a sum of RM22.71 million, which arose from a Warehousing and Distribution Services Agreement dated 1 November 2000 ("the Agreement") and a Settlement and Supplemental Agreement dated 18 September 2004 made between KLB and the subsidiary company. KLB has provided warehousing and distribution services to the subsidiary company under the Agreement.

Under Clause 12 of the Agreement, the subsidiary company's claim against KLB is to be decided by a single arbitrator in accordance with the Rules of Arbitration of the Kuala Lumpur Regional Center of Arbitration.

On 8 August 2005, the subsidiary company's solicitor was served with a Writ of Summons wherein KLB has filed an application to the High Court for the matter to be heard before a High Court Judge under the jurisdiction of the Courts rather than by way of Arbitration ("Application"). The subsidiary company is currently opposing the said Application and has filed an Affidavit in reply on 12 August 2005.

The subsidiary company is also applying to the High Court for KLB's Application to be stayed pending the conclusion of the Arbitration proceeding.

NOTES TO THE FINANCIAL STATEMENTS

Annual Report 2005

As At 30 June 2005 (cont'd)

42. NUMBER OF EMPLOYEES AND STAFF COSTS

	Group		Company	
	2005	2004	2005	2004
Number of employees, including Executive Directors, at the end of the financial year	773	677	15	15

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

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Salaries and wages	21,157	4,560	613	528
Social security costs	40	74	5	4
Defined contribution plans	2,619	868	123	141
Defined benefits plans	426	1,196	-	-
Other staff related expenses	2,992	1,061	10	13
	27,234	7,759	751	686

43. CONTINGENT LIABILITIES

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
(a) Secured:-				
Security given by a subsidiary company to a licensed financial institution in respect of bank guarantee granted to a third party	50	-	-	-
Unsecured:-				
(i) Guarantees given by the Company to financial institutions in respect of banking facilities granted to subsidiary companies	-	-	91,565	50,825
(ii) Guarantees given by the Company to financial institutions in respect of hire- purchase and lease facilities granted to subsidiary companies	-	-	9,849	-

As At 30 June 2005 (cont'd)

43. CONTINGENT LIABILITIES (cont'd)

(b) There were no changes in the material litigations of the Group since the last annual balance sheet date up to the date of this report except as disclosed below:-

- (i) A former employee of the Company had obtained a High Court Judgement in September 1998 against the Company for the issue of 250,000 new shares of the Company under an Employee Share Option Scheme ("ESOS") to be allotted at an issue price of RM1.38 per share. The Company has appealed against the judgement. The former employee has cross-appealed to the Appellate Court for damages in excess of RM2.5 million to be paid in cash in lieu of the 250,000 new shares. In addition, the former employee is also claiming reimbursement of legal fees of RM60,000.

On 12 March 2004, the Company served a sealed notice of motion to proceed with the hearing of the appeal without the grounds of decision of the learned trial judge in the High Court. The Court of Appeal has refused to grant leave on the basis that such grounds of decision were necessary for the appeal to be determined. The lawyers handling the case will proceed to seek for the grounds of decision from the trial judge in the High Court. The lawyers are of the view that there is a good chance that the Court of Appeal would allow the appeal by the Company. The Directors of the Company are of the opinion that the Company has a valid defence against the case.

- (ii) A financial institution had taken legal action against a subsidiary company of the Company for a sum of RM1.24 million assigned by a contractor ("Assigned Sum") of the subsidiary company to the financial institution. In addition, the financial institution is also claiming against the subsidiary company's interest calculated at 8% per annum on the Assigned Sum chargeable from 10 October 1998 to the date of full settlement.

The subsidiary company has lodged an appeal against the Senior Assistant Registrar ("SAR") decision given on 29 January 2003 and has also filed an application to adduce new evidence at the said appeal. The learned Judge dismissed both the appeal and the application by the subsidiary company on 25 March 2004 with costs. The lawyers handling the matter are of the view that the learned judge has erred in his decision and upon the instruction by the subsidiary company, Record of Appeal was filed on 14 September 2004. An application for stay of execution (summons in chambers) was filed on 16 September 2004. The High Court dismissed the said stay application on 30 November 2004 as the Court was of the view that there were no special circumstances to warrant an order for stay.

The financial institution filed an application pursuant to Order 48 of the Rules of the High Court to examine the Directors of the subsidiary company (Enclosure 57) in order to ascertain the assets and liabilities of the subsidiary company with a view to executing the Judgment that was obtained on 4 April 2003.

