Sinaria (838172-P)
Sinaria Corporation Berhad

ANNUAL REPORT 2011

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Third Annual General Meeting of the Company will be held at Meranti Room, Park Avenue Hotel of E-1 Jalan Indah Dua, Taman Sejati Indah, 08000 Sungai Petani, Kedah on Tuesday, 29 November 2011 at 9.00 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements of the Company for the year ended 31 May 2011 together with the Reports of the Directors and of the Auditors thereon. *(Please refer to Note A)*

2. To declare a First and Final Single Tier Dividend of 1 sen per share for the year ended 31 May 2011. (Resolution 1)

3. To approve the payment of Directors' Fee of an amount up to RM144,000.00 for the financial year ending 31 May 2012. (Resolution 2)

4. To re-elect the following Directors retiring under the respective provision of the Articles of Association of the Company, and who, being eligible offer themselves for re-election:-
   a. Low Ai Choo (Article 97(1)) (Resolution 3)
   b. Mohd. Ariffin Bin Don (Article 97(1)) (Resolution 4)

5. To re-appoint Messrs. Crowe Horwath as Auditors of the Company for the ensuing year and to authorize the Board of Directors to fix their remuneration. (Resolution 5)

SPECIAL BUSINESS

6. To consider and if thought fit, to pass the following resolution: -

   ORDINARY RESOLUTION

   Authority to Issue Shares (Resolution 6)

   "That pursuant to Section 132D of the Companies Act, 1965 and approvals from the Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant governmental/regulatory authorities where such authority shall be necessary, the Board of Directors be authorised to issue and allot shares in the Company from time to time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Board of Directors may, in its absolute discretion, deem fit provided that the aggregate number of shares to be issued shall not exceed ten per centum (10%) of the issued share capital (excluding treasury shares) of the Company for the time being, and that the Board of Directors be empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Securities."

7. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

By Order of the Board

HOW WEE LING (MAICSA 7033850)
OOI EAN HOON (MAICSA 7057078)
Secretaries
Penang
4 November 2011

NOTES:

A. *This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 and the Company's Articles of Association do not require a formal approval of the shareholders and hence, is not put forward for voting.*

Proxy:

A Member of the Company entitled to attend and vote is entitled to appoint up to two (2) proxies to attend and vote in his place. A proxy may but need not be a Member and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. If a Member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

The instrument appointing the proxy shall be in writing, executed by or on behalf of the appointor. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.

The instrument appointing a proxy must be deposited at the Registered Office, 57-G Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang, Malaysia at least 48 hours before the time for holding the Meeting or any adjournment thereof.

Explanatory Note On Special Business:

1. Resolution pursuant to the Authority to Issue Shares

   The proposed Resolution No. 6 [Agenda No. 6)], if passed, will grant a renewed general mandate (Mandate 2011) and empower the Directors of the Company to issue and allot shares up to an amount not exceeding in total ten per centum (10%) of the issued share capital of the Company from time to time and for such purposes as the Directors consider would be in the interest of the Company. In order to avoid any delay and costs involved in convening a general meeting, it is thus appropriate to seek shareholders' approval. This authority will, unless revoked or varied by the Company in general meeting, expire at the next Annual General Meeting of the Company.

   The Mandate 2011 will provide flexibility to the Company for allotment of shares for any possible fund raising activities, including but not limited for further placing of shares, for the purpose of funding future investment(s), acquisition(s) and/or working capital.

   As at the date of this Notice, the Company did not issue any shares pursuant to the mandate granted to the Directors at the Second Annual General Meeting. The Company did not issue any share pursuant to the mandate granted because there was no investment, acquisition or working capital that required fund raising activity.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that the First and Final Single Tier Dividend of 1 sen per share for the year ended 31 May 2011, if approved, will be paid on 28 December 2011 to depositors registered in the Records of Depositors on 8 December 2011.

A Depositor shall qualify for entitlement to the Dividend in respect of: -

a) shares transferred into the Depositor's Securities Account before 4.00 p.m. on 8 December 2011 in respect of transfers;

b) shares bought on the Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the rules of Bursa Securities.

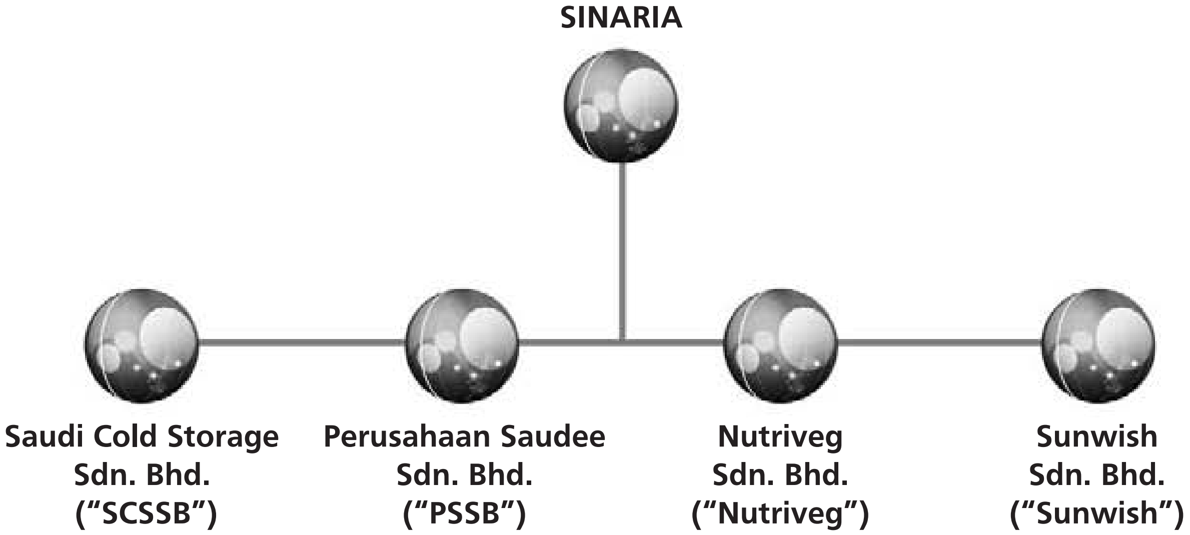
By Order of the Board,

HOW WEE LING (MAICSA 7033850)
OOI EAN HOON (MAICSA 7057078)
Secretaries

Penang
4 November 2011

CORPORATE STRUCTURE

SINARIA CORPORATION BERHAD
("SINARIA" or the "Company") and Subsidiaries
("SINARIA Group" or the "Group")
as at 27 October 2011



PRINCIPAL ACTIVITIES

Sinaria Corporation Berhad ("SINARIA") is principally involved in investment holding and provision of management services. The subsidiaries of SINARIA as at 27 October 2011 were as follows:-

Subsidiary	Date and Place of Incorporation	Date of acquisition	Effective Equity Interest (%)	Principal Activities
SCSSB	22.05.1992 Malaysia	3 September 2009	100	Wholesalers and dealers of fresh and frozen foods
PSSB	19.02.1997 Malaysia	3 September 2009	100	Manufacturer and sale of processed poultry, beef products, frozen goods and bakery products
Nutriveg	06.03.2008 Malaysia	3 September 2009	100	Manufacturing and trading of vegetarian food products
Sunwish	05.08.2011 Malaysia	10 October 2011	100	The Company is currently dormant and it intends to carry out Properties Management and Development related business.

31 May	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	**2011** **RM'000**
Revenue	107,001	131,129	127,761	108,761	**118,632**
Profit Before Tax	5,588	7,754	7,323	4,048	**3,540**
Profit After Tax	4,952	6,582	6,423	3,022	**2,180**
Share Capital ('000)	90,000	90,000	90,000	90,000	**90,000**

Notes:

(i) The summary of financial results for the financial years 2007 to 2009 were prepared for illustration purposes based on the proforma consolidated basis on the assumption that the current structure of the Group has been in existence since the financial year ended 31 May 2007.

(ii) The summary of financial results for the financial years 2010 and 2011 were based on the consolidated results after the completion of acquisitions of subsidiaries pursuant to the listing of the entire issue and paid-up capital of 90,000,000 ordinary shares of RM0.50 each of the Company on 12 November 2009.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Khang Khim
Executive Chairman

Mohd Ariffin Bin Don
Managing Director / Chief Executive Officer

Low Ai Choo
Executive Director

Sim Yee Fuan
Independent Non-Executive Director

Khoo Lay Tatt
Independent Non-Executive Director

Ustaz Abdul Hamid Bin Sulaiman
Independent Non-Executive Director

Heinz Geser
Executive Director
(Resigned w.e.f. 15 January 2011)

AUDIT COMMITTEE

Khoo Lay Tatt
Chairman (Independent Non-ExecutiveDirector)

Sim Yee Fuan
Member (Independent Non-Executive Director)

Ustaz Abdul Hamid Bin Sulaiman
Member (Independent Non-Executive Director)

REMUNERATION COMMITTEE

Khoo Lay Tatt
Chairman (Independent Non-Executive Director)

Tan Khang Khim
Member (Non- Independent Executive Chairman)

Ustaz Abdul Hamid Bin Sulaiman
Member (Independent Non-Executive Director)

NOMINATION COMMITTEE

Ustaz Abdul Hamid Bin Sulaiman
Chairman (Independent Non-Executive Director)

Sim Yee Fuan
Member (Independent Non-Executive Director)

Khoo Lay Tatt
Member (Independent Non-Executive Director)

COMPANY SECRETARY

Ooi Ean Hoon (MAICSA 7057078)
How Wee Ling (MAICSA 7033850)

REGISTERED OFFICE

57-G Persiaran Bayan Indah
Bayan Bay, Sungai Nibong
11900 Penang
Tel : 604 640 8933
Fax : 604 643 8911

HEAD OFFICE

Plot 331, Taman Perindustrian Sungai Petani
Fasa III 08000 Sungai Petani
Kedah Darul Aman
Tel : +60 (4) 442 6800
Fax : +60 (4) 442 6801
E-mail : info@sinariacorp.com
Website : www.sinariacorp.com

SHARE REGISTRAR

Agriteum Share Registration Services Sdn. Bhd.
2nd Floor, Wisma Penang Garden
42, Jalan Sultan Ahmad Shah
10050 Penang
Tel : 604 228 2321
Fax : 604 227 2391

AUDITORS

Crowe Horwath
Chartered Accountants
17.01 Menara Boustead Penang
39 Jalan Sultan Ahmad Shah
10050 Penang

SOLICITOR

Wong Beh & Toh
Suite 4, 1st Floor No. 173 & 174
Jalan Kelab Cinta Sayang
Taman Ria Jaya
08000 Sungai Petani
Kedah Darul Aman

PRINCIPAL BANKERS

Bank Islam Malaysia Berhad
AmIslamic Bank Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Sector : Consumer Products
Stock Name : SINARIA
Stock Code : 5157

Tan Khang Khim
Malaysian, aged 59
Executive Chairman
Member of Remuneration Committee

Tan Khang Khim is the co-founder of the SINARIA Group. He was appointed to our Board on 11 November 2008 as our Group Managing Director and later be re-designated as Chairman on 29 July 2010.

He has been in the food processing industry for over 30 years. After completing his secondary school in 1970, he assisted his late father, Mr. Tan Eng Teen in the family business involved in the distribution and wholesaling of Wall's Ice Cream products in Kedah. In 1988, He joined his late father in Saudi Frozen, a sole proprietorship registered under the name of his late father, involved in the importation and distribution of frozen foods such as beef, mutton, chicken, fish, vegetables and so forth. In 1992, he founded the SINARIA Group which took over the business of Saudi Frozen and expanded the Group's manufacturing activities in the production of nuggets, frankfurters, drummet, balls, minced meat, banana cake, roti canai and pita bread under the in-house brands of "Saudi" and "Deli-Deli"

His business acumen and sound technical knowledge in the food industry is an invaluable asset to the Group. He is responsible for the overall business planning and development, product research and development, transformation and modernisation of the food production process through automation and the formulation of the companies' strategic plans and policies.

Mohd Ariffin Bin Don
Malaysian, aged 49
Executive Director/ Chief Executive Officer

Mohd Ariffin Bin Don was appointed to our Board as an Executive Director and a Chief Operating Officer on 3 December 2008 and was promoted as Chief Executive Officer on 29 July 2010.

After graduating from the secondary school in 1987, he joined Komart as Administration and Purchasing Manager for over three (3) years. In 1990, he joined Saudi Frozen as Sales Manager and subsequently joined SCSSB as Sales Director in 1996. He is one of the pioneer team members who have successfully developed our Group's first two (2) products, burgers and nuggets in 1990 and 1992 respectively.

He has been responsible for overall development and expansion of marketing networks as well as implementation of sales, distribution, and promotional activities and day-to-day operations of the Group.

Low Ai Choo
Malaysian, aged 48
Executive Director

Low Ai Choo was appointed to our Board as an Executive Director. She completed her secondary education from Sekolah Menengah Batu Dua in Sungai Petani, Kedah in 1981. She joined Saudi Frozen as an Administrative Assistant in 1988. She is also a Director and one of the founding members of the SINARIA Group.

She is the spouse of Mr. Tan Khang Khim and she is currently assisting Mr. Tan in the administrative matters of our Group.

Sim Yee Fuan
Malaysian, aged 45
Independent Non-Executive Director
Member of Audit Committee and Nomination Committee

Sim Yee Fuan was appointed to our Board on 10 September 2009.

