

**C.I. HOLDINGS BERHAD**

(37918-A)

- Quarterly Report on consolidated results for the first financial quarter ended 30th September 2006

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

**CONDENSED CONSOLIDATED INCOME STATEMENT**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 30.09.2006 RM'000	Quarter Ended 30.09.2005 RM'000	Year To Date Ended 30.09.2006 RM'000	Year To Date Ended 30.09.2005 RM'000
Revenue	68,186	56,252	68,186	56,252
Cost of Sales	<u>(39,318)</u>	<u>(35,201)</u>	<u>(39,318)</u>	<u>(35,201)</u>
Gross Profit	28,868	21,051	28,868	21,051
Other Operating Income	553	67	553	67
Selling and Distribution Costs	(19,462)	(12,763)	(19,462)	(12,763)
Administrative Expenses	(6,694)	(5,926)	(6,694)	(5,926)
Finance Costs	<u>(1,198)</u>	<u>(1,062)</u>	<u>(1,198)</u>	<u>(1,062)</u>
Profit Before Tax	2,067	1,367	2,067	1,367
Tax Expense	<u>(291)</u>	<u>(317)</u>	<u>(291)</u>	<u>(317)</u>
Profit for the period	<u>1,776</u>	<u>1,050</u>	<u>1,776</u>	<u>1,050</u>
Attributable to :				
Equity holders of the parent	1,776	1,059	1,776	1,059
Minority Interest	<u>-</u>	<u>(9)</u>	<u>-</u>	<u>(9)</u>
	<u>1,776</u>	<u>1,050</u>	<u>1,776</u>	<u>1,050</u>
	Sen	Sen	Sen	Sen
Earnings per share attributable to equity holders of the parent:				
- Basic	1.37	0.82	1.37	0.82
- Diluted	-	-	-	-

**Note:**

The diluted earnings per share in respect of warrants is not presented as it is anti-dilutive.

The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 30th June 2006 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED BALANCE SHEET**

	Unaudited as at 30.09.2006 RM'000	Audited as at 30.06.2006 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	77,889	78,730
Other Investment	21	21
Goodwill on Consolidation	47,548	47,548
Intangible Assets	5,120	5,200
Bottles and Cases	218	282
Deferred Tax Assets	4,424	4,424
	<u>135,220</u>	<u>136,205</u>
<b>Current Assets</b>		
Inventories	19,889	18,626
Trade Receivables	56,598	47,550
Other Receivables	8,085	5,606
Tax Recoverable	2,256	3,849
Fixed Deposits with licensed bank	686	986
Cash and Bank Balances	2,550	7,977
	<u>90,064</u>	<u>84,594</u>
<b>TOTAL ASSETS</b>	<u><u>225,284</u></u>	<u><u>220,799</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share Capital	129,607	129,607
Reserves	(46,379)	(48,155)
	<u>83,228</u>	<u>81,452</u>
<b>Minority Interests</b>	<u>1,080</u>	<u>1,080</u>
<b>Total Equity</b>	<u>84,308</u>	<u>82,532</u>
<b>Non-Current Liabilities</b>		
Bank Borrowings	2,706	3,597
Hire Purchase and Finance Lease Creditors	7,494	7,896
Other Deferred and Non-Current Liabilities	7,619	8,021
	<u>17,819</u>	<u>19,514</u>
<b>Current Liabilities</b>		
Trade Payables	25,075	20,472
Other Payables	19,930	28,320
Hire Purchase and Finance Lease Creditors	2,664	3,098
Bank Overdrafts	3,952	4,686
Bank Borrowings	71,360	61,915
Taxation	176	262
	<u>123,157</u>	<u>118,753</u>
<b>Total Liabilities</b>	<u>140,976</u>	<u>138,267</u>
<b>EQUITY AND LIABILITIES</b>	<u><u>225,284</u></u>	<u><u>220,799</u></u>
Net assets per share (RM)	0.65	0.64

The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the financial year ended 30th June 2006 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	<----- Attributable to equity holders of the parent ----->					Total RM'000	Minority Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Non-distributable Reserve on Consolidation RM'000	Special Reserve RM'000	Distributable Accumulated Loss RM'000			
At 1st July 2005	129,607	1,156	55,458	10,622	(111,627)	85,216	1,054	86,270
Profit for the period	-	-	-	-	1,059	1,059	(9)	1,050
At 30th September 2005	129,607	1,156	55,458	10,622	(110,568)	86,275	1,045	87,320
At 1st July 2006	129,607	1,156	55,458	10,622	(115,391)	81,452	1,080	82,532
Effect of adopting FRS 3	-	-	(55,458)	-	55,458	-	-	-
At 1st July 2006, as restated	129,607	1,156	-	10,622	(59,933)	81,452	1,080	82,532
Profit for the period	-	-	-	-	1,776	1,776	-	1,776
At 30th September 2006	129,607	1,156	-	10,622	(58,157)	83,228	1,080	84,308