The Lawyers handling the case are of the opinion that the subsidiary company have a good ground of appeal against the decision of the learned Judge who dismissed both the appeal and the application on 25 March 2004. A Notice of Appeal to the Court of Appeal against the decision of the Kuala Lumpur High Court that was delivered on 25 March 2004, is fixed for hearing on 14 February 2006.

The Directors are of the opinion that the subsidiary company was only liable for the works which have been performed by the contractor amounting to RM0.8 million and provision for the liability has been made accordingly.

- (iii) On 27 June 2003, a quarry contractor served a Writ of Summons on a subsidiary company of the Company for damages of RM3.062 million for wrongful termination of the extended quarry contract.

The subsidiary company has filed and served a Statement of Defence on 21 August 2003.

As the case is at the preliminary stage, the Directors of the Company cannot confirm the likely outcome of the legal claim at this stage. The hearing of the case management is fixed on 2 December 2005.

As At 30 June 2005 (cont'd)

43. CONTINGENT LIABILITIES (cont'd)

- (iv) On 3 April 2002, a logistic company commenced an action against two of the wholly-owned subsidiary companies of the Company for the sum of RM0.569 million together with interest at the rate of 12.65% per annum on the sum of RM0.555 million from 21 August 2000 until settlement, general damages to be assessed and costs. The subsidiary companies have counterclaimed for damages occasioned by the logistic company's breaches. The lawyers acting for the subsidiary companies estimated that, based on evidence, losses amounting to RM13 million may be counterclaimed by subsidiary companies.

The arbitration hearing was held and the Arbitrator has given the lawyers until 18 November 2005 to submit a full written submission and the logistic company will then has until 16 January 2006 to reply to the submission.

The lawyers are of the opinion that in the event that the subsidiary companies successfully defend the claim, the costs incurred will not have a material impact on its financial statements.

- (v) A claim has been brought by Perbadanan Stadium Merdeka ("Perbadanan") against a subsidiary company for the sum of RM300,000 for an alleged breach of contract to provide sponsorship for a concert organised by Perbadanan. Perbadanan further alleged that the subsidiary company had breached the said contract by reason of its failure to provide advertisements and cash to Perbadanan. The subsidiary company has denied the existence of the alleged contract and had offered to contribute a sum of RM50,000 in cash and RM20,000 in kind.

However, Perbadanan had subsequently breached the conditions attached to the subsidiary company's offer, inter alia, by removing the subsidiary company's banners from the stadium at which the concert was being held and consequently, it has counterclaimed for loss and damage suffered as a result of Perbadanan's actions. Given that there does not exist an enforceable contract whatsoever, the Directors of the subsidiary company are of the opinion that they have a valid defence against the case.

44. CONTINGENT ASSET

On 12 January 2004, a subsidiary company issued a letter of demand against CL Hardware Sdn. Bhd. ("CLH") for the alleged infringement of trade mark and copyright and the passing off of its goodwill in respect of a wide range of sanitary fittings, bathroom accessories and other related products ("Products"). The Products were original designed, manufactured and supplied by the subsidiary company under and by reference to the brand name of DOE ("Trade Mark").

Subsequently, the subsidiary company filed a Writ Summons and Statement of Claim against CLH on 17 November 2004 and is claiming for injunctive reliefs and losses as well as damages and loss of reputation/substantial goodwill amounting to a total sum of RM2.3 million which was subsequently amended to RM2.1 million.

On the balance of probabilities, the subsidiary company's lawyers are positive about the outcome of the liability portion (as against CLH) of this litigation based on the facts that counterfeit products were in fact seized at CLH's premise and that CLH had earlier propose to resolve this matter via nominal monetary compensation to the subsidiary company prior to this litigation.

