

C.I. HOLDINGS BERHAD

(37918-A)

- Quarterly Report on consolidated results for the second financial quarter ended 31st December 2007

Quarterly Report on consolidated results for the second financial quarter ended 31st December 2007.

These figure have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 31.12.2007 RM'000	Quarter Ended 31.12.2006 RM'000	Year To Date Ended 31.12.2007 RM'000	Year To Date Ended 31.12.2006 RM'000
Continuing Operations				
Revenue	69,981	64,039	141,138	131,941
Cost of Sales	<u>(39,191)</u>	<u>(37,015)</u>	<u>(78,439)</u>	<u>(76,318)</u>
Gross Profit	30,790	27,024	62,699	55,623
Other Operating Income	110	302	235	851
Selling and Distribution Costs	(19,456)	(19,271)	(40,138)	(38,733)
Administrative Expenses	(5,930)	(4,856)	(12,306)	(11,439)
Finance Costs	<u>(1,248)</u>	<u>(1,182)</u>	<u>(2,329)</u>	<u>(2,367)</u>
Profit Before Tax	4,266	2,017	8,161	3,935
Income Tax Expense	<u>(982)</u>	<u>(337)</u>	<u>(1,806)</u>	<u>(628)</u>
Profit for the period from continuing operations	3,284	1,680	6,355	3,307
Discontinued Operation				
Loss for the period from discontinued operation	<u>(46)</u>	<u>(222)</u>	<u>(14)</u>	<u>(73)</u>
Profit for the period	<u>3,238</u>	<u>1,458</u>	<u>6,341</u>	<u>3,234</u>
Attributable to :				
Equity holders of the parent	3,238	1,458	6,345	3,234
Minority Interest	<u>-</u>	<u>-</u>	<u>(4)</u>	<u>-</u>
	<u>3,238</u>	<u>1,458</u>	<u>6,341</u>	<u>3,234</u>
	Sen	Sen	Sen	Sen
Basic earnings per share attributable to equity holders of the parent:				
- Continuing operations	2.53	1.30	4.90	2.55
- Discounted operation	<u>(0.04)</u>	<u>(0.17)</u>	<u>(0.01)</u>	<u>(0.06)</u>
	<u>2.50</u>	<u>1.12</u>	<u>4.90</u>	<u>2.50</u>
Diluted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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 2007 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED BALANCE SHEET

	Unaudited as at 31.12.2007 RM'000	Restated Audited as at 30.06.2007 RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	85,604	65,757
Investment Properties	6,441	6,803
Prepaid Lease Payments	1,907	2,172
Other Investment	21	21
Intangible Assets	47,548	47,548
Deferred Tax Assets	3,123	3,123
	<u>144,644</u>	<u>125,424</u>
Current Assets		
Inventories	29,322	19,429
Trade Receivables	62,494	56,912
Other Receivables	2,496	11,410
Tax Recoverable	57	122
Deposit placed with approved institutional trust account	1,695	1,655
Deposits, Cash and Bank Balances	12,115	8,693
	<u>108,179</u>	<u>98,221</u>
Non-Current Assets Held For Sale	350	2,000
	<u>108,529</u>	<u>100,221</u>
TOTAL ASSETS	<u>253,173</u>	<u>225,645</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share Capital	129,607	129,607
Reserves	(33,564)	(39,909)
	<u>96,043</u>	<u>89,698</u>
Minority Interests	1,058	1,062
Total Equity	<u>97,101</u>	<u>90,760</u>
Non-Current Liabilities		
Bank Borrowings	21,717	10,221
Hire Purchase and Finance Lease Creditors	5,330	6,862
Other Deferred and Non-Current Liabilities	5,476	4,290
	<u>32,523</u>	<u>21,373</u>
Current Liabilities		
Trade Payables	28,992	22,376
Other Payables	30,651	33,733
Hire Purchase and Finance Lease Creditors	7,688	3,736
Bank Overdrafts	145	1,940
Bank Borrowings	55,324	51,216
Taxation	749	511
	<u>123,549</u>	<u>113,512</u>
Total Liabilities	<u>156,072</u>	<u>134,885</u>
EQUITY AND LIABILITIES	<u>253,173</u>	<u>225,645</u>
Net assets per share (RM)	0.75	0.70

The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the financial year ended 30th June 2007 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<----- Attributable to equity holders of the parent ----->							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 Losses RM'000	Total RM'000			
6 months period ended 31st December 2006									
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	-	-	-	
Effect of adopting FRS 140	-	-	-	-	378	378	-	378	
Profit for the period	-	-	-	-	3,234	3,234	-	3,234	
At 31st December 2006	<u>129,607</u>	<u>1,156</u>	<u>-</u>	<u>10,622</u>	<u>(56,321)</u>	<u>85,064</u>	<u>1,080</u>	<u>86,144</u>	
6 months period ended 31st December 2007									
At 1st July 2007	129,607	1,156	-	10,622	(51,687)	89,698	1,062	90,760	
Profit for the period	-	-	-	-	6,345	6,345	(4)	6,341	
At 31st December 2007	<u>129,607</u>	<u>1,156</u>	<u>-</u>	<u>10,622</u>	<u>(45,342)</u>	<u>96,043</u>	<u>1,058</u>	<u>97,101</u>	