He graduated from University of Malaya with Bachelor of Accounting (Honour) and obtained his professional qualification from Malaysian Institute of Certified Public Accountants (MICPA). He holds a Master Degree in Business Administration from Northern University of Malaysia. He is a Chartered Accountant registered with the Malaysia Institute of Accountants (MIA).

He started his career with Bank Negara Malaysia ("BNM") from 1991 to 1995 and had gained the banking experience in Foreign Exchange Administration Department (formerly known as Balance of Payment Department) and Banking Supervision Department (formerly known as Bank Examination 1 Department). During 1995 to 2006, he was attached to public listed companies on the Bursa Securities where his job responsibilities were in the areas of accounting, finance and corporate management. Presently he is a Director and Group General Manager of Unimech Group Berhad, a company listed on the Bursa Securities.

Khoo Lay Tatt
Malaysian, aged 38
Independent Non-Executive Director
Chairman of Audit Committee and Remuneration Committee
Member of Nomination Committee

Khoo Lay Tatt was appointed to our Board on 27 April 2010.

He graduated from Tunku Abdul Rahman College with an Institute of Chartered Secretaries and Administrators (ICSA) professional degree and a Diploma in Commerce – Business Management in 1996. Upon graduation, he started his career in May 1996 as Company Secretarial Officer in the Corporate & Legal Division of a commercial bank. He left the bank as an Executive cum Company Secretary of its subsidiaries in year 2000. He joined a Secretarial Services firm in Penang as the Assistant Manager and left the said firm in year 2005 as a Senior Manager. During his tenure, he was involved in numerous initial public offerings and corporate exercises undertaken by listed companies.

He is a Chartered Secretary by profession and also a Certified Financial Planner (CFP) and a Certified Member of Financial Planning Association of Malaysia (FPAM). He is also an Associate of the Institute of Chartered Secretaries and Administrators (ICSA / MAICSA).

Mr. Khoo also sits on the Board of two public companies listed on the Main Market of Bursa Securities, namely, Dufu Technology Corp. Berhad and P.I.E. Industrial Berhad as Non-Independent, Non-Executive Director. Presently, he is an Executive Director and Chief Executive Officer of a non-listed public company namely QL Tech International Berhad.

Ustaz Haji Abdul Hamid
Malaysia, aged 59
Independent Non-Executive Director.
Chairman of Nomination Committee
Member of Audit Committee and Remuneration Committee

Ustaz Haji Abdul Hamid was appointed to our Board on 26 July 2010.

He completed his secondary education in Sekolah Menengah Pendang, Kedah in 1968 and obtained the Certificate of Religion (Thanawi) from Madrasah Tarbiyah Islamiyah in 1971. He served in the Malaysian Army (Mechanical Engineering) for 22 years from 1972 to 1991. He completed his Certificate in Building and Plumbing from Institut Kemahiran Mara, Sungai Petani in 1993.

He has been playing an advisory role in relation to Halal and Islamic knowledge. Besides performing his official duties as Counsellor on marriage and family matters since year 1995 until todate, he is also plays an active role in several NGOs in Malaysia and is actively involved in social and community works.

ADDITIONAL INFORMATION ON DIRECTORS:

(i) Family Relationships and Substantial Shareholders

Save for Tan Khang Khim, Executive Chairman of the Company, who is the husband of Low Ai Choo, Executive Director the Company, none of the Directors has family relationship with any other Directors or substantial shareholders of the Company.

(ii) Directors' Shareholdings

Details of the Directors' shareholdings in the Company are provided in the Analysis of Shareholdings Section, page 76 in this Annual Report.

(iii) No Conflict of Interest

All Directors of the Company do not have any conflict of interest with the Company.

(iv) Non-Conviction of Offences

All the Directors have not been convicted with any offences other than traffic offences in the past 10 years.

(v) Attendance at Board Meetings

Please refer to Corporate Governance Statement, page 13 of this Annual Report.

DEAR SHAREHOLDERS,

On behalf of the Board of Directors of SINARIA, I am pleased to present the Annual Report and Audited Financial Statements of the Company for the financial year ended 31 May 2011.

FINANCIAL HIGHLIGHTS

For the financial year 2011, the Group recorded revenue of RM118.6 million, an increase of 9.0% from RM108.8 million in the preceding year due largely to higher sales of the Group's in-house brands manufactured food products such as burgers, frankfurters, nuggets and other value-added food products in line with the Group's business strategy to gradually reduce the sales volume of imported food products.

Despite registering higher revenue in the financial year 2011, the Group recorded lower profit before tax ("PBT") of RM3.5 million as compared to RM4.0 million recorded in the preceding year. This was due to higher distribution/selling expenses as the Group embarked on more aggressive advertising and promotional activities to grow sales. The higher finance costs were also a contributory factor to lower PBT in the financial year 2011.

DIVIDEND

In line with the dividend policy of the Company to pay dividend of at least 20.0% of the Group's Profit After Tax after taking into consideration its retained profits, cash flow as well as the funding requirements, the Board had on 15 September 2011 proposed a first and final single tier dividend of 1 sen per ordinary share amounting to RM900,000 for the financial year 2011 for shareholders' approval at the Company's forthcoming Annual General Meeting on 29 November 2011. Such dividend amount represents 41.3% of the Group's Profit After Tax for the financial year 2011.

OUTLOOK AND PROSPECTS

The food processing industry is an important constituent of the economy of every country. Food processing companies have driven globalization and have also been instrumental in changing the eating habits of consumers throughout the world. The market for convenience and functional foods is expected to grow rapidly in view of the changing consumption patterns and greater awareness of healthy lifestyles. In Malaysia, with the emphasis given by the Malaysian government to the agriculture sector as the third engine of economic growth, and greater efforts to transform the agricultural sector into a modern and vibrant one, the prospects for the food processing industry are promising and will contribute significantly to the economy. Based on this backdrop coupled with the installation of a new production line for fully-cooked meat-based products by the Group in the financial year 2011, we expect to grow our export sales from the financial year 2012 onwards.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility ("CSR") is an integral part of the Group's practice in carrying out its business activities. To this end, the Group has undertaken considerable effort in enhancing the wellbeing of the Group's employees as well as that of the larger society and general environment.

The Group believes that employees' involvement is vital to the success of the Group. The Group strives to motivate and retain the best employees by providing continuous training by sending them to attend relevant courses to upgrade their knowledge and skills within their job scope. The Group also organises annual get-togethers for its employees through annual dinners where they get to know each other better outside the workplace which can greatly enhance their workplace relationship. As an employer, the Group recognises and accepts its responsibilities for providing and maintaining a safe and healthy workplace for all its employees, contractors and visitors.

We support the use of environmental friendly materials to minimise any adverse impact to the natural environment. The Group has taken a small role to help reducing the global warming by creating and instilling awareness among employees on the habits to conserve energy and caring for the environment through proper ways of discharging and disposing production wastes so as to ensure compliance to all relevant environmental laws and other requirements set by the relevant authorities.

CORPORATE GOVERNANCE

The Board is unwavering in the compliance of the corporate governance best practices within the Group as a crucial step towards achieving continuous growth. Bearing this in mind, the Board is committed to implement business strategies that are in line with the Group's vision and deemed to be value-accretive in nature in order to protect and maximize shareholders' value. The measures undertaken by the Board to maintain and improve on the Corporate Governance on a Group-wide basis are highlighted in the Corporate Governance Statement in this Annual Report.

ACKNOWLEDGEMENT

On behalf of the Board, I wish to thank all our shareholders, bankers, valued customers, suppliers and business associates for their trust and continued supports. My sincere appreciation also goes to fellow Board members for their support and advice; and the Management and staff for their hard work, dedication and commitment to the Group.

TAN KHANG KHIM
Executive Chairman

The Board of Directors of SINARIA ("Board") is committed to comply with the Malaysian Code of Corporate Governance ("the Code") and hence, ensuring high standards of corporate governance is in place and is practised throughout the SINARIA Group.

SINARIA has adopted all the best practices recommended by the Code except for the best practice relating to the appointment of a Senior Independent, non-Executive Director to whom shareholders may address their grievances and concerns. Presently, the Board is collectively responsible to address all grievances and concerns brought up by the shareholders but from time to time, the Board will review the need to implement the best practice.

A. Board of Directors

1.1 Composition and balance of the Board

The present Board is headed by the Chairman, and comprises:-

- 3 Executive Directors; and
- 3 Independent Non-Executive Directors; and

The composition of the Board reflects fairly the interest of all shareholders of SINARIA and a strong independent element on the Board. The Board believes that its current size and composition is sufficient and effective in discharging the Board's responsibilities and in meeting SINARIA's current requirements.

There is a clear division of responsibilities between the Chairman and the Chief Executive Officer to ensure that there is a balance of power and authority. The Chairman is responsible for running the Board and ensuring that all Directors receive sufficient and reliable information on financial and non-financial matters to enable them to participate actively in Board decisions whilst the Chief Executive Officer takes overall responsibilities over the operating units, organization effectiveness and implementation of the Board's policies and decisions.

The Independent Directors make up at least 1/3 of the membership of the Board.

1.2 Board Meetings

The Board governs the operations of the Group. The Board meets regularly, at least once every quarter and with additional meetings held as necessary to formulate and adopt strategic business plan for the Group, to evaluate the impact of risks affecting the operations of the Group and to formulate appropriate risk management systems.

The attendance record for each Director at Directors' meeting for the Financial Year 2011 ("FY 2011") is as follows:

Director	No. of meetings held	No. of meetings attended
Tan Khang Khim	5	5
Mohd Ariffin Bin Don	5	5
Low Ai Choo	5	5
Sim Yee Fuan	5	5
Khoo Lay Tatt	5	5
Ustaz Haji Abdul Hamid	5	4
Heinz Geser (Resigned w.e.f. 15 January 2011)	3	3

A. Board of Directors (Cont'd)

1.3 Supply of Information

Meeting agenda and relevant board meeting documents are circulated to the Directors in advance of each meeting to ensure that board meetings are conducted effectively. Any additional information requested by the Directors will be provided in a timely manner.

The proceedings of all board meetings are duly compiled in minutes. The minutes are kept at the registered office of SINARIA.

All Directors will have full access to the information and are entitled to obtain full disclosure by the management and advice or services from the Company Secretary or independent professional on matters that will be put forward to the Board for decision to ensure that they are being discussed and examined in an impartial manner that takes into account the long term interests of shareholders, employees, suppliers, customers and other public in which the group conduct its business.

In leading and controlling the operations of the Group, the Board is assisted by the Board of Directors of each individual subsidiary that is primarily responsible to carry out decisions made by the Board. The Executive Directors of the Company also participate in management meeting of certain subsidiaries to ensure that decisions made by the Board are disseminated and delegated effectively to the management of the subsidiaries.

1.4 Re-election of the Directors

In accordance with the Company's Articles of Association, one-third or nearest to one-third (1/3) of the Board is subject to retirement by rotation at each Annual General Meeting provided always that all Directors including the Managing Director shall retire from office at least once in every three (3) years. The Directors to retire at the Annual General Meeting are Directors who have been longest in office since their appointment or re-election.

A retiring Director is eligible for re-election. The election of each Director is voted on separate resolution.

Any person appointed by the Board either to fill a casual vacancy or as an addition to the existing Directors, shall hold office only until the next Annual General Meeting and shall then be eligible for re-election.

The profile of all Directors including their personal profile, meeting attendance and their shareholdings in SINARIA has been furnished in this Annual Report.

1.5 Directors' Training

All Directors have attended the Mandatory Accreditation Programme ("MAP") within the stipulated timeframe as required by the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Main Market LR").

The Board of Directors will assume the onus of determining or overseeing the training needs for Directors. In this respect, the Directors are encouraged to attend various external professional programmes deemed necessary in order to keep abreast with the latest developments in the market place, advances in corporate governance and to further enhance their skill and knowledge to enable them to discharge their duties as Directors in an effective manner.

A. Board of Directors (Cont'd)

1.5 Directors' Training (Cont'd)

Save for the undermentioned directors who have attended the training as follows, the other Directors have not attended any training during the FY 2011 due to their respective tight schedule and travel commitments:-

Director	Date	Description
Mohd. Ariffin Bin Don	10 May 2011	• CEO Forum on Business Transformation & Innovation (By Penang Development Corporation)
Sim Yee Fuan	23 September 2010	• CCH Workshop – Tax Strategies in China (By CCH)
	14&15 October 2010	• UHY Learning Series #2 – Highlights of the 2010 new FRSs, Revised FRSs and IC Interpretations (By Messrs. UHY)
	4 November 2010	• CMDF-Bursa Research Scheme (By Capital Market Development Fund)
	18 May 2011	• MTDC-Business Forum on Market (By Malaysian Technology Development Corporation)
Khoo Lay Tatt	24 September 2010	• Avenue of Fund Raising, Importance of Investor Relation and Derivatives and Structured Product. (By OSK Investment Bank Berhad)
	26 October 2010	• 2011 Budget and Tax Planning Seminar (By Messrs. Crowe Horwath)
	2 March 2011	• Are corporate leaders save from litigation? (By Chartis Malaysia Insurance Berhad)

2. Board Committees

The Board, in discharging its fiduciary duties, is assisted by the following Board Committees which have been set up for specific functions. The terms of reference for each committee have been approved by the Board and comply with best practices recommended by the Code:-

- Audit Committee
- Remuneration Committee
- Nomination Committee

All the Board Committees are assisted by the Company Secretary.

