

C.I. HOLDINGS BERHAD

(37918-A)

- Quarterly Report on consolidated results for the third financial quarter ended 31st March 2006

Quarterly Report on consolidated results for the third financial quarter ended 31st March 2006. These figure have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 31.03.2006 RM'000	Quarter Ended 31.03.2005 RM'000	Year To Date Ended 31.03.2006 RM'000	Year To Date Ended 31.03.2005 RM'000
Revenue	50,904	76,430	168,182	213,261
Cost of Sales	<u>(34,798)</u>	<u>(50,768)</u>	<u>(108,107)</u>	<u>(142,111)</u>
Gross Profit	16,106	25,662	60,075	71,150
Operating Expenses	(18,909)	(21,207)	(74,081)	(59,479)
Other Operating Income	<u>(470)</u>	<u>1,188</u>	<u>8,299</u>	<u>1,984</u>
(Loss)/Profit from Operations	(3,273)	5,643	(5,707)	13,655
Finance Costs	(1,442)	(1,139)	(4,097)	(3,299)
Investing Results	<u>-</u>	<u>20</u>	<u>-</u>	<u>(105)</u>
(Loss)/Profit Before Tax	(4,715)	4,524	(9,804)	10,251
Taxation	<u>(149)</u>	<u>(869)</u>	<u>(354)</u>	<u>(1,374)</u>
(Loss)/Profit After Tax	(4,864)	3,655	(10,158)	8,877
Minority Interest	<u>(41)</u>	<u>(21)</u>	<u>(31)</u>	<u>(18)</u>
Net (Loss)/Profit for the period	<u><u>(4,905)</u></u>	<u><u>3,634</u></u>	<u><u>(10,189)</u></u>	<u><u>8,859</u></u>
	Sen	Sen	Sen	Sen
Earnings per share				
- Basic	(3.78)	2.80	(7.86)	6.84
- Diluted	-	-	-	-

Note:

The diluted earnings per share figures are not shown as the conversion price of warrants are higher than the

(The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the year ended 30th June 2005)

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CONDENSED CONSOLIDATED BALANCE SHEET

	Unaudited as at 31.03.2006 RM'000	Audited as at 30.06.2005 RM'000
Non-Current Assets		
Property, Plant and Equipment	96,150	96,755
Other Investment	21	21
Intangible Assets	47,548	47,548
Trademark and Intellectual Property	5,280	5,520
Bottlers and Cases	396	6,404
Deferred Tax assets	2,554	2,554
	<u>151,949</u>	<u>158,802</u>
Current Assets		
Inventories	22,517	26,121
Debtors	59,420	65,494
Fixed Deposits with licensed bank	62	1,011
Cash and Cash Equivalents	1,012	3,765
	<u>83,011</u>	<u>96,391</u>
Current Liabilities		
Trade and Other Creditors	41,852	56,115
Hire Purchase and Finance Lease Creditors	3,907	2,665
Bank Overdrafts	9,878	11,538
Borrowings	85,785	77,122
Taxation	1	32
	<u>141,423</u>	<u>147,472</u>
Net Current Liabilities	(58,412)	(51,081)
	<u>93,537</u>	<u>107,721</u>
Financed By:		
Share Capital	129,607	129,607
Reserves	(54,580)	(44,391)
Shareholders' Fund	<u>75,027</u>	<u>85,216</u>
Minority Interests	1,085	1,054
Long Term Liabilities		
Borrowings	1,215	4,844
Hire Purchase and Finance Lease Creditors	8,849	8,990
Other Deferred Liabilities	7,361	7,617
	<u>93,537</u>	<u>107,721</u>
Net assets per share (RM)	0.58	0.66

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the year ended 30th June 2005)