45. SEGMENT INFORMATION

- (a) Business segments:-

The Group is organised into four major business segments:-

- (i) Beverages
- (ii) Building and construction related products
- (iii) Provision of engineering services
- (iv) Investment holdings

The Directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

NOTES TO THE FINANCIAL STATEMENTS

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As At 30 June 2005 (cont'd)

45. SEGMENT INFORMATION (cont'd)

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

30 June 2005	Beverages RM'000	Building and construction related products RM'000	Engineering RM'000	Investment holdings RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue							
External sales	248,120	19,855	-	-	-	-	267,975
Inter-segment sales	-	28	-	1,490	7	(1,525)	-
Total revenue	248,120	19,883	-	1,490	7	(1,525)	267,975
Result							
Segment results	10,224	502	(8)	(368)	(14)	-	10,336
Impairment losses	(354)	(11,695)	-	-	-	-	(12,049)
Share of results of associated company	(105)	-	-	-	-	-	(105)
Loss before tax							(1,818)
Tax income							2,608
Profits after tax							790
Minority interests							(24)
Net profits for the financial year							766
Assets							
Segment assets	225,191	37,196	3,821	162,320	10	(178,370)	250,168
Unallocated assets							5,025
Consolidated total assets							255,193
Liabilities							
Segment liabilities	138,803	17,554	4,518	180,453	639	(178,370)	163,597
Unallocated corporate liabilities							5,326
Consolidated total liabilities							168,923
Other information							
Capital expenditure	22,738	93	-	14	-	-	22,845
Depreciation	10,131	594	-	42	-	-	10,767
Impairment losses	354	11,695	-	-	-	-	12,049
Amortisation	320	-	-	-	-	-	320
Non-cash expenses other than depreciation, amortisation and impairment losses	10,997	506	-	-	-	-	11,503

NOTES TO THE FINANCIAL STATEMENTS

Annual Report 2005

As At 30 June 2005 (cont'd)

45. SEGMENT INFORMATION (cont'd)

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

30 June 2004	Beverages RM'000	Building and construction related products RM'000	Engineering RM'000	Investment holdings RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue							
External sales	50,876	24,915	742	-	-	-	76,533
Inter-segment sales	-	32	-	16,346	7	(16,385)	-
Total revenue	50,876	24,947	742	16,346	7	(16,385)	76,533
Result							
Segment results	4,468	1,029	(251)	(18,499)	(22)	-	(13,275)
Impairment losses	-	-	-	(20,464)	-	-	(20,464)
Loss on disposal of a subsidiary company							(35,509)
Unallocated corporate expenses							(2,621)
Share of results of associated companies	(64)	-	-	14,833	-	-	14,769
Loss before tax							(57,100)
Tax expense							(7,499)
Loss after tax							(64,599)
Minority interests							3
Net loss for the financial year							(64,596)
Assets							
Segment assets	202,212	57,947	3,829	156,804	14	(167,933)	252,873
Investment in an associated company	186	-	-	-	-	-	186
Unallocated corporate assets							2,317
Consolidated total assets							255,376
Liabilities							
Segment liabilities	121,729	26,910	4,649	174,511	631	(167,933)	160,497
Unallocated corporate liabilities							9,399
Consolidated total liabilities							169,896

NOTES TO THE FINANCIAL STATEMENTS

Annual Report 2005

As At 30 June 2005 (cont'd)

45. SEGMENT INFORMATION (cont'd)

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

	Beverages RM'000	Building and construction related products RM'000	Engineering RM'000	Investment holdings RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Other information							
Capital expenditure	3,822	155	-	19	-	-	3,996
Depreciation	2,457	943	-	73	-	-	3,473
Impairment losses	-	-	-	20,464	-	-	20,464
Amortisation	80	-	-	-	-	-	80
Non-cash expenses other than depreciation, amortisation and impairment losses	10,638	537	75	35,499	-	-	46,749

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

46. COMPARATIVE FIGURES

Certain comparative figures have been reclassified in order to conform with the current year's presentation.

	As previously reported RM'000	As reported RM'000
Group		
Balance sheet		
Dividend payable	7	-
Deferred tax assets	-	1,804
Trade receivables	58,751	58,678
Amount owing by an associated company	985	-
Trade payables	26,985	25,537
Other payables, deposits and accruals	35,672	32,395
Amount owing to an associated company	-	2,865
Provision	3,155	3,964
Deferred tax liabilities	5,772	7,576

As At 30 June 2005 (cont'd)