2.1 Audit Committee

The terms of reference and the function of the Audit Committee are discussed on Page 19 to 22 of this Annual Report.

2.2 Remuneration Committee

The Remuneration Committee currently comprises two (2) Non-Executive Directors and one (1) Executive Director with majority of the members being independent as follows:

Chairman: Khoo Lay Tatt *(Independent Non-Executive Director)*
Members: Tan Khang Khim *(Executive Chairman)*
Ustaz Abdul Hamid Bin Sulaiman *(Independent Non-Executive Director)*

2. Board Committees (Cont'd)

2.2 Remuneration Committee (Cont'd)

The primary function of the Remuneration Committee is to recommend to the Board, from time to time, the remuneration package and terms of employment of each executive director who is to abstain from deliberating and voting on the decision in respect of his/ her own remuneration package. The Board as a whole decides on the remuneration of the non-executive directors. The individual concerned is to abstain from deliberating his/ her own remuneration package. All Directors' fees must be approved by the shareholders at the Annual General Meeting of the Company.

2.3 Nomination Committee

The Nomination Committee ("NC") currently comprises entirely Independent Non-Executive Directors as follows:

Chairman: Ustaz Abdul Hamid Bin Sulaiman *(Independent Non-Executive Director)*
Member: Sim Yee Fuan *(Independent Non-Executive Director)*
Khoo Lay Tatt *(Independent Non-Executive Director)*

The NC is empowered by the Board with the terms of reference to review the structure, size and composition of the Board and make recommendations to the Board with regard to any adjustments that are deemed necessary. The NC also recommends to the Board, the minimum requirements for the Board, ie. required mix of skills, experience, qualification and other core competencies required of a Director including the Managing Director. In addition, the NC also reviews the adequacy of committee structures of the Board Committees, assess and recommend to the Board the terms of reference of the Board Committees.

The Board, through the NC, appraises the composition of the Board. The NC believes that the current composition brings the required mix of skills and core competencies for the Board to discharge its duties effectively. New appointees will be considered and evaluated by the NC. The NC will then recommend the candidates to be approved and appointed by the Board. The Company Secretary will ensure that all appointments are properly made, and that legal and regulatory obligations are observed.

3.0 DIRECTORS' REMUNERATION

The objectives of the Group's policy on Directors' remuneration are to attract and retain Directors of the caliber needed to manage the Group successfully. In the case of Executive Directors, the component parts of their remuneration are structured to link rewards to corporate and individual performances. For Non-Executive Directors, their level of remuneration reflects the experience, expertise and level of responsibilities undertaken by the particular Non-Executive Director concerned.

Details of Directors' remunerations for FY2011 are as follows:

Category	**Fee** (RM)	**Salaries, Bonuses & other emoluments** (RM)	**Total** (RM)
Executive	64,000*	431,307	495,007
Non-Executive Directors	78,000	2,700	80,700
Total	142,000	434,007	576,007

3.0 DIRECTORS' REMUNERATION (CONT'D)

The number of Directors for each band of total remuneration received is as follows:

Band	Executive Directors	Non-Executive Directors
Below RM50,000	1*	3
RM100,001-RM150,000	2	-
RM150,001-RM200,000	1	-

* Included directors' fees for a director who resigned during the financial year.

B. Accountability and Audit

Audit Committee

The composition, terms of reference, attendance of meetings by individual members and the function of the Audit Committee are discussed in Page 19 to 22 of this Annual Report.

1.1 Financial Reporting

In presenting the Annual Report and quarterly announcement of interim financial results to the shareholders, the Board aims to provide and present a balanced and understandable assessment of the Group's financial performance and prospects.

The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

1.2 Internal Control

The Board is fully aware of its responsibility to safeguard and enhance the value of shareholders in SINARIA. In this respect, the Company has engaged an independent firm of professionals to conduct internal audits. The functions of internal auditors are to ensure that adequate system of internal controls exist to assist the management to address operational, regulatory and financial risks.

Information pertaining to the Company's internal controls is shown in the Statement on Internal Controls set out on page 23 to 24 of this Annual Report.

1.3 Relationship with the Auditors

The Board maintains a good professional relationship with the external auditors. It is intended that the Audit Committee will meet with the external auditors at least twice a year to discuss the conduct and concerns arising from their audit.

C. Relationship with Shareholders and Investors

The Board of SINARIA recognizes the value of good investor relation and the importance of disseminating information in a fair and equitable manner. As such, participation of shareholders and investors, both individual and institutional, at general meetings is encouraged. The Board welcomes requests for briefings from the press and investment analysts.

The annual report, together with notice of annual general meeting, is sent to shareholders at least 21 days before the date of each annual general meeting.

In line with the recommendation of the Main Market LR and the Code, material information is disseminated to shareholders and investors on a timely basis. This information can be viewed at the Company's website (www.sinariacorp.com.) and includes:

1. Quarterly announcements
2. Annual reports
3. Circular to shareholders
4. Other important announcements

This statement was made in accordance with a resolution of the Board dated 27 October 2011.

COMPOSITION

Chairman
Khoo Lay Tatt
Independent Non-Executive Director

Member
Sim Yee Fuan
Independent Non-Executive Director

Ustaz Haji Abdul Hamid
Independent Non-Executive Director

TERMS OF REFERENCE

The Committee is governed by the following terms of reference:-

1. Objective

The principal activities of the Audit Committee is to assist the Board of Directors in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the Group. In addition, the committee shall:-

- Evaluate the quality of the audit conducted by the internal and external auditors;
- Provide assurance that the financial information presented by management is relevant, reliable and timely;
- Oversee compliance with laws and regulations and observance of a proper code of conduct; and
- Determine the adequacy of the Group's control environment.

2. Composition

- The Audit Committee shall be appointed by the Board of Directors from amongst their members and comprising not less than three (3) members, exclusively Non-Executive Directors of whom majority shall be the Independent Directors.
- At least one of the members of the Audit Committee must be a member of the Malaysian Institute of Accountants, or if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years of working experience and either must have passed the examinations specified in Part I of the schedule of Accountants Act, 1967, or must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountant Act, 1967 or fulfills such other requirements as prescribed or approved by the Bursa Securities.
- The members of the Audit Committee shall elect a chairman among their number who shall be an Independent director. No alternate director shall be appointed as a member of the Audit Committee.
- If a member of the Audit Committee, for whatsoever reason ceases to be a member with a result that the number of members is reduced below three (3), the Board of Directors shall, within three (3) months of the events, appoints such number of new members as may be required to make the minimum number of three (3) members.

3. Meetings

The Committee is at liberty to determine the frequency of the meetings as least four times annually. The quorum shall consist of two (2) members, where the majority of members present must be independent directors.

3. Meetings (Cont'd)

Attendance of the Meetings

- the external auditors may be invited to attend the meetings. The Committee may invite any person to be in attendance to assist in its deliberations. The other directors and employees attend any particular audit committee meeting only at the audit committee's invitation, specific to the relevant meeting.
- the Company Secretary shall be the Secretary of the Committee and shall be responsible for drawing up the agenda with concurrence of the chairperson and circulating it, supporting by explanatory documentation to committee members prior to each meeting.

4. Authority

- The Audit Committee is authorized by the Board of Directors shall have the authority to investigate any matter within its terms of reference and shall have unlimited access to both the internal and external auditors, as well as the employees of the Group. All employees are directed to co-operate with any request made by the Committee.
- The Committee shall have unlimited access to all information and documents relevant to its activities, to the internal and external auditors, and to senior management of the Group.
- The Committee shall have the authority to obtain independent legal or other professional advice as it considers necessary.
- The Committee shall be able to convene meetings with the external/internal auditors, excluding the attendance of the other directors and employees of the Company, whenever deemed necessary.
- The Audit Committee shall have the power to establish Sub-Audit Committee(s) to carry out certain investigation on behalf of the Committee in such manner, as the Committee deem fit and necessary.

5. Duties and Responsibilities

The duties of the Audit Committee include the followings:-

a) to consider the appointment or re-appointment of external auditors, the audit fee and matter relating to the resignation or dismissal of auditors, if any;

b) to review with the external auditors the audit plan, their evaluation of the system of internal accounting controls, their letter to management and the management's response;

c) to review the quarterly and annual financial statements before submission to the Board of Directors for approval, focusing particularly on:-
   - Changes in accounting policies and practices;
   - Significant and unusual events;
   - Significant adjustments resulting from the audit
   - The going concern assumption;
   - Compliance with accounting standard and other legal requirements

d) to discuss problems and reservations arising from the interim and final audits, and any matter the external/internal auditors may wish to discuss.

e) to do the followings where an internal audit function exists;
   - Review the adequacy of the scope, function, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
   - Review the internal audit programme and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function;

5. Duties and Responsibilities (Cont'd)

- Review any appraisal or assessment of the performance of members of the internal audit function;
- Approve any appointment or termination of senior staff members of the internal audit function;
- Review the resignation of internal audit staff members and provide the staff member the opportunity to submit his reasons for resigning; and
- To consider major findings of Internal investigations and management's response.

f) to consider any related party transaction 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; and

g) to consider other topics as defined by the Board.

6. Reporting

The Committee is authorized to regulate its own procedure and in particular the calling of meetings, the notice to be given of such meetings, the voting and proceeding thereat, the keeping of minutes and the custody, production and inspection of such meetings.

The Minutes of the meetings shall be concluded by the Secretary of the Committee to the Committee members and all the other Board members.

7. Attendance at Meetings

The information on the attendance of each member at the Committee meeting held during the Financial Year 2011 ("FY 2011") is as follows:-

Member	No. of Meeting Held	Attendance
Sim Yee Fuan	5	5
Khoo Lay Tatt	5	5
Ustaz Abdul Hamid Bin Sulaiman	5	4

8. Activities of the Audit Committee

The activities carried out by the Committee during the FY 2011 in the discharge of its duties and responsibilities were as follows:-

- Reviewed the draft quarterly results of the Group and the recommendation of the same to the Board for approval.
- Reviewed the compliance on the Bursa Securities Main Market Listing Requirements, Malaysian Code on Corporate Governance and other statutory requirements.
- Discussed with the external auditors before the audit commences, the nature and scope of the audit.
- Reviewed the external auditors' management letter and management's response.
- Reviewed any related party transactions and conflict of interest situation that may arise within the Company or Group and to monitor any inter-company transaction or any transaction between the Company and any related parties outside the Group.
- Reviewed the quarterly and year-end financial statements of the Company and the Group and thereafter submit them to the Board for approval.

9. Internal Audit Function

The Group has engaged the services of an independent professional accounting and consulting firm, Messrs UHY to provide much of the assurance it requires regarding the effectiveness as well as the adequacy and integrity of the Group's systems of internal control. Messrs UHY reports directly to the Audit Committee on its activities based on the approved annual Internal Audit Plans. Its principal role is to provide independent assurance on the adequacy and effectiveness of governance, risk management and internal control processes. During the financial year ended 31 May 2011, Internal Auditors have conducted review internal control of its subsidiaries focusing on the areas such as Conversion and Production, Sales and Marketing as well as Human Resource Management and presented its findings together with recommendation and management action plan to Audit Committee for review. The annual cost for the Group's internal audit function is RM21,000.00.

Information pertaining to the Company's internal controls is shown in the Statement on Internal Controls set out on page 23 to 24 of this Annual Report.

Pursuant to Paragraph 15.26(b) of Bursa Securities Listing Requirements, the Board of Directors of Sinaria Corporation Berhad is pleased to provide the following statement on the state of internal control of the Group, which has been prepared in accordance with the *Statement on Internal Control: Guidance for Directors of Public Listed Companies ('Internal Control Guidance')* issued by the Institute of Internal Auditors Malaysia and adopted by Bursa Securities.

RESPONSIBILITY FOR RISK AND INTERNAL CONTROL

The Board recognises the importance of a structured risk management and a risk-based internal audit to establish and maintain a sound system of internal control. The Board affirms its overall responsibility for the Group's systems of internal control and for reviewing the adequacy and integrity of those systems. Because of the limitations that are inherent in any systems of internal control, those systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced, or potentially exposed to, by the Group in pursuing its business objectives. This process has been in place throughout the financial year and up to the date of approval of the annual report. The adequacy and effectiveness of this process have been continually reviewed by the Board and are in accordance with the Internal Control Guidance.

RISK MANAGEMENT

The Board and management practice proactive significant risks identification on a quarterly basis or earlier as appropriate, particularly any major proposed transactions, changes in nature of activities and/or operating environment, or venturing into new operating environment which may entail different risks, and put in place the appropriate risk response strategies and controls until those risks are managed to, and maintained at, a level acceptable to the Board.

INTERNAL AUDIT

The Board acknowledges the importance of internal audit function and has engaged the services of an independent professional accounting and consulting firm, Messrs UHY to provide much of the assurance it requires regarding the effectiveness as well as the adequacy and integrity of the Group's systems of internal control.

The internal audit adopts a risk-based approach in developing its audit plan which addresses all the core auditable areas of the Group based on their risk profile. Scheduled internal audits are carried out by the internal auditors based on the audit plan presented to and approved by the Audit Committee. The audit focuses on areas with high risk and inadequate controls to ensure that an adequate action plan has in place to improve the controls. For those areas with high risk and adequate controls, the audit ascertains that the risks are effectively mitigated by the controls. On a quarterly basis or earlier as appropriate, the internal auditors report to the Audit Committee on areas for improvement and will subsequently follow up to determine the extent of their recommendations that have been implemented.