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital RM'000	Share Premium RM'000	Reserve on Consolidation RM'000	Special Reserve RM'000	Accumulated Loss RM'000	Total RM'000
Balance as at 1st July 2005	129,607	1,156	55,458	10,622	(111,627)	85,216
Net Loss for the period	-	-	-	-	(10,189)	(10,189)
Balance as at 31st March 2006	<u>129,607</u>	<u>1,156</u>	<u>55,458</u>	<u>10,622</u>	<u>(121,816)</u>	<u>75,027</u>
Balance as at 1st July 2004	129,607	1,156	55,458	10,622	(112,393)	84,450
Net Profit for the period	-	-	-	-	8,859	8,859
Balance as at 31st March 2005	<u>129,607</u>	<u>1,156</u>	<u>55,458</u>	<u>10,622</u>	<u>(103,534)</u>	<u>93,309</u>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 30th June 2005)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Current Year To Date Ended 31.03.2006 RM'000	Corresponding Year To Date Ended 31.03.2005 RM'000
(Loss)/Profit before Tax	(9,804)	10,251
Adjustments for non-cash flow:-		
Non-Cash Items	15,477	8,498
Non-Operating Items	1,732	3,417
Share of Results of Associated Company	-	105
Operating Profit Before Working Capital Changes	<u>7,405</u>	<u>22,271</u>
Changes in Working Capital		
Net Change in Current Assets	1,988	(17,749)
Net Change in Current Liabilities	(2,406)	(9,490)
Tax Paid	(1,359)	(3,748)
Cash Used in Operating Activities	<u>5,628</u>	<u>(8,716)</u>
Interest Paid	(4,094)	(3,299)
Interest Received	1	16
Net Cash Used in Operating Activities	<u>1,535</u>	<u>(11,999)</u>
Investing Activities		
Purchase of Fixed Assets	(8,639)	(12,161)
Proceeds from Sale of Fixed Assets	62	2,124
Uplift of Fixed Deposits	449	-
Acquisition of subsidiary, net of cash and cash equivalent	-	(1,832)
Net Cash Used in Investing Activities	<u>(8,128)</u>	<u>(11,869)</u>
Financing Activities		
Drawdown of Borrowings	18,101	16,277
Repayment of Borrowings	(13,101)	(1,667)
Net Cash Used in Financing Activities	<u>5,000</u>	<u>14,610</u>
Net Change in Cash and Cash Equivalents	(1,593)	(9,258)
Cash and Cash Equivalents at beginning of year	(7,273)	(4,083)
Cash and Cash Equivalents at end of period	<u>(8,866)</u>	<u>(13,341)</u>
Cash and cash equivalents carried forward consists of:-		
Fixed deposits with licensed banks	62	1,005
Cash and bank balances	1,012	3,542
Bank overdrafts	(9,878)	(17,441)
	<u>(8,804)</u>	<u>(12,894)</u>
Less: Fixed Deposits pledged to licensed bank	(62)	(447)
	<u>(8,866)</u>	<u>(13,341)</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 30th June 2005)

NOTES TO THE INTERIM FINANCIAL REPORT**A1 Basis of Preparation**

The interim financial report is unaudited and has been prepared in accordance with FRS 134 "Interim Financial Reporting" and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 30th June 2005.

The accounting policies and methods of computation used in the preparation of the interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 30th June 2005.

A2 Auditors' Report

The auditors' report on the financial statements of the Group for the year ended 30th June 2005 was not subject to any qualification.

A3 Seasonal or Cyclical Factors

The Group's business operations are in line with consumer demands which are skewed during festive seasons.

A4 Nature and Amount of Unusual Items

There were no unusual items affecting the Group's assets, liabilities, equity, net income or cash flows during the current quarter.

A5 Nature and Amount of Changes in Estimates

There were no significant changes in estimates of amounts reported in our previous reporting that have a material effect for the current financial year to date.

A6 Debt and Equity Securities

The Group was not involved in any issuance and repayment of debt and equity securities, share buy-back, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial year to date.

A7 Dividend Paid

No dividend had been paid during the reporting quarter.