46. COMPARATIVE FIGURES (cont'd)

	As previously reported RM'000	As reported RM'000
Group		
Cash flow statement		
Cash flows from operating activities		
Interest expense	17,618	17,598
Increase in trade receivables	(28,101)	(28,116)
Increase in trade payables	86,286	87,210
Decrease in other payables, deposits and accruals	(79,288)	(80,177)
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,996)	(1,950)
Cash flows from financing activities		
Proceeds from rights issue	14,851	15,000
Repayment of borrowings	(287,730)	(287,879)
Drawdown of hire-purchase arrangement	2,046	-
Company		
Balance sheet		
Dividend payable	7	-
Other payables, deposits and accruals	6,675	6,682
Income statement		
Other operating income	361	61
Other operating expenses	(111,517)	(111,217)
Cash flow statement		
Cash flows from operating activities		
Dividend income	-	(15,367)
Dividend received from subsidiary companies	-	11,064
Cash flows from investing activities		
Payments received from subsidiary companies	(47,340)	(11,965)
Dividend received from subsidiary companies	11,064	-
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	14,851	15,000
Repayment of advances to subsidiary companies	-	(20,157)

47. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Board of Directors on 25 October 2005.

LIST OF PROPERTIES

As At 30 June 2005

Annual Report 2005

Tenure	Location	Approximately Land Area (sq ft)	Approximate Age of Buildings (Year)	Description	Date of Acquisition	Net Book Value RM'000
WILAYAH PERSEKUTUAN						
Freehold	Industrial Land in Daerah Hulu Langat Mukim of Semenyih at Lot 1178 1313 - 1316 1318 - 1319 1119 - 1120	3,789,023	-	Land for Quarrying	12/1994 17/06/1993 17/06/1994 30/12/1992	14,555
SELANGOR DARUL EHSAN						
Leasehold 99 years expiring 2089	Industrial Land with building at Lot 5, PT No. 20104 HS(M) 13244A Lot 7, PT No. 20105 HS(M) 13245A Jalan 9/6, Seksyen 13, Kajang Selangor	119,970 297,086	14	Single Storey Factory with two Storey Integral Office Building and Workshops Single Storey Warehouse	13/06/1991 05/05/2004	11,884 2,517
Freehold	Agriculture Land at Lot 6659 Jalan Kampung Bukit Cerakah, Meru 41050 Klang Geran 28082 Mukim Kapar Daerah Klang, Selangor	265,716	10	Factory	24/06/2001	2,031
Leasehold 99 years expiring 2095	Land with building at HS(D) 4283 PT 9560 Mukim Dengkil, Sepang Selangor	10,499 (Built-up Area)	7	1 1/2 Storey Terrace Factory for rental	09/08/1999	310
Freehold	Land with building at HS(D) 116939 PT 6075 Mukim Sungai Buloh Daerah Petaling, Selangor	7,178 (Built-up Area)	13	3 Storey Office Building	13/07/2001	1,750

LIST OF PROPERTIES

As At 30 June 2005 (cont'd)

Annual Report 2005

Tenure	Location	Approximately 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)	26	Factory for Manufacturing Tap wares	10/06/1978	1,015
Freehold (2 individual Lots)	Land at HS(D) 14031 PT 3272 HS(D) 14036 PT 3277 Mukim Si Rusa, Daerah Port Dickson Negeri Sembilan	91,168	-	Bungalow Land for Future Development of Orchard and Building	03/11/1999	229
Leasehold 60 years expiring 2053	Quarry Land at HS(D) 74836 PT 6050 Mukim Labu, Daerah Negeri Sembilan	2,172,599	-	Quarry - Rock Reserve	24/08/1999	68
Leasehold 99 years expiring 2095	Industrial Land at HS(D) 104239 PT 13271 Mukim Labu, Daerah Negeri Sembilan	576,299	-	Quarry - Plant Site	24/08/1999	320
MELAKA						
Freehold	Industrial Land with building at HS(D) 3360 PT 325 Sungei Petai, Daerah Alor Gajah Melaka	75,660	7	Industrial Land Warehouse	02/07/1996 17/06/1998	1,288 1,063

LIST OF PROPERTIES

As At 30 June 2005 (cont'd)