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 2007 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Current Year To Date Ended 31.12.2007 RM'000	Corresponding Year To Date Ended 31.12.2006 RM'000
Profit/(Loss) Before Tax from:		
- Continuing operations	8,161	3,935
- Discontinued operation	3	(73)
Adjustments for non-cash flow:-		
Non-Cash Items	6,485	5,506
Non-Operating Items	(67)	(81)
Operating Profit Before Working Capital Changes	14,582	9,287
Changes in Working Capital		
Net Change in Current Assets	(7,794)	(13,580)
Net Change in Current Liabilities	7,808	4,233
Tax Refund/(Paid)	(440)	(584)
Cash Generated from/(Used in) Operating Activities	14,156	(644)
Retirement Benefits Paid	-	-
Interest Paid	(2,116)	(2,395)
Interest Received	58	3
Net Cash Generated from/(Used in) Operating Activities	12,098	(3,036)
Investing Activities		
Purchase of Property, Plant and Equipment	(24,830)	(11,946)
Proceeds from Sale of Property, Plant and Equipment (Placement)/Uplift of fixed deposits pledged to licensed banks	2,327	56
Disposal of subsidiary, net of cash and cash equivalent	-	-
Net Cash Used in Investing Activities	(22,503)	(11,894)
Financing Activities		
Drawdown of Borrowings	26,749	40,224
Repayment of Borrowings	(11,127)	(26,633)
Net Cash From Financing Activities	15,622	13,591
Net Change in Cash and Cash Equivalents	5,217	(1,339)
Cash and Cash Equivalents at beginning of financial period	6,741	3,591
Cash and Cash Equivalents at end of financial period	11,958	2,252
Cash and cash equivalents carried forward consists of:-		
Fixed deposits with licensed banks	7,012	686
Cash and bank balances	5,103	4,205
Bank overdrafts	(145)	(1,953)
	11,970	2,938
Less: Fixed Deposits pledged to licensed bank	(12)	(686)
	11,958	2,252

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 30th June 2007 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 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 financial year ended 30th June 2007. The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual audited financial statements for the financial year ended 30th June 2007 except for the adoption of the following revised Financial Reporting Standards ("FRS") effective for the financial period :

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 117	Leases
FRS 118	Revenue
FRS 119	Employee Benefits
FRS 124	Related Party Disclosures
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

The adoption of the above revised FRS do not have significant financial impact on the Group except for the adoption of FRS 117.

Prior to the adoption of the revised FRS 117, leasehold land was classified as property, plant and equipment and was stated at cost or valuation less accumulated depreciation and impairment losses. Under the revised FRS 117, leasehold land is an operating lease unless title passes to the lessee at the end of the lease term. With the adoption of the revised FRS 117, the unamortised carrying amounts of leasehold land are now classified as prepaid lease payments and amortised over the period of its remaining lease term, as allowed by the transitional provisions of the revised FRS 117. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and the comparatives in the balance sheet have been restated.

Comparatives

The following comparative amounts have been restated due to the adoption of FRS 117:-

	As previously reported RM'000	Effect of adopting FRS 117 RM'000	As restated RM'000
As at 30th June 2007			
Balance Sheet			
Property, Plant and Equipment	67,929	(2,172)	65,757
Prepaid Lease Payments	-	2,172	2,172

A2 Auditors' Report

The auditors' report on the financial statements of the Group for the year ended 30th June 2007 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 financial quarter under review.

A5 Nature and Amount of Changes in Estimates

There were no significant changes in estimates of amounts reported in prior quarter that have a material impact on the current financial quarter.

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 quarter and financial year to date.

NOTES TO THE INTERIM FINANCIAL REPORT**A7 Dividend Paid**

No dividend had been paid for the current financial quarter ended 31st December 2007.

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	Investment holdings RM'000	Eliminations RM'000	Consolidated RM'000
Revenue from continuing operations					
External revenue	63,792	6,189	-	-	69,981
Inter-segment revenue	-	-	389	(389)	-
Revenue from discontinued operation					
Segment revenue	63,792	6,234	389	(389)	70,026

Results

Profit from continuing operations					5,514
Finance costs					(1,248)
Profit before tax					4,266
Taxation					(982)
Profit after tax					3,284
Loss from discontinued operation	-	(46)	-	-	(46)
Net Profit for the period					3,238

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 2007. Certain properties were reclassified to prepaid lease payment as disclosed in Note A1.

A10 Subsequent Material Events

There were no material events subsequent to the end of the current financial quarter ended 31st December 2007 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 during the current financial quarter.

