

**C.I. HOLDINGS BERHAD**

(37918-A)

- Quarterly Report on consolidated results for the fourth financial quarter ended 30th June 2006

Quarterly Report on consolidated results for the fourth financial quarter ended 30th June 2006. These figure have not been audited.

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 30.06.2006 RM'000	Quarter Ended 30.06.2005 RM'000	Year To Date Ended 30.06.2006 RM'000	Year To Date Ended 30.06.2005 RM'000
Revenue	53,978	54,714	222,160	267,975
Cost of Sales	<u>(30,704)</u>	<u>(42,467)</u>	<u>(138,787)</u>	<u>(184,578)</u>
Gross Profit	23,274	12,247	83,373	83,397
Operating Expenses	(28,401)	(13,356)	(102,563)	(72,336)
Impairment Losses	-	(11,550)	(410)	(12,049)
Other Operating Income	<u>10,980</u>	<u>1,792</u>	<u>19,746</u>	<u>3,776</u>
Profit/(Loss) from Operations	5,853	(10,867)	146	2,788
Finance Costs	(1,184)	(1,202)	(5,281)	(4,501)
Investing Results	<u>-</u>	<u>-</u>	<u>-</u>	<u>(105)</u>
Profit/(Loss) Before Tax	4,669	(12,069)	(5,135)	(1,818)
Taxation	<u>1,750</u>	<u>3,982</u>	<u>1,397</u>	<u>2,608</u>
Profit/(Loss) After Tax	6,419	(8,087)	(3,738)	790
Minority Interest	<u>6</u>	<u>(6)</u>	<u>(26)</u>	<u>(24)</u>
Net Profit/(Loss) for the period	<u><u>6,425</u></u>	<u><u>(8,093)</u></u>	<u><u>(3,764)</u></u>	<u><u>766</u></u>
	Sen	Sen	Sen	Sen
Earnings per share				
- Basic	4.96	(6.24)	(2.90)	0.59
- 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 30.06.2006 RM'000	Audited as at 30.06.2005 RM'000
<b>Non-Current Assets</b>		
Property, Plant and Equipment	78,730	96,755
Other Investment	21	21
Intangible Assets	47,548	47,548
Trademark and Intellectual Property	5,200	5,520
Bottles and Cases	282	6,404
Deferred Tax assets	3,950	2,554
	<u>135,731</u>	<u>158,802</u>
<b>Current Assets</b>		
Inventories	18,626	26,121
Debtors	53,839	65,494
Fixed Deposits with licensed bank	986	1,011
Cash and Cash Equivalents	7,977	3,765
	<u>81,428</u>	<u>96,391</u>
<b>Current Liabilities</b>		
Trade and Other Creditors	45,649	56,115
Hire Purchase and Finance Lease Creditors	3,521	2,665
Bank Overdrafts	4,686	11,538
Borrowings	61,915	77,122
Taxation	2	32
	<u>115,773</u>	<u>147,472</u>
Net Current Liabilities	(34,345)	(51,081)
	<u>101,386</u>	<u>107,721</u>
<b>Financed By:</b>		
Share Capital	129,607	129,607
Reserves	(48,155)	(44,391)
Shareholders' Fund	<u>81,452</u>	<u>85,216</u>
Minority Interests	1,079	1,054
<b>Long Term Liabilities</b>		
Borrowings	3,596	4,844
Hire Purchase and Finance Lease Creditors	7,474	8,990
Other Deferred Liabilities	7,785	7,617
	<u>101,386</u>	<u>107,721</u>
Net assets per share (RM)	0.63	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	-	-	-	-	(3,764)	(3,764)
Balance as at 3th June 2006	<u>129,607</u>	<u>1,156</u>	<u>55,458</u>	<u>10,622</u>	<u>(115,391)</u>	<u>81,452</u>
Balance as at 1st July 2004	129,607	1,156	55,458	10,622	(112,393)	84,450
Net Profit for the period	-	-	-	-	766	766
Balance as at 30th June 2005	<u>129,607</u>	<u>1,156</u>	<u>55,458</u>	<u>10,622</u>	<u>(111,627)</u>	<u>85,216</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 30.06.2006 RM'000	Corresponding Year To Date Ended 30.06.2005 RM'000
Loss before Tax	(5,135)	(1,818)
Adjustments for non-cash flow:-		
Non-Cash Items	24,699	37,258
Non-Operating Items	(6,705)	(742)
Share of Results of Associated Company	-	105
Operating Profit Before Working Capital Changes	<u>12,859</u>	<u>34,803</u>
Changes in Working Capital		
Net Change in Current Assets	11,899	(12,179)
Net Change in Current Liabilities	(7,957)	(5,714)
Tax Paid	(1,341)	(3,951)
Cash From Operating Activities	<u>15,460</u>	<u>12,959</u>
Interest Paid	(5,296)	(3,728)
Interest Received	49	70
Net Cash From Operating Activities	<u>10,213</u>	<u>9,301</u>
Investing Activities		
Purchase of Fixed Assets	(9,811)	(9,907)
Proceeds from Sale of Fixed Assets	24,470	3,458
Uplift of Fixed Deposits	458	57
Deposit with licensed banks pledged as security	(621)	-
Acquisition of subsidiary, net of cash and cash equivalent	-	(2,079)
Net Cash From/(Used in) Investing Activities	<u>14,496</u>	<u>(8,471)</u>
Financing Activities		
Drawdown of Borrowings	18,101	9,988
Repayment of Borrowings	(31,934)	(13,900)
Net Cash Used in Financing Activities	<u>(13,833)</u>	<u>(3,912)</u>
Net Change in Cash and Cash Equivalents	10,876	(3,082)
Cash and Cash Equivalents at beginning of year	(7,273)	(4,191)
Cash and Cash Equivalents at end of period	<u>3,603</u>	<u>(7,273)</u>
Cash and cash equivalents carried forward consists of:-		
Fixed deposits with licensed banks	986	1,011
Cash and bank balances	7,977	3,765
Bank overdrafts	(4,686)	(11,538)
	<u>4,277</u>	<u>(6,762)</u>
Less: Fixed Deposits pledged to licensed bank	(674)	(511)
	<u>3,603</u>	<u>(7,273)</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
<b>Revenue</b>							
External revenue	47,501	6,477	-	-	-	-	53,978
Inter-segment revenue	-	-	-	738	-	(738)	-
Segment revenue	<u>47,501</u>	<u>6,477</u>	<u>-</u>	<u>738</u>	<u>-</u>	<u>(738)</u>	<u>53,978</u>
<b>Results</b>							
Profit/(Loss) from operations	2,720	642	(97)	2,593	(5)	-	5,853
Finance costs							<u>(1,184)</u>
Profit before tax							4,669
Taxation							<u>1,750</u>
Profit after tax							6,419
Minority Interest							<u>6</u>
Net Profit for the period							<u>6,425</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 30th June 2006 up to the date of this report.