Annual Report 2005

Tenure	Location	Approximately Land Area (sq ft)	Approximate Age of Buildings (Year)	Description	Date of Acquisition	Net Book Value RM'000
JOHOR DARUL TAKZIM						
Freehold	Industrial Land at Lot 87 G.M. 314 Mukim Tebrau, Johor Bahru	285,856	-	Vacant	21/10/1997	4,995
Leasehold 60 years expiring 2028	Industrial Land with building at No. 12, Jalan Padu Larkin Industrial Estate 80350 Johor Bahru Johor Darul Takzim	111,350	27	Single Storey Factory with an Annexed Single Storey Office, warehouse, Open-side Workshop, Canteen, Pump House and Guard House	30/03/1978	2,608
Freehold	Agriculture Land at Lot 2799 Mukim of Senai Daerah Johor Bahru Johor Darul Takzim	214,533	-	Agricultural Land - Plant and Stockpile	17/11/1990	57
PULAU PINANG						
Freehold	Agriculture Land at Lot No. 682 Geran No. 47673 Lot No. 683 Geran No. 47674 Mukim 12, Dearah Seberang Perai Selatan, Negeri Pulau Pinang	60,461 125,845	-	Vacant	07/03/1994	921
KEDAH DARUL AMAN						
Freehold	Agriculture Land at HS (M) 15-80 PT No. 661 (Lot 2760) Mukim Ulu Melaka Daerah Langkawi Negeri Kedah	117,067	-	Vacant	31/05/1998	410

ANALYSIS OF SHAREHOLDINGS

Authorised share capital	:	RM500,000,000.00
Issued and fully paid-up share capital	:	RM129,607,155.00
Class of shares	:	Ordinary shares of RM1.00 each
Voting rights	:	One vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 30 SEPTEMBER 2005

Size of Shareholdings	No. of Holders	%	No. of Holdings	%
1 - 99	24	0.50	483	0.00
100 - 1,000	1,907	39.74	1,826,850	1.41
1,001 - 10,000	2,524	52.59	9,322,992	7.19
10,001 - 100,000	294	6.13	7,498,005	5.79
100,001 - 6,480,356*	47	0.98	44,621,000	34.43
6,480,357 and above**	3	0.06	66,337,825	51.18
Total	4,799	100.00	129,607,155	100.00

* less than 5% of issued holdings

** 5% and above of issued holdings

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 30 SEPTEMBER 2005

No.	Name	Direct No. of Shares	%	Indirect No. of Shares	%
1.	Cimsec Nominees (Tempatan) Sdn Bhd <i>CIMB for Johari Bin Abdul Ghani (Retail Banking)</i>	29,500,000	22.76	-	-
2.	Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Skim Amanah Saham Bumiputera</i>	23,944,000	18.47	-	-
3.	Cimsec Nominees (Tempatan) Sdn Bhd <i>For Continental Theme Sdn Bhd</i>	12,893,825	9.95	-	-
4.	Datin Mariam Prudence Binti Yusof ¹	-	-	26,290,400	20.29
5.	Syed Khalil Bin Syed Ibrahim ¹	-	-	26,290,400	20.29

Note:

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

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 30 SEPTEMBER 2005

No.	Name	Direct No. of Shares	%	Indirect No. of Shares	%
1.	Dato' Seri Abdul Ghani Bin Abdul Aziz	60,000	0.05	-	-
2.	Datuk Johari Bin Abdul Ghani ¹	29,500,000	22.76	-	-
3.	Erwin Selvarajah a/l Peter Selvarajah ²	1,201,500	0.93	-	-
4.	Datin Mariam Prudence Binti Yusof ³	-	-	26,290,400	20.29

Notes:

¹ Deemed interest through Cimsec Nominees (Tempatan) Sdn Bhd

² Deemed interest through HSBC Nominees (Tempatan) Sdn Bhd

³ Deemed interest through Du Ain Sdn Bhd, Duclos Sdn Bhd, Syed Ibrahim Sdn Bhd, Leasing Corporation Sdn Bhd, Sisma Vest Sdn Bhd and Sisma Water Technology Sdn Bhd.

THIRTY (30) LARGEST SHAREHOLDERS

As At 30 September 2005

Annual Report 2005

No.	Name	No. of Shares	%
1.	Cimsec Nominees (Tempatan) Sdn Bhd <i>CIMB For Johari Bin Abdul Ghani (Retail Banking)</i>	29,500,000	22.76
2.	Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Skim Amanah Saham Bumiputera</i>	23,944,000	18.47
3.	Cimsec Nominees (Tempatan) Sdn Bhd <i>For Continental Theme Sdn Bhd</i>	12,893,825	9.95
4.	Sisma Water Technology Sdn Bhd	5,537,500	4.27
5.	Duclos Sdn Bhd	5,360,000	4.14
6.	Permodalan Nasional Berhad	5,326,000	4.11
7.	Leasing Corporation Sdn Bhd	4,551,800	3.51
8.	Syed Ibrahim Sdn Bhd	4,540,000	3.50
9.	Du Ain Sdn Bhd	3,329,000	2.57
10.	Sisma Vest Sdn Bhd	2,972,100	2.29
11.	HDM Nominees (Asing) Sdn Bhd <i>UOB Kay Hian Pte Ltd for Yates Ventures Limited (TPC)</i>	1,600,000	1.23
12.	HDM Nominees (Asing) Sdn Bhd <i>UOB Kay Hian Pte Ltd for Naunton International Limited (TPC)</i>	1,342,000	1.04
13.	HSBC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Erwin Selvarajah a/l Peter Selvarajah</i>	1,201,500	0.93
14.	Indexia Assets Limited	638,800	0.49
15.	M & S Food Industries Sdn Bhd	604,800	0.47