INTERNAL CONTROL

Apart from risk management and internal audit, the Group has put in place the following key elements of internal control:

- An organization structure with well-defined scopes of responsibility, clear lines of accountability, and appropriate levels of delegated authority;
- A process of hierarchical reporting which provides for a documented and auditable trail of accountability;
- A set of documented internal policies and procedures for operational, financial and human resource management, which is subject to regular review and improvement;
- Regular and comprehensive information provided to management, covering financial and operational performance and key business indicators, for effective monitoring and decision making;

INTERNAL CONTROL (CONT'D)

- A comprehensive business planning and detailed budgeting process where operating units prepare budgets for the coming year which are approved both at operating unit level and by the Board;
- Monthly monitoring of results against budget, with major variances being followed up and management action taken, where necessary; and
- Regular visits to operating units by members of the Board and senior management.

Based on the internal auditors' report for the financial year ended 31 May 2011, there is a reasonable assurance that the Group's systems of internal control are generally adequate and appear to be working satisfactorily. A number of minor internal control weaknesses were identified during the financial period, all of which have been, or are being, addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

The Board continues to review and implement measures to strengthen the internal control environment of the Group.

This statement has been reviewed by the external auditors in compliance with Paragraph 15.23 of Bursa Securities Listing Requirements.

This statement is issued in accordance with a resolution of the Directors dated 27 October 2011.

Utilisation of Proceeds

The Public Issue of 24,000,000 new ordinary shares of RM0.50 each in conjunction with the Company's listing on Bursa Securities raised total proceeds of RM13.44 million which have been fully utlised as follows:-

	Intended Timeframe for Utilisation from Date of Listing	Proposed Utilisation RM'000	Actual Utilisation RM'000	Deviation RM'000
Purchase of cold storage facilities and machineries	12 months	5,000	(5,000)	-
Advertisement and brand building	12 months	2,500	(2,500)	-
Setting up sales office in Dubai, United Arab Emirates ("UAE")	12 months	500	-	500
Working Capital	12 months	3,640	(4,439)	(799)
Listing expenses	3 months	1,800	(1,501)	299
Total		13,440	(13,440)	-

Note :
The actual utilisation amount for the listing expenses was lower than the budgeted amount. Hence, the balance unutilised amount of RM299,000 was utilised for the Group's working capital purposes as per the disclosure in the Company's Prospectus dated 23 October 2009.

As for the allocation of RM500,000 for setting up sales office in Dubai, UAE, the Board has deliberated and approved the variation of the utilization for working capital purposes instead. The Board is of the view that the long term maintenance of a sales office in Dubai could be expensive and not cost effective as marketing efforts for UAE markets could be carried out through the appointment of agents/distributors in Dubai. Such variation in the utilization of IPO proceeds was for the best interest of the Group.

Share Buyback

During the financial year, there was no share buyback by the Company.

Options, Warrants or Convertible Securities

No options, warrants or convertibles securities were issued by the Company during the financial year.

American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme

During the financial year, the Company did not sponsor any of such programme.

Imposition of Sanctions and/or Penalties

There were no material sanction and/or penalties imposed on the Company and its subsidiary companies, Directors or management by the regulatory bodies.

Non-Audit Fees

The amount of non-audit fees incurred for services rendered to the Company and its subsidiary companies for the financial year by the Company's Auditors, or a firm or company affiliated to the Auditors' firm is RM16,680.

Profit Forecast and Unaudited Results Deviation

There was no profit forecast issued by the Group during the financial year.

The audited consolidated results during the financial year of the Group did not deviate by more than 10% of the unaudited consolidated results of the Group as announced via the BURSALINK on www.bursamalaysia.com on 29 July 2011.

Profit Guarantee

There was no profit guarantee issued by the Group during the financial year.

Revaluation Policy

The policy on revaluation of properties is as disclosed in the financial statements.

Material Contract

Neither SINARIA nor its subsidiaries have entered into any contracts which are material (not being contracts entered into in the ordinary course of business) involving Directors' and substantial shareholders interests either still subsisting as at 31 May 2011 or since the end of the previous financial year.

Recurrent Related Party Transactions of a Revenue or Trading Nature

The details of Recurrent Related Party Transactions concluded and their actual amount entered into during the financial year ended 31 May 2011 are as follows:-

No.	Related Parties Buyer	Related Parties Seller	Nature of Transactions	Interested Related Party	Actual Amount (RM)
1.	Angliss Food	SCSSB	Sale of goods to Angliss Food by SCSSB.	**Interested Director & Shareholder** Tan Khang Chang is deemed a person connected to Tan Khang Khim pursuant to Section 122A of the Act as he is the brother of Tan Khang Khim.	4,543,040.83
2.	SCSSB	Angliss Food	Commission charged to SCSSB by Angliss Food for sale of SCSSB's goods.	**Interested Director & Shareholder** Tan Khang Chang is deemed a person connected to Tan Khang Khim pursuant to Section 122A of the Act as he is the brother of Tan Khang Khim.	665,252.01

Notes:

Angliss Food – Angliss Food Sdn. Bhd.
SCSSB – Saudi Cold Storage Sdn. Bhd.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required to prepare audited financial statements that give a true and fair view of the state of affairs, including the cash flow and results, of the Group and the Company as at the end of each financial year.

In preparing these financial statements, the Directors have considered the following:

- that the Group and the Company have used appropriate accounting policies, and are consistently applied;
- that reasonable and prudent judgements and estimates were made;
- that the approved accounting standards in Malaysia have been applied; and
- that the preparation of the financial statements on a going concern basis.

The Directors are responsible for ensuring that the Company maintains proper accounting records which disclose with reasonable accuracy the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have general responsibility for taking such steps that are reasonably available to them to safeguard the assets of the Group and the Company, and to prevent and detect fraud and other irregularities.

This statement was made in accordance with a resolution of the Board dated 27 October 2011.

FINANCIAL REPORT

The directors hereby submit their report and the audited financial statements of the Group and the Company for the financial year ended 31 May 2011.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are disclosed in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group RM	The Company RM
Profit for the financial year	2,179,887	1,757,458

DIVIDENDS

During the financial year, the Company paid a first and final single tier dividend of 1 sen per share amounting to RM900,000 in respect of the financial year ended 31 May 2010.

The directors proposed a first and final single tier dividend of 1 sen per share in respect of the financial year ended 31 May 2011. The dividend will be subject to shareholders' approval at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year apart from those disclosed in the financial statements.

ISSUE OF SHARES OR DEBENTURES

There was no issue of shares or debentures by the Company during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No share options were granted by the Company during the financial year.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would require the writing off of bad debts or render the amount of the allowance made for doubtful debts inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and the Company were made out, the directors took reasonable steps to ascertain whether any current assets, other than debts, were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and the Company and to the extent so ascertained were written down to an amount that they might be expected to realise.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

(i) any charge on the assets of the Group or the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability in respect of the Group or the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Group or the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or in the financial statements of the Group and the Company that would render any amount stated in the respective financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

Except for any effects arising from the changes in accounting policies following the adoption of the amended/revised/new Financial Reporting Standards as disclosed in Note 2.2 to the financial statements, the results of the operations of the Group and the Company for the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group or the Company for the financial year in which this report is made.

DIRECTORS OF THE COMPANY

The directors who served since the date of the last report are:-

Tan Khang Khim
Low Ai Choo
Mohd Ariffin Bin Don
Sim Yee Fuan
Khoo Lay Tatt
Ustaz Haji Abdul Hamid Bin Sulaiman
Heinz Geser (resigned on 15.1.2011)

Particulars of the interests in shares in the Company of the directors in office at the end of the financial year, as shown in the Register of Directors' Shareholdings, are as follows:-

	Number of Ordinary Shares of RM0.50 Each					
	Direct Interest				Deemed Interest	
Name of Director	**Balance at 1.6.2010**	**Bought**	**Sold**	**Balance at 31.5.2011**	**Balance at 1.6.2010**	**Balance at 31.5.2011**
Tan Khang Khim	25,435,675	0	0	25,435,675	23,326,811	23,326,811
Low Ai Choo	391,510	0	0	391,510	0	0
Mohd Ariffin Bin Don	364,002	0	0	364,002	0	0
Sim Yee Fuan	10,000	0	0	10,000	0	0

By virtue of his interests in shares in the Company, Tan Khang Khim is also deemed to have interests in shares in the subsidiaries to the extent of the Company's interests, pursuant to Section 6A of the Companies Act 1965.

Save as disclosed above, none of the directors in office at the end of the financial year held any interests in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than the directors' remuneration disclosed 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 the director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 15 SEPTEMBER 2011

Tan Khang Khim

Low Ai Choo

STATEMENT BY DIRECTORS

We, Tan Khang Khim and Low Ai Choo, being two of the directors of Sinaria Corporation Berhad, do hereby state that in the opinion of the directors, the financial statements set out on pages 36 to 72 have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and the Company as at 31 May 2011 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the directors, the supplementary information set out on page 73 is prepared, in all material respects, in accordance with Guidance on Special Matter No. 1 *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 15 SEPTEMBER 2011

Tan Khang Khim **Low Ai Choo**

STATUTORY DECLARATION

I, Tan Khang Khim, being the director primarily responsible for the financial management of Sinaria Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 36 to 72 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 Tan Khang Khim at Georgetown in the State of Penang on this 15 September 2011

Tan Khang Khim

Before me

Goh Suan Bee
Commissioner for Oaths

Report on the Financial Statements

We have audited the financial statements of Sinaria Corporation Berhad, which comprise the statements of financial position as at 31 May 2011 of the Group and the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 36 to 72.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and the Company as at 31 May 2011 and of their financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

(i) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(ii) We are satisfied that the financial statements of the subsidiaries 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 financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(iii) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

The supplementary information set out on page 73 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* as issued by the Malaysian Institute of Accountants ("the MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

Eddy Chan Wai Hun
Approval No: 2182/10/11 (J)
Chartered Accountant

Date: 15 September 2011

Penang

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MAY 2011

	Note	**31.5.2011 RM**	31.5.2010 RM (Restated)	1.6.2009 RM
NON-CURRENT ASSETS				
Property, plant and equipment	4	**33,219,522**	29,035,066	12,673,679
CURRENT ASSETS				
Inventories	6	**21,876,819**	21,716,205	22,982,800
Trade and other receivables	7	**30,899,072**	27,842,068	34,998,355
Prepayments		**3,170,568**	1,372,880	800,349
Current tax assets		**278,170**	278,835	65,162
Cash and cash equivalents	8	**11,672,159**	20,470,566	11,320,183
		67,896,788	71,680,554	70,166,849
CURRENT LIABILITIES				
Trade and other payables	9	**10,077,034**	11,725,676	11,665,725
Loans and borrowings	10	**33,252,416**	32,832,787	32,036,278
Current tax liabilities		**375,965**	390,965	154,465
		43,705,415	44,949,428	43,856,468
NET CURRENT ASSETS		**24,191,373**	26,731,126	26,310,381
NON-CURRENT LIABILITIES				
Loans and borrowings	10	**2,050,603**	2,466,438	856,209
Deferred tax liabilities	11	**1,951,000**	1,188,349	966,000
		4,001,603	3,654,787	1,822,209
NET ASSETS		**53,409,292**	52,111,405	37,161,851
EQUITY				
Share capital	12	**45,000,000**	45,000,000	33,000,000
Revaluation surplus		**1,818,399**	1,818,399	1,890,520
Merger deficit		**(29,296,614)**	(29,296,614)	(29,296,614)
Retained profits		**35,887,507**	34,589,620	31,567,945
TOTAL EQUITY		**53,409,292**	52,111,405	37,161,851

The annexed notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MAY 2011

	Note	**2011 RM**	2010 RM (Restated)
Revenue	13	**118,631,651**	108,761,173
Cost of sales		**(98,228,526)**	(90,203,270)
Gross profit		**20,403,125**	18,557,903
Other income		**434,606**	1,133,035
Administrative and general expenses		**(9,205,168)**	(8,817,706)
Selling and distribution expenses		**(6,283,556)**	(5,275,813)
Finance costs		**(1,808,747)**	(1,549,309)
Profit before tax	14	**3,540,260**	4,048,110
Tax expense	16	**(1,360,373)**	(1,026,435)
Profit for the financial year		**2,179,887**	3,021,675
Other comprehensive income:-			
Revaluation of property, plant an equipment:-			
- Gross revaluation increase		**0**	101,394
- Gross revaluation decrease		**0**	(148,166)
- Deferred tax effects thereof		**0**	(25,349)
Other comprehensive income for the financial year		**0**	(72,121)
Total comprehensive income for the financial year		**2,179,887**	2,949,554
Earnings per share:-	17		
- Basic (sen)		**2.42**	3.81
- Diluted (sen)		**2.42**	3.81

The annexed notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MAY 2011

		Non-distributable			Distributable	
	Share capital RM	**Share premium RM**	**Revaluation surplus RM**	**Merger deficit RM**	**Retained profits RM**	**Total equity RM**
Balance at 1 June 2009						
- Before merger	2	0	0	0	(1,778)	(1,776)
- Issue of shares for acquisition of subsidiaries	32,999,998	0	0	0	0	32,999,998
- Effects arising from merger	0	0	1,890,520	(29,296,614)	31,569,723	4,163,629
- After merger	33,000,000	0	1,890,520	(29,296,614)	31,567,945	37,161,851
Public issue of shares	12,000,000	1,440,000	0	0	0	13,440,000
Share issue expenses	0	(1,440,000)	0	0	0	(1,440,000)
Total comprehensive income for the financial year	0	0	(72,121)	0	3,021,675	2,949,554
Balance at 31 May 2010	45,000,000	0	1,818,399	(29,296,614)	34,589,620	52,111,405
Balance at 1 June 2010						
- As previously reported	45,000,000	0	1,742,354	(29,296,614)	34,589,620	52,035,360
- Effects of adopting amendments to FRS 117	0	0	76,045	0	0	76,045
- As restated	45,000,000	0	1,818,399	(29,296,614)	34,589,620	52,111,405
- Effects of adopting FRS 139	0	0	0	0	18,000	18,000
- As adjusted	45,000,000	0	1,818,399	(29,296,614)	34,607,620	52,129,405
Dividend (Note 18)	0	0	0	0	(900,000)	(900,000)
Total comprehensive income for the financial year	0	0	0	0	2,179,887	2,179,887
Balance at 31 May 2011	45,000,000	0	1,818,399	(29,296,614)	35,887,507	53,409,292

The annexed notes form an integral part of these financial statements.