A8 Segmental Reporting

The Group's segment revenue and results for the current financial quarter is as follows:-

	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 revenue	45,681	5,223	-	-	-	-	50,904
Inter-segment revenue	-	-	-	324	-	(324)	-
Segment revenue	<u>45,681</u>	<u>5,223</u>	<u>-</u>	<u>324</u>	<u>-</u>	<u>(324)</u>	<u>50,904</u>
Results							
(Loss)/Profit from operations	(3,443)	273	-	(101)	(2)	-	(3,273)
Finance costs							<u>(1,442)</u>
Loss before tax							<u>(4,715)</u>
Taxation							<u>(149)</u>
Loss after tax							<u>(4,864)</u>
Minority Interest							<u>(41)</u>
Net Loss for the period							<u><u>(4,905)</u></u>

No geographical segmental information is presented as the Group operates principally within Malaysia.

A9 Property, plant and equipment

The valuations of land and buildings have been brought forward, without amendment from the annual financial report for the year ended 30th June 2005.

A10 Subsequent material events

There were no material events subsequent to the end of the current quarter ended 31st March 2006 up to the date of this report.

A11 Changes in the composition of the Group

On 29th March 2006, the Company via its wholly-owned subsidiary, Doe Industries Sdn Bhd acquired the entire two (2) shares of RM1.00 each in Doe Marketing Sdn Bhd for a total consideration of RM2.00.

NOTES TO THE INTERIM FINANCIAL REPORT**A12 Changes in contingent liabilities**

The contingent liabilities of the Group and the Company are as follows:-

	As at 31.03.2006 RM'000
Unsecured :-	
(i) Guarantees given by the Company to financial institutions in respect of banking facilities granted to subsidiary companies	96,878
(ii) Guarantees given by the Company to financial institutions in respect of hire-purchase and lease facilities granted to subsidiary companies	<u>10,939</u>
Secured :-	
Security given by a subsidiary company to a licensed financial institution in respect of a bank guarantee to a third party	<u>50</u>

A13 Capital commitments

	As at 31.03.2006 RM'000
Authorised and contracted for	<u>-</u>
Authorised but not contracted for	<u>702</u>

A14 Significant Related Party Transactions

The significant related party transactions undertaken during the quarter under review are as follows:-

The Company or its subsidiaries	Transacting Parties	Nature of Transaction	RM'000
Permanis Sdn Bhd ("Permanis")	• Kedai Ayamas Sdn Bhd	Sale and distribution of Permanis's beverages	108
Permanis Sandilands Sdn Bhd ("Permanis Sandilands")	• Rasa Ayamas Sdn Bhd	by Permanis Sandilands	46

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**B1 Review of performance**

Group revenue for the current quarter recorded a decrease of 33.4% over the preceding year corresponding period attributable mainly to a drop in revenue from the beverages division which in turn is attributed to overall reduction in consumer spending due to soft demand of the industry.

The Group reported a loss before tax of RM4.715 million compared to a profit before tax of RM4.524 million in the preceding year corresponding period. The loss was mainly due to lower revenue generated from the beverages division.

B2 Variation of results against preceding quarter

The current quarter's loss before tax of RM4.715 million represents a decrease of 27% over the preceding quarter's loss before tax of RM6.456 million. The preceding quarter loss was mainly due to the recognition of one off provision made at the subsidiary companies in respect of missing bottlers and pallets, specific provision for bad debts, inventories written off, impairment loss on properties and an additional provision for interest in respect of a legal case.

B3 Current year prospects

The Group shall continue to control its operational costs to ensure its existing products remain attractive in the current market environment and the continuing of new product launching and aggressive promotional activities.

Barring any unforeseen circumstances and taking into account the stiff competition in the beverages market, the Directors anticipate that the operating environment for the Group's core business in the next quarter will be very competitive and challenging.

B4 Profit forecast

Not applicable as no profit forecast was published.