**A11 Changes in the composition of the Group**

There were no changes in the composition of the Group for the current quarter.

**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 30.06.2006 RM'000
Unsecured :-	
(i) Guarantees given by the Company to financial institutions in respect of banking facilities granted to subsidiary companies	69,522
(ii) Guarantees given by the Company to financial institutions in respect of hire-purchase and lease facilities granted to subsidiary companies	<u>10,930</u>
Secured :-	
Security given by subsidiaries company to a licensed financial institution and to a solicitor in respect of bank guarantee to third parties	<u>674</u>
<b>A13 Capital commitments</b>	
	As at 30.06.2006 RM'000
Authorised and contracted for	<u>-</u>
Authorised but not contracted for	<u>17,662</u>

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

Group revenue for the current quarter recorded a slight decrease of 1.35% over the preceding year corresponding period attributable mainly to a drop in revenue from the beverages division.

The Group reported a profit before tax of RM4.669 million compared to a loss before tax of RM12.069 million in the preceding year corresponding period. The profit was mainly attributable to the recognition of gain on disposal of the properties from the sale and leaseback exercise and over accruals of interest.

**B2 Variation of results against preceding quarter**

The current quarter's profit before tax of RM4.669 million represents an increase of 199.0% over the preceding quarter's loss before tax of RM4.715 million. The current quarter profit was mainly due to the recognition of gain on disposal of properties from the sale and leaseback exercise and over accruals of interest.

**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 competitive and challenging.

**B4 Profit forecast**

Not applicable as no profit forecast was published.

**B5 Tax expense**

	Quarter Ended		Year To Date Ended	
	30.06.06	30.06.05	30.06.06	30.06.05
	RM'000	RM'000	RM'000	RM'000
In respect of current period:				
- Income Tax	174	950	(179)	(424)
- Deferred Tax	1,576	3,032	1,576	3,032
	<u>1,750</u>	<u>3,982</u>	<u>1,397</u>	<u>2,608</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 except for the disposal of (2) two plots of leasehold land together with the buildings erected thereon from the sale and leaseback exercise approved by the shareholders at the Extraordinary General Meeting on 5th May 2006.

**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.

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

**B9 Borrowings**

Details of the Group's borrowings as at 30th June 2006 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Current	16,729	49,874	66,603
Non-Current	3,567	27	3,594
	<u>20,296</u>	<u>49,901</u>	<u>70,197</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")

On 18th July 2006, the Court of Appeal has disallowed Affin's motion to strike out CIQ's appeal with costs. The matter is now set for Case Management on 12th September 2006 in order to fix a date(s) for the hearing of the Appeal.

**B12 Dividend**

The Board of Directors does not recommend the payment of dividend in respect of the financial quarter ended 30th June 2006.

**B13 Earnings per share**

	Quarter Ended		Year To date Ended	
	30.06.2006	30.06.2005	30.06.2006	30.06.2005
(a) Basic earnings per share				
Net profit/(loss) for the period (RM'000)	6,425	(8,093)	(3,764)	766
Weighted average number of ordinary shares in issue ('000)	129,607	129,607	129,607	129,607
Basic earnings per share (sen)	<u>4.96</u>	<u>(6.24)</u>	<u>(2.90)</u>	<u>0.59</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.