THIRTY (30) LARGEST SHAREHOLDERS

Annual Report 2005

As At 30 September 2005 (cont'd)

No.	Name	No. of Shares	%
16.	A.A. Assets Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Pyramid Tulin Sdn Bhd</i>	551,000	0.43
17.	Dagang Setia Sdn Bhd	427,000	0.33
18.	Yates Ventures Limited	417,000	0.32
19.	Citigroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Vishini a/p Parmanand (470927)</i>	380,000	0.29
20.	Mayban Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chung Chuan Shen (08319AQ0615)</i>	330,000	0.25
21.	Tay Boon Teck	329,000	0.25
22.	Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Kumpulan Wang Am</i>	321,000	0.25
23.	Mayban Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Kek Lian Lye (318AC0025)</i>	309,400	0.24
24.	Tai Ah Kew @ Tai Moi May	285,000	0.22
25.	HLB Nominees (Asing) Sdn Bhd <i>Pledged Securities Account for Keen Capital Investments Limited (SIN 9534-6)</i>	283,600	0.22
26.	Usahatek Sdn Bhd	259,000	0.20
27.	Subrayan a/l Sellappan	239,000	0.18
28.	Mayban Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tay Ong Ngo @ Tay Boon Fang (178AW0025)</i>	236,000	0.18
29.	ECM Libra Securities Nominees (Asing) Sdn Bhd <i>Pledged Securities Account for Yates Ventures Limited (MG0000183)</i>	220,000	0.17
30.	Southern Investment Bank Berhad <i>Kumpulan Wang Simpanan Pekerja for Izhar Bin Sulaiman (EP0158)</i>	218,700	0.17
		108,147,025	83.43

ANALYSIS OF WARRANTHOLDINGS

No. of Warrants 2004/2009 Issued	:	57,377,835
No. of Warrants Outstanding	:	57,377,835
Voting Rights	:	One vote per Warrant in respect of Warrantholders' Meeting

ANALYSIS BY SIZE OF WARRANT AS AT 30 SEPTEMBER 2005

Size of Warrant	No. of Warrant Holders	%	No. of Warrant	%
1 - 99	1	0.13	10	0.00
100 - 1,000	167	22.00	160,100	0.28
1,001 - 10,000	436	57.44	2,153,600	3.75
10,001 - 100,000	130	17.13	3,699,600	6.45
100,001 - 2,868,890*	22	2.90	14,815,300	25.82
2,868,891 and above**	3	0.40	36,549,225	63.70
Total	759	100.00	57,377,835	100.00

* Less than 5% of issued holdings

** 5% and above of issued holdings

WARRANT HOLDERS WITH HOLDINGS OF 5% AND ABOVE AS AT 30 SEPTEMBER 2005

No.	Name	No. of Warrants	%
1.	Datuk Johari Bin Abdul Ghani	13,000,000	22.66
2.	Cimsec Nominees (Tempatan) Sdn Bhd <i>For Continental Theme Sdn Bhd</i>	12,893,825	22.47
3.	Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Skim Amanah Saham Bumiputera</i>	10,655,400	18.57

DIRECTORS' WARRANT HOLDINGS AS AT 30 SEPTEMBER 2005

No.	Name	No. of Warrants	%
1.	Datuk Johari Bin Abdul Ghani	13,000,000	22.66
2.	Erwin Selvarajah a/l Peter Selvarajah	239,300	0.42