B5 Tax expense

	Quarter Ended		Year To Date Ended	
	31.03.06	31.03.05	31.03.06	31.03.05
	RM'000	RM'000	RM'000	RM'000
In respect of current period:				
- Income Tax	149	869	354	1,374
- Deferred Tax	-	-	-	-
	<u>149</u>	<u>869</u>	<u>354</u>	<u>1,374</u>

The Group's effective tax rate for the current quarter is higher than the statutory tax rate as the tax charge relates to tax on profits of certain subsidiaries which cannot be set-off against losses of other subsidiaries for tax purposes as group relief is not available.

B6 Unquoted investments and properties

There were no sales of unquoted investment or properties for the current quarter.

B7 Quoted investments

There were no purchases or disposals of quoted securities for the current quarter.

B8 Corporate Proposals

There was no corporate proposal announced from the date of the quarterly report to the date of this announcement except as disclosed below:-

The Company, having obtained approvals from its shareholders on 5th May 2006 in respect of the Proposed Sale and Leaseback of two (2) plots of leasehold land held under HS(M)13244A, PT20104 and HS(M)13245A, PT20105 in the Mukim of Kajang, District of Hulu Langat, Selangor Darul Ehsan together with the buildings erected thereon with Amanah Raya Berhad is currently in the process of implementing the proposal.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**B9 Borrowings**

Details of the Group's borrowings as at 31st March 2006 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Current	7,830	87,833	95,663
Non-Current	1,186	29	1,215
	<u>9,016</u>	<u>87,862</u>	<u>96,878</u>

B10 Off balance sheet financial instruments

A total of 57,377,835 detachable warrants were issued on 24th June 2004 in conjunction with the Rights Issue.

The warrants are constituted by a Deed Poll dated 18th March 2004. Each warrant entitles its registered holder to subscribe for one new ordinary share of RM1.00 each in the Company at a subscription price of RM1.08 per share. The expiry date for the exercise of the warrants is 23rd June 2009.

No warrants were exercised during the financial quarter. As at the date hereof, a total of 57,377,835 warrants remain in issue.

B11 Changes in material litigation

Court of Appeal Civil Appeal No. W-03-124-2004

C.I. Quarries Sdn Bhd ("CIQ") v Affin Bank Berhad ("Affin")

CIQ filed a motion for stay at the Court of Appeal and the Court then fixed all three matters (i.e. CIQ's appeal, Affin's application to strike out the appeal and CIQ's motion for stay) on 27th March 2006 for hearing. Upon CIQ's request, the court fixed the hearing of CIQ's motion for stay on 28th February 2006 which was subsequently adjourned to 29th March 2006.

On 29th March 2006, the Court made the following order on CIQ's motion for a stay:

- that CIQ or the Company provide an irrevocable Bank Guarantee in favour of Affin for the sum of RM0.621 million being half of the judgment sum that was obtained by Affin on 23rd April 2003;
- the said Bank Guarantee shall be deposited with Messrs Shook Lin & Bok, the solicitors for Affin within thirty (30) days from 29th March 2006;
- that all execution and/or enforcement of the judgment dated 4th April 2003 obtained by Affin against CIQ be stayed pending disposal of the appeal; and
- no order as to costs for the motion of stay.

On 28th April 2006, the Company has deposited the Bank Guarantee to Affin's solicitors. The Court has fixed the hearing of Affin's application to strike out on 18th July 2006.

B12 Dividend

The Board of Directors does not recommend the payment of dividend in respect of the financial quarter ended 31st March 2006.

B13 Earnings per share

	Quarter Ended		Year To date Ended	
	31.03.2006 RM'000	31.03.2005 RM'000	31.03.2006 RM'000	31.03.2005 RM'000
(a) Basic earnings per share				
Net (loss)/profit for the period	(4,905)	3,634	(10,189)	8,859
Weighted average number of ordinary shares in issue ('000)	129,607	129,607	129,607	129,607
Basic earnings per share (sen)	<u>(3.78)</u>	<u>2.80</u>	<u>(7.86)</u>	<u>6.84</u>

(b) Diluted earnings per share

The diluted earnings per share figures are not shown as the conversion price of warrants are higher than the Company's share price at the balance sheet date.