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 30th June 2006 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	Current Year To Date Ended 30.09.2006 RM'000	Corresponding Year To Date Ended 30.09.2005 RM'000
Profit Before Tax	2,067	1,367
Adjustments for non-cash flow:-		
Non-Cash Items	3,403	2,862
Non-Operating Items	(256)	635
Operating Profit Before Working Capital Changes	<u>5,214</u>	<u>4,864</u>
Changes in Working Capital		
Net Change in Current Assets	(17,199)	(4,059)
Net Change in Current Liabilities	2,406	(631)
Tax Paid	(209)	(192)
Cash Used in Operating Activities	<u>(9,788)</u>	<u>(18)</u>
Interest Paid	(1,198)	(1,062)
Interest Received	2	1
Net Cash Used in Operating Activities	<u>(10,984)</u>	<u>(1,079)</u>
Investing Activities		
Purchase of Property, Plant and Equipment	(2,080)	(3,078)
Proceeds from Sale of Property, Plant and Equipment	2	72
Uplift of fixed deposit pledged to Licensed Bank	300	-
Disposal of subsidiary, net of cash and cash equivalent	(4)	-
Net Cash Used in Investing Activities	<u>(1,782)</u>	<u>(3,006)</u>
Financing Activities		
Drawdown of Borrowings	20,091	3,264
Repayment of Borrowings	(12,318)	(791)
Net Cash From Financing Activities	<u>7,773</u>	<u>2,473</u>
Net Change in Cash and Cash Equivalents	(4,993)	(1,612)
Cash and Cash Equivalents at beginning of financial period	3,591	(7,273)
Cash and Cash Equivalents at end of financial period	<u>(1,402)</u>	<u>(8,885)</u>
Cash and cash equivalents carried forward consists of:-		
Fixed deposits with licensed banks	686	511
Cash and bank balances	2,550	4,032
Bank overdrafts	(3,952)	(12,917)
	(716)	(8,374)
Less: Fixed Deposits pledged to licensed bank	(686)	(511)
	<u>(1,402)</u>	<u>(8,885)</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 30th June 2006 and the accompanying explanatory notes attached to the interim financial statements.

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

The interim financial report is unaudited and has been prepared in accordance with the requirement of Financial Reporting Standard ("FRS") 134<sub>2004</sub>, 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 financial year ended 30th June 2006. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30th June 2006. The condensed consolidated interim financial report and explanatory notes thereon do not include all of the information required for full set of financial statements prepared in accordance with FRSs.

**A2 Changes in Accounting Policies**

The accounting policies, methods of computation and basis of consolidation adopted in this interim financial report are consistent with those of the audited financial statements for the financial year ended 30th June 2006, except for the adoption of the following new/revised FRS issued by the Malaysian Accounting Standards Board which are effective for financial period beginning 1st January 2006.

FRS 3	Business Combinations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Statements
FRS 127	Consolidated and Separate Financial Statements
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets

The adoption of the above FRS does not have any significant financial impact on the Group except for the following :-

**(a) FRS 3: Business Combinations**

FRS 3 requires that, after reassessment, any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination should be recognised immediately in the profit and loss. FRS 3 prohibits the recognition of negative goodwill in the balance sheet. Previously, the Group had reflected the negative goodwill as reserve on consolidation. In accordance with the transitional provision of FRS 3, the Group has applied the new accounting policy prospectively from 1st July 2006. Therefore, the changes has had no impact on amount reported for 30th June 2006 or prior periods.

The carrying amount of reserve on consolidation as at 1st July 2006 has been derecognised with an adjustment of RM55.458 million made to opening accumulated loss at 1st July 2006.

**(b) FRS 101: Presentation of Financial Statements**

The adoption of the revised FRS 101 has affected the presentation of minority interest, and other disclosure. In the consolidated balance sheet, minority interest is now presented within total equity. In the income statement, minority interest is presented as an allocation of the net profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the period, showing separately the amounts attributable to equity holders of the parent and to minority interest.

The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101,

**A3 Auditors' Report**

The auditors' report on the financial statements of the Group for the year ended 30th June 2006 was not subject to any qualification.

**A4 Seasonal or Cyclical Factors**

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

**A5 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.

**NOTES TO THE INTERIM FINANCIAL REPORT****A6 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.

**A7 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.

**A8 Dividend Paid**

No dividend had been paid during the reporting quarter.