THIRTY (30) LARGEST WARRANTHOLDERS

As At 30 September 2005

Annual Report 2005

No.	Name	No. of Warrants	%
1.	Datuk Johari Bin Abdul Ghani	13,000,000	22.66
2.	Cimsec Nominees (Tempatan) Sdn Bhd <i>For Continental Theme Sdn Bhd</i>	12,893,825	22.47
3.	Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Skim Amanah Saham Bumiputera</i>	10,655,400	18.57
4.	Sisma Water Technology Sdn Bhd	2,716,000	4.73
5.	Duclos Sdn Bhd	2,680,000	4.67
6.	Syed Ibrahim Sdn Bhd	2,270,000	3.96
7.	Du Ain Sdn Bhd	1,652,000	2.88
8.	Sisma Vest Sdn Bhd	1,008,000	1.76
9.	Leasing Corporation Sdn Bhd	751,000	1.31
10.	Tai Ah Kew @ Tai Moi May	702,000	1.22
11.	Shamayne Leelawati Samarakkody	570,000	0.99
12.	Laili Binti Mustapha	318,000	0.55
13.	Erwin Selvarajah a/l Peter Selvarajah	239,300	0.42
14.	M & S Food Industries Sdn Bhd	236,000	0.41
15.	Hussein Bin Abdullah @ Chong Oon Sin	220,000	0.38

THIRTY (30) LARGEST WARRANTHOLDERS

As At 30 September 2005 (cont'd)

Annual Report 2005

No.	Name	No. of Warrants	%
16.	Chan Chin Sun	200,000	0.35
17.	Chan Chin Sun	200,000	0.35
18.	Dagang Setia Sdn Bhd	198,500	0.35
19.	United Overseas Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Saw Kok Leng (MJK)</i>	184,000	0.32
20.	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Datin Rashidah Binti Pakeh Amin @ Aminuddin (E-TSA)</i>	120,000	0.21
21.	Low Kok Boon	120,000	0.21
22.	Amsec Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Azam Khan Bin Ayob Mohamed</i>	111,000	0.19
23.	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lim Choon Tiew (CEB)</i>	110,000	0.19
24.	Goh Nan Kioh	105,000	0.18
25.	Lee Soon Kwee	104,500	0.18
26.	Goh Chye Keat	100,000	0.17
27.	Amran Bin Abdul Ghani	85,000	0.15
28.	Kuek Choon Seng	80,000	0.14
29.	Wong Thean Soon	78,900	0.14
30.	Lim Teng Loon	75,000	0.13
		51,783,425	90.24

UTILISATION OF PROCEEDS

The proceeds from the Rights Issue exercise has been utilized during the financial year is as follows:

Description	Approved Utilisation RM'000	Total Utilised as at 30 June 2004	Total Utilised as at 30 June 2005	Balance as at 30 June 2005
		RM'000	RM'000	RM'000
Part payment for the 51% Permanis Acquisition	8,720	(8,720)	-	-
Pep Bottlers Acquisition	35,280	(35,280)	-	-
Working capital, including corporate exercises' expenses	13,378	(8,497)	(4,881)	-
	57,378	(52,497)	(4,881)	-

SHARE BUY-BACKS

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

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

During the financial year, there was no exercise of Options or Convertible Securities.

During the financial year, there was no conversion of warrant.

NON-AUDIT FEES

The amount of non-audit fees paid and payable to the external auditors and their affiliated companies by the Group for the financial year ended 30 June 2005 is as follows:-

	RM'000
BDO Binder	40
BDO Binder Tax Services Sdn Bhd	18
Total	58

VARIATION IN RESULTS

There is no material variance between the results for the announced unaudited Fourth Quarter Report on consolidated results for the financial quarter ended 30 June 2005 and the Statutory Financial Statements for the year ended 30 June 2005.

PROFIT GUARANTEE

During the financial year, there was no profit guarantee given by the Company.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company and/or its subsidiaries which involve directors' and substantial shareholders' interests during the financial year ended 30 June 2005.

RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE NATURE

Details of transactions with related parties undertaken by the Group during the financial year are disclosed on page 83 of the financial statements.

DISCLOSURE OF THE RESTRICTIVE COVENANT CLAUSE IN THE EXCLUSIVE BOTTLING AGREEMENTS

Permanis is the licensed bottler with sole rights to bottle, market, sell and/or distribute beverages under the trademarks of "Pepsi", "Pepsi Light", "Pepsi Twist", "Pepsi Twist Light", "Pepsi Blue", "Mirinda", "Evervess", "Mountain Dew" and "Seven-Up" and isotonic beverage under the brand name "Gatorade" pursuant to the several Exclusive Bottling Agreements ("EBAs").