	Note	**2011 RM**	2010 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**3,540,260**	4,048,110
Adjustments for:-			
Allowance for slow moving inventories		**74,031**	256,814
Bad debts written off		**0**	19,788
Depreciation		**2,868,264**	2,106,367
Gain on disposal of property, plant and equipment		**(55,136)**	(29,965)
Impairment loss on loans and receivables		**83,099**	73,906
Interest expense		**1,808,747**	1,549,309
Interest income		**(249,065)**	(546,432)
Property, plant and equipment written off		**1,495**	67,000
Revaluation decrease of property, plant and equipment		**0**	358,894
Share issue expenses		**0**	61,426
Operating profit before working capital changes		**8,071,695**	7,965,217
Changes in:-			
Inventories		**(234,645)**	1,009,781
Receivables and prepayments		**(4,930,934)**	6,488,582
Payables		**(1,648,642)**	59,951
Financial instruments at fair value through profit or loss		**18,000**	0
Cash generated from operations		**1,275,474**	15,523,531
Tax paid		**(836,009)**	(806,608)
Tax refunded		**223,952**	0
Net cash from operating activities		**663,417**	14,716,923
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**249,065**	546,432
Proceeds from disposal of property, plant and equipment		**67,500**	143,000
Purchase of property, plant and equipment	19	**(6,313,088)**	(18,397,485)
Net cash used in investing activities		**(5,996,523)**	(17,708,053)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		**(900,000)**	0
Increase/(Decrease) in short-term loans and borrowings (net)		**1,087,712**	(1,723,334)
Interest paid		**(1,815,604)**	(1,547,829)
Proceeds from issue of shares		**0**	13,440,000
Repayment of hire purchase obligations		**(877,588)**	(1,096,987)
Repayment of term loan		**(481,915)**	(115,640)
Share issue expenses paid		**0**	(1,501,426)
Term loan raised		**0**	2,400,000
Net cash (used in)/from financing activities		**(2,987,395)**	9,854,784
Net (decrease)/increase in cash and cash equivalents		**(8,320,501)**	6,863,654
Cash and cash equivalents brought forward		**17,215,359**	10,351,705
Cash and cash equivalents carried forward	8	**8,894,858**	17,215,359

The annexed notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2011

	Note	2011 RM	2010 RM
NON-CURRENT ASSETS			
Investments in subsidiaries	5	**56,463,546**	56,463,546
CURRENT ASSETS			
Other receivables	7	**2,501,000**	501,000
Cash and cash equivalents	8	**24,950**	7,693,942
		2,525,950	8,194,942
CURRENT LIABILITIES			
Other payables	9	**12,228,642**	18,755,092
		12,228,642	18,755,092
NET CURRENT LIABILITIES		**(9,702,692)**	(10,560,150)
NET ASSETS		**46,760,854**	45,903,396
EQUITY			
Share capital	12	**45,000,000**	45,000,000
Retained profits		**1,760,854**	903,396
TOTAL EQUITY		**46,760,854**	45,903,396

The annexed notes form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MAY 2011

	Note	**2011 RM**	2010 RM
Revenue	13	**2,000,000**	1,060,000
Other income		**42,739**	53,755
Administrative and general expenses		**(273,218)**	(208,581)
Profit before tax	14	**1,769,521**	905,174
Tax expense	16	**(12,063)**	0
Profit for the financial year		**1,757,458**	905,174
Other comprehensive income for the financial year		**0**	0
Total comprehensive income for the financial year		**1,757,458**	905,174

The annexed notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MAY 2011

	Share capital RM	Share premium RM	(Accumulated losses)/ Retained profits RM	Total equity RM
Balance at 1 June 2009	2	0	(1,778)	(1,776)
Issue of shares for acquisition of subsidiaries	32,999,998	0	0	32,999,998
Public issue of shares	12,000,000	1,440,000	0	13,440,000
Share issue expenses	0	(1,440,000)	0	(1,440,000)
Total comprehensive income for the financial year	0	0	905,174	905,174
Balance at 31 May 2010	45,000,000	0	903,396	45,903,396
Dividend (Note 18)	0	0	(900,000)	(900,000)
Total comprehensive income for the financial year	0	0	1,757,458	1,757,458
Balance at 31 May 2011	45,000,000	0	1,760,854	46,760,854

The annexed notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2011

	Note	**2011** **RM**	2010 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**1,769,521**	905,174
Adjustments for:-			
Dividend income		**(2,000,000)**	(1,060,000)
Interest income		**(42,739)**	(53,755)
Share issue expenses		**0**	61,426
Operating loss before working capital changes		**(273,218)**	(147,155)
Changes in:-			
Receivables		**(2,000,000)**	(501,000)
Payables		**(6,526,450)**	18,753,314
Cash (absorbed by)/generated from operations		**(8,799,668)**	18,105,159
Tax paid		**(12,063)**	0
Net cash (used in)/from operating activities		**(8,811,731)**	18,105,159
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiary		**0**	(23,463,548)
Dividend received		**2,000,000**	1,060,000
Interest received		**42,739**	53,755
Net cash from/(used in) investing activities		**2,042,739**	(22,349,793)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		**(900,000)**	0
Proceeds from issue of shares		**0**	13,440,000
Share issue expenses paid		**0**	(1,501,426)
Net cash (used in)/from financing activities		**(900,000)**	11,938,574
Net (decrease)/increase in cash and cash equivalents		**(7,668,992)**	7,693,940
Cash and cash equivalents brought forward		**7,693,942**	2
Cash and cash equivalents carried forward	8	**24,950**	7,693,942

The annexed notes form an integral part of these financial statements.

1. GENERAL INFORMATION

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

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are disclosed in Note 5.

The registered office of the Company is located at 57-G Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang and its principal place of business is located at Plot 331, Taman Perindustrian Sungai Petani Fasa 3, 08000 Sungai Petani, Kedah.

The consolidated financial statements set out on pages 36 to 39 together with the notes thereto cover the Company and its subsidiaries ("the Group"). The separate financial statements of the Company set out on pages 40 to 43 together with the notes thereto cover the Company solely.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 15 September 2011.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation of Financial Statements

The financial statements of the Group and the Company are prepared under the historical cost convention, modified to include other bases of measurement as disclosed in other sections of the significant accounting policies, and in accordance with Financial Reporting Standards ("FRSs") and the Companies Act 1965 in Malaysia.

The financial statements are presented in Ringgit Malaysia ("RM").

The following amended/revised/new FRSs became effective for the financial year under review:-

FRS	Effective for financial periods beginning on or after
Amendments to FRS 1 *First-time Adoption of Financial Reporting Standards* and FRS 127 *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*	1 January 2010
Amendments to FRS 2 *Share-based Payment: Vesting Conditions and Cancellations*	1 January 2010
Amendments to FRS 132 *Financial Instruments: Presentation*	1 January 2010/ 1 March 2010
Amendments to FRS 139 *Financial Instruments: Recognition and Measurement*, FRS 7 *Financial Instruments: Disclosures* and IC Interpretation 9 *Reassessment of Embedded Derivatives*	1 January 2010
Amendments to FRS 139 *Financial Instruments: Recognition and Measurement*	1 January 2010
Amendments to FRSs contained in the document entitled "*Improvements to FRSs (2009)*"	1 January 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of Preparation of Financial Statements (Cont'd)

FRS	Effective for financial periods beginning on or after
FRS 4 *Insurance Contracts*	1 January 2010
FRS 7 *Financial Instruments: Disclosures*	1 January 2010
FRS 8 *Operating Segments*	1 July 2009
FRS 101 *Presentation of Financial Statements* (revised in 2009)	1 January 2010
FRS 123 *Borrowing Costs*	1 January 2010
FRS 139 *Financial Instruments: Recognition and Measurement*	1 January 2010
IC Interpretation 9 *Reassessment of Embedded Derivatives*	1 January 2010
IC Interpretation 10 *Interim Financial Reporting and Impairment*	1 January 2010
IC Interpretation 11 FRS 2 - *Group and Treasury Share Transactions*	1 January 2010
IC Interpretation 13 *Customer Loyalty Programmes*	1 January 2010
IC Interpretation 14 FRS 119 - *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*	1 January 2010

The adoption of the above amended/revised/new FRSs did not result in any significant changes in the accounting policies of the Group and the Company except as disclosed in Note 2.2.

The Group and the Company have not applied the following amended/revised/new FRSs which have been issued as at the end of the reporting period but are not yet effective:-

FRS	Effective for financial periods beginning on or after
Amendment to FRS 1 *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*	1 January 2011
Amendments to FRS 1 *Additional Exemptions for First-time Adopters*	1 January 2011
Amendments to FRS 2 *Share-based Payment*	1 July 2010
Amendments to FRS 2 *Group Cash-settled Share-based Payment Transactions*	1 January 2011
Amendments to FRS 5 *Non-current Assets Held for Sale and Discontinued Operations*	1 July 2010
Amendments to FRS 7 *Improving Disclosures about Financial Instruments*	1 January 2011
Amendments to FRS 138 *Intangible Assets*	1 July 2010
Amendments to IC Interpretation 9 *Reassessment of Embedded Derivatives*	1 July 2010
Amendments to IC Interpretation 14 *Prepayments of a Minimum Funding Requirement*	1 July 2011
Amendments to FRSs contained in the document entitled *"Improvements to FRSs (2010)"*	1 January 2011
FRS 1 *First-time Adoption of Financial Reporting Standards* (revised in 2010)	1 July 2010
FRS 3 *Business Combinations* (revised in 2010)	1 July 2010
FRS 124 *Related Party Disclosures* (revised in 2010)	1 January 2012
FRS 127 *Consolidated and Separate Financial Statements* (revised in 2010)	1 July 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of Preparation of Financial Statements (Cont'd)

FRS	**Effective for financial periods beginning on or after**
IC Interpretation 4 *Determining whether an Arrangement contains a Lease*	1 January 2011
IC Interpretation 12 *Service Concession Arrangements*	1 July 2010
IC Interpretation 15 *Agreements for the Construction of Real Estate*	1 January 2012
IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*	1 July 2010
IC Interpretation 17 *Distributions of Non-cash Assets to Owners*	1 July 2010
IC Interpretation 18 *Transfers of Assets from Customers*	1 January 2011
IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*	1 July 2011

Management foresees that the initial application of the above amended/revised/new FRSs will not have any significant impacts on the financial statements except as follows:-

FRS 3 *Business Combinations* (revised in 2010)

FRS 3 (revised in 2010), which supersedes FRS 3 *Business Combinations* (issued in 2005), introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all acquisition-related costs, other than the costs to issue debt or equity securities, shall be recognised in profit or loss as incurred. In accordance with the transitional provisions of FRS 3 (revised in 2010), the Group and the Company will apply the standard prospectively to business combinations for which the acquisition date is on or after the effective date.

FRS 127 *Consolidated and Separate Financial Statements* (revised in 2010)

FRS 127 (revised in 2010), which supersedes FRS 127 *Consolidated and Separate Financial Statements* (revised in 2005), requires the total comprehensive income of a subsidiary to be attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. The revised standard also requires the changes in a parent's ownership interest in a subsidiary that do not result in a loss of control to be accounted for as equity transactions. In accordance with the transitional provisions of FRS 127 (revised in 2010), the aforementioned amendments will be applied prospectively.

2.2 Changes in Accounting Policies

Significant changes in the accounting policies of the Group and the Company following the adoption of the amended/revised/new FRSs are summarised below:-

Amendments to FRS 117 Leases

Included in *Improvements to FRSs (2009)* are amendments to FRS 117 which clarify that the classification of leasehold land as a finance lease or an operating lease shall be based on the extent to which risks and rewards incidental to ownership lie.