**A9 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	Investment holdings RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<b>Revenue</b>						
External revenue	61,471	6,715	-	-	-	68,186
Inter-segment revenue	-	-	327	-	(327)	-
Segment revenue	<u>61,471</u>	<u>6,715</u>	<u>327</u>	<u>-</u>	<u>(327)</u>	<u>68,186</u>
<b>Results</b>						
Profit/(Loss) from operations	2,647	678	(60)	-	-	3,265
Finance costs						(1,198)
Profit before tax						<u>2,067</u>
Taxation						(291)
Profit after tax						<u>1,776</u>
Minority Interest						-
Net Profit for the period						<u><u>1,776</u></u>

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

**A10 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 2006.

**A11 Subsequent Material Events**

There were no material events subsequent to the end of the current quarter ended 30th September 2006 up to the date of this report.

**A12 Changes in the Composition of the Group**

On 30th September 2006, Permanis Sdn Bhd, a wholly-owned subsidiary of the Company had entered into a Share Sale Agreement with Viceast Corporation Sdn Bhd ("Viceast") for the proposed disposal of its entire shareholdings in Bevmac Engineering Sdn Bhd ("BESB") for a cash consideration of RM1.00. In addition to the cash consideration, Viceast will also undertake to assume the liabilities of BESB amounting to RM1.87 million, being the amount owed by BESB to third parties.

**A13 Changes in Contingent Liabilities**

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

	As at 30.09.2006 RM'000
Unsecured :-	
(i) Guarantees given by the Company to financial institutions in respect of banking facilities granted to subsidiary companies	77,351
(ii) Guarantees given by the Company to financial institutions in respect of hire-purchase and lease facilities granted to subsidiary companies	<u>10,049</u>
Secured :-	
Security given by subsidiaries company in respect of bank guarantee to third parties	<u>686</u>

**NOTES TO THE INTERIM FINANCIAL REPORT****A14 Capital Commitments**

	As at 30.09.2006 RM'000
Authorised and contracted for	<u>33,958</u>
Authorised but not contracted for	<u>-</u>

**A15 Significant Related Party Transactions**

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

The Company or its subsidiaries	Transacting Party	Nature of Transaction	RM'000
Permanis Sdn Bhd	SV Beverages Holdings Sdn Bhd	• Purchase of raw materials • Royalty payable	912 178

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

Group revenue for the current quarter recorded an increase of 21.2% over the preceding year corresponding period attributable mainly from the beverages division.

The Group reported a profit before tax of RM2.07 million compared to RM1.37 million in the preceding year corresponding period. The increase in profit before tax was mainly attributable to higher revenue from the beverages and tapware division.

**B2 Variation of Results Against Preceding Quarter**

The current quarter's profit before tax of RM2.07 million represents a decrease of 55.7% over the preceding quarter's profit before tax of RM4.67 million. The preceding 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	
	30.09.06 RM'000	30.09.05 RM'000	30.09.06 RM'000	30.09.05 RM'000
In respect of current period:				
- Income Tax	291	317	291	317
- Deferred Tax	-	-	-	-
	<u>291</u>	<u>317</u>	<u>291</u>	<u>317</u>

The Group's effective tax rate for the current quarter is lower than the statutory tax rate mainly due to certain income not subject to tax and utilisation of tax losses.

**B6 Unquoted Investments and Properties**

There were no purchase or sales of unquoted investments and 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.

**B9 Borrowings**

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

	Secured RM'000	Unsecured RM'000	Total RM'000
Current	7,434	67,879	75,313
Non-Current	2,687	18	2,705
	<u>10,121</u>	<u>67,897</u>	<u>78,018</u>



**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B10 Off Balance Sheet Financial Instruments**

- (a) 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.

- (b) Foreign Currency Forward Contracts

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 14th November 2006 are as follows:-

	Foreign Currency	Contract Amounts '000	Equivalent RM'000
Forward contracts used to	USD	140	452
hedge trade payables	Euro	160	745

The settlement dates of the above forward contracts range between one to three months.

As foreign currency contracts are entered into to hedge the Group's purchases in foreign currencies, the contracted rates are used to convert the foreign currency amounts into Ringgit Malaysia. 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.

Besides a marginal fee, there are no other cash requirements for these contracts.

**B11 Changes in Material Litigation**

There were no changes in the material litigations of the Group since the last audited financial statement up to the date of this report.

**B12 Dividend**

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

**B13 Earnings Per Share**

	Quarter Ended		Year To Date Ended	
	30.09.2006	30.09.2005	30.09.2006	30.09.2005
(a) Basic earnings per share				
Net profit for the financial period (RM'000)	1,776	1,059	1,776	1,059
Weighted average number of ordinary shares in issue ('000)	129,607	129,607	129,607	129,607
Basic earnings per share (sen)	1.37	0.82	1.37	0.82

- (b) Diluted earnings per share

The diluted earnings per share in respect of warrants is not presented as it is anti-dilutive.