The respective EBAs are as follows:

Date	EBA and Licensors	Particulars
20 October 2004	PepsiCo, Inc. and Seven-Up International, a division of The Concentrate Manufacturing Company of Ireland ("PepsiCo EBA")	To bottle, market, sell and/or distribute beverages under the trademarks of "Pepsi", "Pepsi Light", "Pepsi Twist", "Pepsi Twist Light", "Pepsi Blue", "Mirinda", "Evervess", "Mountain Dew" and "Seven-Up" in Peninsular Malaysia, State of Sabah and State of Sarawak
4 December 2002 (as amended by a Supplemental Exclusive Bottling Agreement dated 20 October 2004)	Stokely-Van Camp, Inc ("Gatorade EBA")	To bottle, market, sell and/or distribute the isotonic beverage under the brand name "Gatorade" in Malaysia.

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

However, despite such restrictions which have been imposed consistently in the past to prevent any unauthorized transfer of controlling shares in Permanis, it has thus far been able to renew the respective EBAs since the time it was first granted the licence by the Licensors over thirty (30) years ago.

AMERICAN DEPOSITORY RECEIPT (ADR) OR GLOBAL DEPOSITORY RECEIPT (GDR) PROGRAMME

The Company did not sponsor any ADR or GDR programme during the financial year.

SANCTIONS AND/OR PENALTIES IMPOSED

There were no sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies.

CONTRACTS RELATING TO LOANS

There were no contracts relating to a loan entered into by the Company and its subsidiaries during the financial year.

REVALUATION POLICY

The Company does not adopt any revaluation policy on landed properties during the financial year.

FORM OF PROXY

I/We _____

of _____

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

of _____

or failing him/her, _____

of _____ or failing him/her, the Chairman of the meeting as my/our proxy to attend and to vote for me/us and on my/our behalf at the Twenty-Seventh Annual General Meeting of the Company, to be held at Hotel Equatorial Bangi-Putra Jaya, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan on Thursday, 24 November 2005 at 10.00 a.m. and at any adjournment thereof.

No.	Resolution	For	Against
(1)	To receive the Audited Financial Statements for the financial year ended 30 June 2005 together with the Directors' and Auditors' Reports thereon. Resolution 1		
(2)	To approve the payment of Directors' fee for the financial year ended 30 June 2005. Resolution 2		
(3)	To re-elect the following Directors who are retiring in accordance with Article 92 of the Company's Articles of Association:		
	i. Maj Gen (R) Dato' Mohamed Isa Bin Che Kak Resolution 3		
	ii. Erwin Selvarajah A/L Peter Selvarajah Resolution 4		
	iii. Chan Peng Chiw Resolution 5		
(4)	To re-elect the following Director who is retiring in accordance with Article 98 of the Company's Articles of Association:		
	i. Datin Mariam Prudence Binti Yusof Resolution 6		
(5)	To re-appoint Messrs BDO Binder, the retiring Auditors, and to authorise the Directors to fix their remuneration. Resolution 7		
(6)	To consider and, if thought fit, pass with or without modifications, the following Ordinary Resolutions: Ordinary Resolution 1		
	• Authority to Directors to Issue Shares pursuant to Section 132D of the Companies Act, 1965. Resolution 8		
	Ordinary Resolution 2		
	• Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature. Resolution 9		

Please indicate with an [X] how you wish your vote to be cast.

Dated this day of 2005.

Number of Ordinary Shares Held

.....
Signature/Common Seal of Member

NOTES:

1. A member of the Company who is entitled to attend and vote at the Meeting is entitled to appoint one or more than one proxy to attend and vote in his/her stead. A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. The instrument appointing a proxy shall be in writing under the hands of the appointor or of his/her attorney duly authorised in writing or if the appointor is a corporation either under its common seal or under the hand of its officer or its duly authorised attorney.
3. Where a member appoints two or more proxies, he/she shall specify the proportion of his shareholdings to be represented by each proxy.
4. The instrument appointing a proxy must be deposited at the Company's registered office at Lot 5 & 7, Jalan P/5 & P/6, Seksyen 13, Kawasan Perusahaan, 43650 Bandar Baru Bangi, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting.

Fold this flap for sealing

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AFFIX
STAMP

The Company Secretary

C.I. HOLDINGS BERHAD

(37918-A)

Lot 5 & 7, Jalan P/5 & P/6, Seksyen 13
Kawasan Perusahaan, 43650 Bandar Baru Bangi
Selangor Darul Ehsan

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