Prior to the adoption of the amendments to FRS 117, leasehold land was classified as an operating lease and recognised as prepaid lease payments.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in Accounting Policies (Cont'd)

Amendments to FRS 117 *Leases* (Cont'd)

In accordance with the transitional provisions of the amendments, the Group has reassessed the classification on the effective date on the basis of information existing at the inception of the lease. Accordingly, the effects of adopting the amendments have been accounted for retrospectively in accordance with FRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors* by restating the following comparative figures:-

	As previously reported RM	Effects of adopting amendments to FRS 117 RM	As restated RM
Consolidated Statement of Financial Position (Extract)			
As at 31 May 2010			
Property, plant and equipment	26,585,066	2,450,000	29,035,066
Prepaid lease payments	2,348,606	(2,348,606)	0
Deferred tax liabilities	1,163,000	25,349	1,188,349
Revaluation surplus	1,742,354	76,045	1,818,399
Consolidated Statement of Comprehensive Income (Extract)			
For the financial year ended 31 May 2010			
Other comprehensive income:-			
Revaluation of property, plant and equipment:-			
- Gross revaluation increase	0	101,394	101,394
- Deferred tax effects thereof	0	(25,349)	(25,349)

FRS 123 *Borrowing Costs*

FRS 123, which supersedes FRS 123_{2004} *Borrowing Costs*, removes the option of immediately recognising in profit or loss borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

Prior to the adoption of FRS 123, all borrowing costs were recognised in profit or loss in the period in which they were incurred.

In accordance with the transitional provisions of FRS 123, the Group has applied the standard prospectively to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after the effective date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in Accounting Policies (Cont'd)

FRS 139 *Financial Instruments: Recognition and Measurement*

FRS 139 sets out the accounting principles for recognising and measuring financial instruments. Some of the key principles established are disclosed in Notes 2.8 and 2.9.

Prior to the adoption of FRS 139 (and the amendments thereto), financial assets and financial liabilities were mainly recorded at cost less, in the case of a financial asset, any allowance for diminution in value or impairment. Derivatives were only recognised in the financial statements on settlement dates.

In accordance with the transitional provisions of FRS 139, the effects of adopting the standard have been accounted for prospectively by adjusting the following opening balances in the statement of financial position as at 1 June 2010:-

	As previously reported RM	Effects of adopting FRS 139 RM	As adjusted RM
The Group			
Financial assets at fair value through profit or loss	0	18,000	18,000
Retained profits	34,589,620	18,000	34,607,620

2.3 Basis of Consolidation

A subsidiary is an entity that is controlled by the Group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to the end of the reporting period using the merger method. The merger method is used for business combination involving entities under common control which is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

Under the merger method, the results of the combining entities are presented as if the entities had been combined throughout the reporting period. The cost of merger is cancelled against the par value of shares acquired and any difference arising from the cancellation is taken to equity.

Intragroup balances, transactions, income and expenses are eliminated in full on consolidation.

2.4 Property, Plant and Equipment

Property, plant and equipment are stated at cost or at valuation less accumulated depreciation and accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.6.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Property, Plant and Equipment (Cont'd)

Revaluations of land and buildings are made with sufficient regularity at an interval of not more than five years such that the carrying amounts of the assets do not differ materially from their fair values at the end of the reporting period.

A revaluation increase is recognised in other comprehensive income and accumulated in equity as revaluation surplus or recognised in profit or loss to the extent that the increase reverses a revaluation decrease of the same asset previously recognised in profit or loss. A revaluation decrease is recognised in profit or loss or recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of the same asset.

Freehold land is not depreciated. Leasehold land is depreciated on a straight-line basis over the lease term of 47 years. Other property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets using the following annual rates:-

Buildings	2%
Plant, machinery and factory equipment	10%
Furniture, fittings and office equipment	10%
Electrical installation and renovation	10%
Motor vehicles	20%

The residual value, useful life and depreciation method of an asset are reviewed at least at the end of each reporting period and any changes in expectations from previous estimates are accounted for prospectively as changes in accounting estimates.

2.5 Investments in Subsidiaries

As required by the Companies Act 1965, the Company prepares separate financial statements in addition to the consolidated financial statements. In the separate financial statements of the Company, investments in subsidiaries are stated at cost less impairment losses, if any. The impairment policy is disclosed in Note 2.6.

2.6 Impairment of Non-financial Assets

At the end of each reporting period, the Group and the Company assess whether there is any indication that a non-financial asset, other than inventories, may be impaired. If any such indication exists, the recoverable amount of the asset, being the higher of its fair value less costs to sell and its value in use, is estimated. Irrespective of whether there is any indication of impairment, goodwill is tested for impairment annually. Any excess of the carrying amount of the asset over its recoverable amount represents an impairment loss and is recognised in profit or loss or, in respect of a revalued asset, treated as a revaluation decrease.

An impairment loss on an asset, other than goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount and it is reversed only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised. The reversal is recognised in profit or loss or, in respect of a revalued asset, treated as a revaluation increase. An impairment loss on goodwill is not reversed.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Inventories

Inventories of materials and goods are valued at the lower of cost (determined principally on the first-in, first-out basis) and net realisable value. Cost consists of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

2.8 Financial Assets

Financial assets of the Group and the Company consist of receivables, derivatives and cash and cash equivalents.

Recognition and Measurement

A financial asset is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. A regular way purchase or sale of financial assets is recognised or derecognised using settlement date accounting. A financial asset is initially recognised at fair value plus, in the case of a financial asset not at fair value through profit or loss, directly attributable transaction costs. The subsequent measurement of a financial asset depends on its classification as follows:-

(i) Financial assets at fair value through profit or loss

All derivatives, except for those designated as hedges, are classified as held for trading under this category. After initial recognition, such financial assets are measured at fair value. Any gain or loss arising from a change in the fair value is recognised in profit or loss.

(ii) Held-to-maturity investments

The Group and the Company do not have any financial assets classified under this category.

(iii) Loans and receivables

All receivables and cash and cash equivalents are classified under this category. After initial recognition, such financial assets are measured at amortised cost using the effective interest method. Any gain or loss is recognised in profit or loss when the financial asset is derecognised or impaired as well as through the amortisation process.

(iv) Available-for-sale financial assets

The Group and the Company do not have any financial assets classified under this category.

A financial asset is derecognised when, and only when, the contractual rights to the cash flows from the financial asset have expired or all the risks and rewards of ownership have been substantially transferred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial Assets (Cont'd)

Impairment

At the end of each reporting period, the Group and the Company assess whether there is any objective evidence that a financial asset or group of financial assets classified under loans and receivables is impaired. If any such evidence exists, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted using the asset's original effective interest rate. The asset's carrying amount is reduced through the use of an allowance account and the impairment loss is recognised in profit or loss. The gross carrying amount and the associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the increased carrying amount does not exceed what the amortised cost would have been had no impairment loss been recognised at the reversal date. The reversal is recognised in profit or loss.

Determination of Fair Values

The carrying amounts of receivables and cash and cash equivalents which are short-term in nature or repayable on demand are assumed to be reasonable approximations of fair values.

The fair values of forward exchange contracts are estimated by discounting the differences between the contractual forward prices and the current forward prices for the remaining maturity periods of the contracts using a risk-free interest rate.

2.9 Financial Liabilities

Financial liabilities of the Group and the Company consist of payables, loans and borrowings and derivatives (including financial guarantee contracts).

Recognition and Measurement

A financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is initially recognised at fair value less, in the case of a financial liability not at fair value through profit or loss, directly attributable transaction costs. After initial recognition, all financial liabilities, except for financial liabilities at fair value through profit or loss and financial guarantee contracts, are measured at amortised cost using the effective interest method. Any gain or loss is recognised in profit or loss when the financial liability is derecognised as well as through the amortisation process.

(i) Financial liabilities at fair value through profit or loss

All derivatives, except for financial guarantee contracts or those designated as hedges, are classified as held for trading under this category. After initial recognition, such financial liabilities are measured at fair value. Any gain or loss arising from a change in the fair value is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Financial Liabilities (Cont'd)

Recognition and Measurement (Cont'd)

(ii) Financial guarantee contracts

After initial recognition at fair value, if any, financial guarantee contracts are measured at the higher of the amount initially recognised less appropriate amortisation and the estimate of any probable obligation.

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires.

Determination of Fair Values

The carrying amounts of payables and loans and borrowings which are short-term in nature or repayable on demand are assumed to be reasonable approximations of fair values.

The fair values of long-term loans and borrowings are estimated by discounting the expected future cash flows using the current market interest rates for similar liabilities.

The fair values of forward exchange contracts are estimated by discounting the differences between the contractual forward prices and the current forward prices for the remaining maturity periods of the contracts using a risk-free interest rate.

The fair values of financial guarantee contracts are estimated based on probability-adjusted discounted cash flow analysis after considering the probability of default by the debtors.

2.10 Leases

Finance Lease

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee.

A finance lease, including hire purchase, is initially recognised as an asset and liability at the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The minimum lease payments are subsequently apportioned between the finance charge and the reduction of the outstanding liability so as to produce a constant periodic rate of interest on the remaining balance of the liability. The depreciation policy for depreciable leased assets is consistent with that for equivalent owned assets.

Operating Lease

An operating lease is a lease other than a finance lease.

Lease payments under an operating lease are recognised in profit or loss on a straight-line basis over the lease term.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Foreign Currency Transactions and Translation

The consolidated financial statements and separate financial statements of the Company are presented in Ringgit Malaysia, which is also the Company's functional currency, being the currency of the primary economic environment in which the entity operates. Items included in the financial statements of each individual entity within the Group are measured using the individual entity's own functional currency.

A foreign currency transaction is recorded in the functional currency using the exchange rate at transaction date. At the end of the reporting period, foreign currency monetary items are translated into the functional currency using the closing rate. Foreign currency non-monetary items measured at cost are translated using the exchange rate at transaction date whereas those measured at fair value are translated using the exchange rate at valuation date. Exchange differences arising from the settlement or translation of monetary items are recognised in profit or loss. Any exchange component of the gain or loss on a non-monetary item is recognised on the same basis as that of the gain or loss, i.e. in profit or loss or in other comprehensive income.

2.12 Share Capital

Ordinary shares are classified as equity. Transaction costs that relate to the issue of new shares are accounted for as a deduction from equity.

Dividends on shares declared and unpaid at the end of the reporting period are recognised as a liability whereas dividends proposed or declared after the reporting period are disclosed in the notes to the financial statements.

2.13 Income Recognition

Income from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Dividend income is recognised when the shareholder's right to receive payment is established.

Interest income is recognised using the effective interest method.

2.14 Employee Benefits

Short-term Employee Benefits

Short-term employee benefits such as wages, salaries, bonuses and social security contributions are recognised in profit or loss in the period in which the associated services are rendered by the employee.

Defined Contribution Plans

As required by law, employers in Malaysia make contributions to the statutory pension scheme, Employees Provident Fund ("EPF"). Contributions to defined contribution plans are recognised in profit or loss in the period in which the associated services are rendered by the employee.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, which is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of the asset, until such time as the asset is substantially ready for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.16 Income Taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax represents the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided for under the liability method in respect of all temporary differences between the carrying amount of an asset or liability and its tax base except for those temporary differences associated with goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting nor taxable results at the time of the transaction.

A deferred tax liability is recognised for all taxable temporary differences whereas a deferred tax asset is recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.17 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, term deposits (including those pledged as security), bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3. JUDGEMENTS AND ESTIMATION UNCERTAINTY

Judgements Made in Applying Accounting Policies

In the process of applying the accounting policies of the Group and the Company, management makes the following judgements, apart from those involving estimations, that can significantly affect the amounts recognised in the financial statements:-

(i) Classification of leasehold land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to ownership of the land through a finance lease.

Sources of Estimation Uncertainty

The key assumptions about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

(i) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets. Management estimates the useful lives to be within 5 to 47 years. Changes in the expected level of usage and technological development will impact on the economic useful lives and residual values of the assets and therefore, future depreciation charges may be revised. The carrying amounts of property, plant and equipment are disclosed in Note 4.

(ii) Impairment of non-financial assets

When the recoverable amount of a non-financial asset is determined based on its value in use, estimates on future cash flows and appropriate discount rate are required to determine the present value of those cash flows. The carrying amounts of non-financial assets subject to impairment assessment are disclosed in Note 4.

(iii) Allowance for inventories

Reviews are made periodically by management on inventories for excess inventories, obsolescence and decline in net realisable value below cost. These reviews require the use of judgements and estimates. Possible changes in these estimates may result in revisions to the valuation of inventories. The carrying amounts of inventories are disclosed in Note 6.

3. JUDGEMENTS AND ESTIMATION UNCERTAINTY (CONT'D)

Sources of Estimation Uncertainty (Cont'd)

(iv) Impairment of loans and receivables

The Group and the Company make allowance for impairment based on an assessment of the recoverability of loans and receivables. Allowance is applied to loans and receivables when there is objective evidence that the balances may not be recoverable. Management specifically analyses historical bad debts, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment. Where expectations are different from previous estimates, the difference will impact on the carrying amounts of loans and receivables as disclosed in Note 7.