Discontinued Operation

On 11th June 2007, the Company has entered into agreements with Batu Tiga Quarry Sdn Bhd for the Proposed Divestment of two of its wholly-owned subsidiaries and 9 parcels of freehold lands. The disposal of the two subsidiaries were completed and the disposal of the 9 parcels of freehold lands was completed on 18th December

The revenue, results and cashflows of the quarries division were as follows:-

	Quarter Ended		Year To Date Ended	
	31.12.07 RM'000	31.12.06 RM'000	31.12.07 RM'000	31.12.06 RM'000
Revenue	45	270	219	554
Profit before tax	(45)	(222)	3	(73)
Income tax expenses	(1)	-	(17)	-
Profit for the period from discontinued operation	(46)	(222)	(14)	(73)
Cash flows from operating activities	(1,972)	(8)	(1,928)	2
Cash flows from investing activities	2,000	-	2,000	-
Cash flows from financing activities	-	-	-	-
Total cash flows	28	(8)	72	2

NOTES TO THE INTERIM FINANCIAL REPORT**A12 Changes in Contingent Liabilities**

The contingent liabilities of the Company are as follows:-

As at
31.12.2007
RM'000

Unsecured :-

(i) Guarantees given by the Company to financial institutions in respect of banking facilities granted to subsidiary companies

54,147

(ii) Guarantees given by the Company to financial institutions in respect of hire-purchase and lease facilities granted to subsidiary companies

14,533

A13 Capital Commitments

As at
31.12.2007
RM'000

Authorised and contracted for

-

Authorised but not contracted for

7,034

A14 Significant Related Party Transactions

The significant related party transactions undertaken during the current financial quarter under review is 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	804
		• Royalty payable	107

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

Group revenue for the current financial quarter recorded an increase of 9.28% over the preceding year corresponding period attributable mainly from the beverages division.

The Group reported a profit before tax of RM4.27 million compared to RM2.02 million in the preceding period which was attributable to higher revenue derived from better market penetration in all sales channels and improvement in gross profit margin.

B2 Variation of Results Against Preceding Quarter

The current quarter's profit before tax of RM4.27 million represents a improvement of 9.76% over the preceding quarter's profit before tax of RM3.89 million. The improvement was mainly attributable to improvement in gross profit margin from the beverages division.

B3 Current Year Prospects

The Group shall continue to focus on its current core business to maximise growth and profitability while exploring other synergistic new business.

Barring any unforeseen circumstances, the Directors are of the opinion that the Group's financial performance for the financial year ending 30th June 2008 will continue to improve.

B4 Profit Forecast

Not applicable as no profit forecast was published.

B5 Tax Expense

	Quarter Ended		Year To Date Ended	
	31.12.07	31.12.06	31.12.07	31.12.06
	RM'000	RM'000	RM'000	RM'000
Taxation comprises:-				
- Continuing operations				
- Income Tax	393	337	717	628
- Deferred Tax	589	-	1,089	-
	<u>982</u>	<u>337</u>	<u>1,806</u>	<u>628</u>
- Discontinued operation				
- Income Tax	1	-	17	-
- Deferred Tax	-	-	-	-
	<u>1</u>	<u>-</u>	<u>17</u>	<u>-</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 sales of unquoted investments during current financial quarter under review except for the disposal of a property as disclosed below:-

On 29th November 2007, the Group has entered into a Sale and Purchase Agreement with third parties to dispose off one unit of 1 1/2 storey factory located on HS(D) 4283 PT 9560 Mukim of Dengkil, District of Sepang, Selangor Darul Ehsan at a consideration of RM375,000.00. As at the date of this report, the transaction has not been completed. Accordingly, the property has been reclassified from investment property to non-current asset held for sale.

B7 Quoted Investments

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

B8 Corporate Proposals

There were no corporate proposals announced or pending completion as at the date of this quarterly report.

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

Details of the Group's borrowings as at 31st December 2007 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Current	2,454	52,666	55,120
Non-Current	22,066	-	22,066
	<u>24,520</u>	<u>52,666</u>	<u>77,186</u>

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 current 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 16th January 2008 are as follows:-

	Foreign Currency	Contract Amounts '000	Equivalent RM'000
Forward contracts used to	USD	461	1,552
hedge trade payables	Euro	794	3,595

The settlement dates of the above forward contracts range between three to twenty 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 annual balance sheet date 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 31st December 2007.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**B13 Earnings Per Share**

(a) Basic earnings per share	Quarter Ended		Year To Date Ended	
	31.12.2007 RM'000	31.12.2006 RM'000	31.12.2007 RM'000	31.12.2006 RM'000
Profit from continuing operations attributable to ordinary equity holders of the parent	3,284	1,680	6,355	3,307
Loss from discontinued operation attributable to ordinary equity holders of the parent	(46)	(222)	(10)	(73)
Profit attributable to ordinary equity holders of the parent	<u>3,238</u>	<u>1,458</u>	<u>6,345</u>	<u>3,234</u>
Weighted average number of ordinary shares in issue ('000)	<u>129,607</u>	<u>129,607</u>	<u>129,607</u>	<u>129,607</u>
Basic earnings per share for :	Sen	Sen	Sen	Sen
- Continuing operations	2.53	1.30	4.90	2.55
- Discontinued operation	(0.04)	(0.17)	(0.01)	(0.06)
	<u>2.50</u>	<u>1.12</u>	<u>4.90</u>	<u>2.50</u>

(b) Diluted earnings per share

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