(v) Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimates. The Group and the Company recognise tax assets/liabilities based on their understanding of the prevailing tax laws and estimates of whether such assets/liabilities will be realised/settled in the ordinary course of business. Where the final tax outcome of these matters is different from the amounts initially recognised, the difference will impact on the tax recognition in the period in which the outcome is determined. The carrying amounts of tax assets/liabilities as at 31 May 2011 are as follows:-

	The Group RM	The Company RM
Current tax assets	278,170	0
Current tax liabilities	375,965	0
Deferred tax liabilities	1,951,000	0

4. PROPERTY, PLANT AND EQUIPMENT

The Group

	Freehold land RM	Short-term leasehold land RM	Buildings RM	Plant, machinery and factory equipment RM	Furniture, fittings and office equipment RM	Electrical installation and renovation RM	Motor vehicles RM	Capital work-in progress RM	Total RM
COST/VALUATION									
Balance at 1 June 2009	2,948,166	0	0	18,313,386	1,298,004	1,215,690	3,976,756	0	27,752,002
Additions	0	2,386,380	10,068,251	2,873,393	1,073,078	1,482,425	308,928	861,000	19,053,455
Disposals/Write-offs	0	0	0	(1,097,400)	(850)	0	(120,000)	0	(1,218,250)
Revaluation	(148,166)	63,620	(518,251)	0	0	0	0	0	(602,797)
Balance at 31 May 2010	2,800,000	2,450,000	9,550,000	20,089,379	2,370,232	2,698,115	4,165,684	861,000	44,984,410
Representing:-									
Cost	0	0	0	20,089,379	2,370,232	2,698,115	4,165,684	861,000	30,184,410
Valuation	2,800,000	2,450,000	9,550,000	0	0	0	0	0	14,800,000
	2,800,000	2,450,000	9,550,000	20,089,379	2,370,232	2,698,115	4,165,684	861,000	44,984,410
Balance at 1 June 2010									
- As previously reported	2,800,000	0	9,550,000	20,089,379	2,370,232	2,698,115	4,165,684	861,000	42,534,410
- Effects of adopting amendments to FRS 117	0	2,450,000	0	0	0	0	0	0	2,450,000
- As restated	2,800,000	2,450,000	9,550,000	20,089,379	2,370,232	2,698,115	4,165,684	861,000	44,984,410
Additions	0	0	32,576	1,052,849	1,792,660	668,170	279,281	3,241,043	7,066,579
Disposals/Write-offs	0	0	0	(4,900)	0	0	(1,036,269)	0	(1,041,169)
Reclassification	0	0	0	2,725,423	0	0	0	(2,725,423)	0
Balance at 31 May 2011	2,800,000	2,450,000	9,582,576	23,862,751	4,162,892	3,366,285	3,408,696	1,376,620	51,009,820
Representing:-									
Cost	0	0	32,576	23,862,751	4,162,892	3,366,285	3,408,696	1,376,620	36,209,820
Valuation	2,800,000	2,450,000	9,550,000	0	0	0	0	0	14,800,000
	2,800,000	2,450,000	9,582,576	23,862,751	4,162,892	3,366,285	3,408,696	1,376,620	51,009,820
ACCUMULATED DEPRECIATION									
Balance at 1 June 2009	0	0	0	10,669,475	717,480	528,460	3,162,908	0	15,078,323
Depreciation	0	37,774	159,357	1,378,431	134,341	132,187	264,277	0	2,106,367
Disposals/Write-offs	0	0	0	(987,577)	(638)	0	(50,000)	0	(1,038,215)
Revaluation	0	(37,774)	(159,357)	0	0	0	0	0	(197,131)
Balance at 31 May 2010	0	0	0	11,060,329	851,183	660,647	3,377,185	0	15,949,344
Depreciation	0	52,127	203,598	1,634,741	419,877	274,457	283,464	0	2,868,264
Disposals/Write-offs	0	0	0	(923)	0	0	(1,026,387)	0	(1,027,310)
Balance at 31 May 2011	0	52,127	203,598	12,694,147	1,271,060	935,104	2,634,262	0	17,790,298
CARRYING AMOUNT									
Balance at 1 June 2009	2,948,166	0	0	7,643,911	580,524	687,230	813,848	0	12,673,679
Balance at 31 May 2010 (Restated)	2,800,000	2,450,000	9,550,000	9,029,050	1,519,049	2,037,468	788,499	861,000	29,035,066
Balance at 31 May 2011	2,800,000	2,397,873	9,378,978	11,168,604	2,891,832	2,431,181	774,434	1,376,620	33,219,522

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The land and buildings were revalued on 31 May 2010 based on the market values given by independent professional valuers using the comparison method. Had the land and buildings been carried at historical cost less accumulated depreciation, the carrying amounts that would have been recognised in the financial statements are as follows:-

	2011 **RM**	2010 RM (Restated)
Freehold land	**1,057,646**	1,057,646
Short-term leasehold land	**2,297,839**	2,348,606
Buildings	**9,726,864**	9,908,894
	13,082,349	13,315,146

The carrying amounts of property, plant and equipment pledged as security for credit facilities granted to the Group are as follows:-

	2011 **RM**	2010 RM (Restated)
Freehold land	**220,000**	220,000
Short-term leasehold land	**2,397,873**	2,450,000
Buildings	**9,378,978**	9,550,000
	11,996,851	12,220,000

The carrying amounts of property, plant and equipment acquired under hire purchase financing which remained outstanding as at the end of the reporting period are as follows:-

	2011 **RM**	2010 RM
Plant and machinery	**1,576,739**	2,357,571
Motor vehicles	**372,544**	415,064
	1,949,283	2,772,635

5. INVESTMENTS IN SUBSIDIARIES

The Company

	2011 **RM**	2010 RM
Unquoted shares, at cost	**56,463,546**	56,463,546

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries, all of which were incorporated in Malaysia, are as follows:-

	Effective Ownership Interest		
Name of Subsidiary	**2011**	2010	**Principal Activity**
Saudi Cold Storage Sdn. Bhd.	**100%**	100%	Wholesaler and dealer of fresh and frozen foods
Perusahaan Saudee Sdn. Bhd.	**100%**	100%	Manufacturer and dealer of processed poultry, beef products, frozen goods and bakery products
Nutriveg Sdn. Bhd.	**100%**	100%	Manufacturer and dealer of vegetarian food products

During the financial year ended 31 May 2010, pursuant to its listing exercise, the Company undertook the following listing scheme:-

(i) acquisition of the entire equity interest in Saudi Cold Storage Sdn. Bhd. from a director and a company in which the director has a substantial financial interest for a total purchase consideration of RM31,827,311 satisfied by the issue of 63,654,622 ordinary shares of RM0.50 each in the Company;

(ii) acquisition of 4.76% equity interest in Perusahaan Saudee Sdn. Bhd. from certain directors for a total purchase consideration of RM1,172,685 satisfied by the issue of 2,345,370 ordinary shares of RM0.50 each in the Company;

(iii) acquisition of 95.24% equity interest in Perusahaan Saudee Sdn. Bhd. from Saudi Cold Storage Sdn. Bhd. for a total purchase consideration of RM23,463,546 satisfied by cash;

(iv) acquisition of 2 ordinary shares of RM1.00 each in Perusahaan Saudee Sdn. Bhd. for a total purchase consideration of RM2 satisfied by cash; and

(v) acquisition of the entire equity interest in Nutriveg Sdn. Bhd. from certain directors for a total purchase consideration of RM2 satisfied by the issue of 4 ordinary shares of RM0.50 each in the Company.

The above acquisitions were completed in September 2009.

6. INVENTORIES

The Group

	2011	2010
	RM	RM
Raw materials	**8,045,893**	7,929,170
Packing materials	**1,075,676**	1,014,751
Work-in-progress	**437,766**	0
Finished goods	**8,016,771**	9,934,111
Goods-in-transit	**4,300,713**	2,838,173
	21,876,819	21,716,205

7. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
Trade receivables:-				
- Related party*	**2,265,726**	4,397,193	**0**	0
- Unrelated parties	**28,352,971**	23,187,300	**0**	0
- Allowance for impairment	**(271,415)**	(188,316)	**0**	0
	28,081,556	22,998,984	**0**	0
	30,347,282	27,396,177	**0**	0
Other receivables:-				
- Subsidiary	**0**	0	**2,500,000**	500,000
- Unrelated parties	**551,790**	445,891	**1,000**	1,000
	551,790	445,891	**2,501,000**	501,000
	30,899,072	27,842,068	**2,501,000**	501,000

* *Being a company in which a close family member of certain directors has a substantial financial interest*

Trade Receivables

Trade receivables are unsecured, non-interest bearing and generally on 7 to 90 day terms.

The movements in allowance for impairment are as follows:-

	The Group	
	2011	2010
	RM	RM
Balance at 1 June	**188,316**	114,410
Impairment loss recognised	**83,099**	73,906
Balance at 31 May	**271,415**	188,316

All the above impairment losses were individually determined after considering the adverse financial conditions of the debtors who have defaulted/delayed in payments.

The ageing analysis of trade receivables not impaired is as follows:-

	The Group	
	2011	2010
	RM	RM
Not past due	**12,045,727**	11,754,591
Past due 1 to 90 days	**10,990,475**	10,395,320
Past due 91 to 360 days	**6,290,793**	4,833,748
Past due more than 360 days	**1,020,287**	412,518
	30,347,282	27,396,177

7. TRADE AND OTHER RECEIVABLES (CONT'D)

Trade receivables that are neither past due nor impaired mainly relate to creditworthy customers who have regular transactions and good payment records with the Group.

Management determines credit risk concentration in terms of counterparties. As at 31 May 2011, there was 1 (2010 : 2) major customer that accounted for 10% or more of the Group's trade receivables and the total outstanding balance due from this major customer amounted to RM4,170,559 (2010 : RM8,059,081).

Other Receivables

Other receivables are unsecured and non-interest bearing. The amount owing by subsidiary is repayable on demand. The amounts owing by unrelated parties mainly consist of refundable deposits which have no fixed repayment terms.

8. CASH AND CASH EQUIVALENTS

	The Group		**The Company**	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
Term deposits with licensed banks (fixed rate)	**8,712,027**	16,742,584	**0**	7,200,000
Cash and bank balances	**2,960,132**	3,727,982	**24,950**	493,942
	11,672,159	20,470,566	**24,950**	7,693,942

Certain term deposits of the Group totalling RM7,798,857 (2010 : RM7,342,584) have been pledged as security for credit facilities granted to the Group. Accordingly, these term deposits are not freely available for use.

The effective interest rates of term deposits as at 31 May 2011 ranged from 2.75% to 3.08% (2010 : 1.85% to 3.00%) per annum.

For the purpose of statement of cash flows, cash and cash equivalents are presented net of bank overdrafts as follows:-

	The Group		**The Company**	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
Cash and cash equivalents	**11,672,159**	20,470,566	**24,950**	7,693,942
Bank overdrafts	**(2,777,301)**	(3,255,207)	**0**	0
	8,894,858	17,215,359	**24,950**	7,693,942

9. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
Trade payables	**7,928,832**	8,919,853	**0**	0
Other payables:-				
- Subsidiary	**0**	0	**12,073,742**	18,649,016
- Unrelated parties	**2,148,202**	2,805,822	**154,900**	106,076
	2,148,202	2,805,822	**12,228,642**	18,755,092
	10,077,034	11,725,676	**12,228,642**	18,755,092

The currency profile of trade and other payables is as follows:-

	The Group		The Company	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
Ringgit Malaysia	**5,776,322**	8,887,503	**12,228,642**	18,755,092
US Dollar	**4,300,712**	2,838,173	**0**	0
	10,077,034	11,725,676	**12,228,642**	18,755,092

Trade and other payables are generally short-term in nature or repayable on demand and their carrying amounts will approximate to the remaining contractual undiscounted cash flows.

Trade Payables

Trade payables are unsecured, non-interest bearing and generally on 7 to 90 day terms.

Other Payables

Other payables are unsecured and non-interest bearing. The amount owing to subsidiary is repayable on demand. The amounts owing to unrelated parties mainly consist of sundry payables and accruals for operating expenses which are generally due within 30 to 90 days.

10. LOANS AND BORROWINGS

The Group

	2011 RM	2010 RM
Secured		
Hire purchase payables (fixed rate)	**1,315,716**	1,439,813
Banker acceptances (fixed rate)	**28,313,532**	27,518,560
Bank overdrafts (floating rate)	**766,685**	1,023,266
Unsecured		
Banker acceptances (fixed rate)	**1,094,025**	801,285
Bank overdrafts (floating rate)	**2,010,616**	2,231,941
Term loan (fixed rate)	**1,802,445**	2,284,360
	35,303,019	35,299,225
Disclosed as:-		
- Current liabilities	**33,252,416**	32,832,787
- Non-current liabilities	**2,050,603**	2,466,438
	35,303,019	35,299,225

Hire purchase payables are secured against the assets acquired thereunder (Note 4). Other secured loans and borrowings are secured against certain property, plant and equipment (Note 4) and term deposits (Note 8). Unsecured loans and borrowings are guaranteed by the Company.

The effective interest rates of loans and borrowings as at 31 May 2011 ranged from 3.03% to 9.00% (2010 : 2.28% to 9.00%) per annum.

Except for hire purchase payables and term loan, loans and borrowings are generally short-term in nature or repayable on demand and their carrying amounts will approximate to the remaining contractual undiscounted cash flows.

Hire Purchase Payables

Hire purchase payables are repayable over 3 to 7 years. The repayment analysis is as follows:-

	2011 RM	2010 RM
Minimum hire purchase payments:-		
- Within 1 year	**652,187**	895,047
- Later than 1 year and not later than 2 years	**469,126**	392,498
- Later than 2 years and not later than 5 years	**328,724**	277,685
- Later than 5 years	**17,261**	43,253
Total contractual undiscounted cash flows	**1,467,298**	1,608,483
Future finance charges	**(151,582)**	(168,670)
Present value of hire purchase payables:-		
- Within 1 year	**553,151**	775,843
- Later than 1 year and not later than 2 years	**436,261**	365,039
- Later than 2 years and not later than 5 years	**309,427**	257,881
- Later than 5 years	**16,877**	41,050
	1,315,716	1,439,813

10. LOANS AND BORROWINGS (CONT'D)

The carrying amounts of hire purchase payables are reasonable approximations of fair values as their effective interest rates also approximate to the current market interest rates for similar liabilities.

Term Loan

Term loan is repayable over 5 years. The repayment analysis is as follows:-

	2011	2010
	RM	RM
Gross loan instalments:-		
- Within 1 year	**617,244**	617,244
- Later than 1 year and not later than 2 years	**617,244**	617,244
- Later than 2 years and not later than 5 years	**771,555**	1,388,799
Total contractual undiscounted cash flows	**2,006,043**	2,623,287
Future finance charges	**(203,598)**	(338,927)
Present value of term loan:-		
- Within 1 year	**514,407**	481,892
- Later than 1 year and not later than 2 years	**549,161**	514,431
- Later than 2 years and not later than 5 years	**738,877**	1,288,037
	1,802,445	2,284,360

The carrying amount of term loan is reasonable approximation of fair value as its effective interest rate also approximates to the current market interest rates for similar liabilities.

11. DEFERRED TAX LIABILITIES

The Group

	2011	2010
	RM	RM
		(Restated)
Balance at 1 June		
- As previously reported	**1,163,000**	966,000
- Effects of adopting amendments to FRS 117	**25,349**	0
- As restated	**1,188,349**	966,000
Deferred tax expense relating to origination and reversal of temporary differences recognised in:-		
- Profit or loss	**279,513**	197,000
- Other comprehensive income	**0**	25,349
Deferred tax liabilities underprovided in prior years	**483,138**	0
Balance at 31 May	**1,951,000**	1,188,349

The deferred tax liabilities are in respect of the taxable temporary differences between the carrying amount and tax base of property, plant and equipment.

11. DEFERRED TAX LIABILITIES (CONT'D)

Save as disclosed above, as at 31 May 2011, deferred tax liabilities and deferred tax assets have also effectively been recognised and offset against each other by the Group to the extent of approximately RM34,000 (2010 : RM30,000). No further deferred tax assets have been recognised for the excess of the unused capital allowances and tax losses over the taxable temporary differences as follows:-

	2011	2010
	RM	RM
Unused capital allowances	**229,000**	181,000
Unused tax losses	**116,000**	93,000
Taxable temporary differences of property, plant and equipment	**(135,000)**	(119,000)
	210,000	155,000

12. SHARE CAPITAL

	2011		2010	
	No. of shares	**RM**	No. of shares	RM
Ordinary shares of RM0.50 each				
Authorised:-				
At 1 June	**200,000,000**	**100,000,000**	200,000	100,000
Increased during the year	**0**	**0**	199,800,000	99,900,000
At 31 May	**200,000,000**	**100,000,000**	200,000,000	100,000,000
Issued and fully paid-up:-				
At 1 June	**90,000,000**	**45,000,000**	4	2
Issued during the year	**0**	**0**	89,999,996	44,999,998
At 31 May	**90,000,000**	**45,000,000**	90,000,000	45,000,000

13. REVENUE

	The Group		**The Company**	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
Income from sale of goods	**118,631,651**	108,761,173	**0**	0
Gross dividend income from subsidiary	**0**	0	**2,000,000**	1,060,000
	118,631,651	108,761,173	**2,000,000**	1,060,000

14. PROFIT BEFORE TAX

	The Group		The Company	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
Profit before tax is arrived at after charging:-				
Allowance for slow moving inventories	**74,031**	256,814	**0**	0
Auditors' remuneration	**57,000**	52,000	**12,000**	10,000
Bad debts written off	**0**	19,788	**0**	0
Depreciation	**2,868,264**	2,106,367	**0**	0
Directors' remuneration:-				
- Fees	**142,000**	96,000	**142,000**	96,000
- Other emoluments	**434,007**	453,007	**6,500**	0
Fee expense for financial instruments not at fair value through profit or loss	**180,922**	271,974	**144**	229
Impairment loss on loans and receivables	**83,099**	73,906	**0**	0
Interest expense for financial liabilities not at fair value through profit or loss	**1,808,747**	1,549,309	**0**	0
Loss on financial instruments at fair value through profit or loss (classified as held for trading)	**18,000**	0	**0**	0
Property, plant and equipment written off	**1,495**	67,000	**0**	0
Realised loss on foreign exchange	**8,848**	0	**0**	0
Rental of equipment	**83,582**	9,696	**0**	0
Rental of premises	**134,330**	578,985	**0**	0
Revaluation decrease of property, plant and equipment	**0**	358,894	**0**	0
and crediting:-				
Gain on disposal of property, plant and equipment	**55,136**	29,965	**0**	0
Interest income for financial assets not at fair value through profit or loss	**249,065**	546,432	**42,739**	53,755
Realised gain on foreign exchange	**15,252**	61,915	**0**	0

15. EMPLOYEE BENEFITS EXPENSE

	The Group		The Company	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
Short-term employee benefits	**8,533,980**	7,534,038	**148,500**	96,000
Defined contribution plan	**494,386**	430,187	**0**	0
	9,028,366	7,964,225	**148,500**	96,000

16. TAX EXPENSE

	The Group		The Company	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
Tax based on results for the year:-				
Malaysian income tax	**936,000**	773,000	**0**	0
Deferred tax	**279,513**	197,000	**0**	0
	1,215,513	970,000	**0**	0
Tax (over)/under provided in prior years:-				
Malaysian income tax	**(338,278)**	56,435	**12,063**	0
Deferred tax	**483,138**	0	**0**	0
	1,360,373	1,026,435	**12,063**	0

The numerical reconciliation between the applicable tax rate, which is the statutory income tax rate, and the average effective tax rate on results for the year is as follows:-

	The Group		The Company	
	2011	2010	**2011**	2010
	%	%	%	%
Applicable tax rate	**25.00**	25.00	**25.00**	25.00
Non-deductible expenses	**9.00**	7.42	**3.26**	4.28
Non-taxable income	**(0.06)**	(0.34)	**(28.26)**	(29.28)
Reinvestment allowances claimed	**0.00**	(8.34)	**0.00**	0.00
Increase in unrecognised deferred tax assets	**0.39**	0.22	**0.00**	0.00
Average effective tax rate	**34.33**	23.96	**0.00**	0.00

As at 31 May 2011, the Company has sufficient tax exempt income to distribute its entire retained profits as tax exempt dividends. It may also distribute its entire retained profits as at 31 May 2011 as tax exempt dividends under the single tier tax system.

17. EARNINGS PER SHARE

The Group

The basic earnings per share is calculated by dividing the Group's profit for the financial year by the weighted average number of ordinary shares in issue during the financial year as follows:-

	2011	2010
Profit for the financial year (RM)	**2,179,887**	3,021,675
Weighted average number of shares in issue	**90,000,000**	79,347,946
Basic earnings per share (sen)	**2.42**	3.81

The diluted earnings per share equals the basic earnings per share as the Company did not have any dilutive potential ordinary shares during the financial year.

18. DIVIDENDS

The Group and the Company

	2011 **RM**	2010 RM
First and final single tier dividend of 1 sen per share in respect of financial year ended 31 May 2010	**900,000**	0

The directors proposed a first and final single tier dividend of 1 sen per share in respect of the financial year ended 31 May 2011. The dividend will be subject to shareholders' approval at the forthcoming Annual General Meeting.

19. NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS

The Group

Purchase of Property, Plant and Equipment

	2011 **RM**	2010 RM
Cost of property, plant and equipment purchased	**7,066,579**	19,053,455
Amount financed through hire purchase	**(753,491)**	(655,970)
Net cash disbursed	**6,313,088**	18,397,485

20. RELATED PARTY DISCLOSURES

Other than the listing scheme as disclosed in Note 5, significant transactions with related parties during the financial year are as follows:-

	The Group		The Company	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
Key management personnel compensation:-				
- Short-term employee benefits	**550,519**	505,519	**148,500**	96,000
- Defined contribution plan	**43,488**	43,488	**0**	0
	594,007	549,007	**148,500**	96,000
Dividend declared from subsidiary	**0**	0	**2,000,000**	1,060,000
Interest charged to other related party*	**0**	324,805	**0**	0
Purchase of properties from other related party*	**0**	12,000,000	**0**	0
Rental of premises charged by other related party*	**0**	320,000	**0**	0
Commission charged by other related party**	**665,252**	566,560	**0**	0
Sale of goods to other related party**	**4,543,041**	5,968,646	**0**	0

* *Being a company in which a director has a substantial financial interest*

** *Being a company in which a close family member of certain directors has a substantial financial interest*

21. SEGMENT REPORTING

The Group

Operating Segments

Information about operating segments has not been reported separately as the Group's profit or loss, assets and liabilities are mainly confined to a single operating segment, namely the manufacture and sale of food products.

Geographical Information

Information about geographical areas has not been reported separately as the Group operates and generates revenue principally within Malaysia.

Major Customers

The Group does not have any major customer that contributed 10% or more of its total revenue.

22. COMMITMENT FOR PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

The Group

	2011 RM	2010 RM
Contracted but not provided for	**3,045,000**	1,616,000

23. CONTINGENT LIABILITIES - UNSECURED

The Company

The Company has entered into financial guarantee contracts to provide financial guarantees to financial institutions for credit facilities granted to certain subsidiaries up to a total limit of approximately RM63,980,000 (2010 : RM9,998,000). The total utilisation of these credit facilities as at 31 May 2011 amounted to approximately RM25,809,000 (2010 : RM6,068,000).

The aforementioned financial guarantee contracts should have been recognised in the statement of financial position in accordance with the recognition and measurement policies as stated in Note 2.9. After considering that the probability of the subsidiaries defaulting on the credit lines is remote, the financial guarantee contracts have not been recognised as the fair values on initial recognition are not expected to be material.

24. FINANCIAL RISK MANAGEMENT

The activities of the Group expose it to certain financial risks, including credit risk, liquidity risk, currency risk and interest rate risk. The overall financial risk management objective of the Group is to ensure that adequate financial resources are available for business development whilst minimising the potential adverse impacts of financial risks on its financial position, performance and cash flows.

The aforementioned financial risk management objective and its related policies and processes explained below have remained unchanged from the previous financial year.

Credit Risk

The Group's exposure to credit risk arises mainly from receivables, derivative financial assets and deposits placed with financial institutions. The maximum credit risk exposure of these financial assets is best represented by their respective carrying amounts in the statement of financial position. The Company is also exposed to credit risk in respect of its financial guarantees provided for credit facilities granted to certain subsidiaries. The maximum credit risk exposure of these financial guarantees is the total utilisation of the credit facilities granted as disclosed in Note 23.

As the Group only deals with reputable financial institutions, the credit risk associated with derivative financial assets and deposits placed with them is minimal. The Group manages its credit risk exposure of receivables by assessing counterparties' financial standings on an ongoing basis, setting and monitoring counterparties' limits and credit terms.

24. FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity Risk

The Group's exposure to liquidity risk relates to its ability to meet obligations associated with financial liabilities as and when they fall due. The remaining contractual maturities of financial liabilities are disclosed in their respective notes.

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities whilst maintaining sufficient cash and the availability of funding through standby credit facilities.

Currency Risk

The Group's exposure to currency risk arises mainly from transactions entered into in currencies other than its functional currency, i.e. Ringgit Malaysia ("RM"). The major foreign currency transacted is US Dollar ("USD").

The Group observes the movements in exchange rates and acts accordingly to minimise its exposure to currency risk. Where necessary, the Group enters into derivative contracts to hedge the exposure.

Based on a symmetric basis which uses the foreign currency as a stable denominator, the following table demonstrates the sensitivity of profit or loss to changes in exchange rates that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	The Group	
	Increase/ (Decrease) in Profit 2011 RM	Increase/ (Decrease) in Profit 2010 RM
Appreciation of USD against RM by 10%	**(322,553)**	(212,863)
Depreciation of USD against RM by 10%	**322,553**	212,863

Interest Rate Risk

The Group's exposure to interest rate risk arises mainly from interest-bearing financial instruments, namely term deposits and loans and borrowings.

The Group observes the movements in interest rates and always strives to obtain the most favourable rates available for new financing or during repricing. It is also the Group's policy to maintain a mix of fixed and floating rate financial instruments.

24. FINANCIAL RISK MANAGEMENT (CONT'D)

Interest Rate Risk (Cont'd)

As the Group does not account for its fixed rate financial instruments at fair value through profit or loss or as available-for-sale, any change in interest rates at the end of the reporting period would not affect its profit or loss or other comprehensive income. For floating rate financial instruments stated at amortised cost, the following table demonstrates the sensitivity of profit or loss to changes in interest rates that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	The Group	
	Increase/ (Decrease) in Profit 2011 RM	Increase/ (Decrease) in Profit 2010 RM
Increase in interest rates by 100 basis points	**(20,830)**	(24,414)
Decrease in interest rates by 100 basis points	**20,830**	24,414

25. CAPITAL MANAGEMENT

The overall capital management objective of the Group is to safeguard its ability to continue as a going concern so as to provide fair returns to owners and benefits to other stakeholders. In order to meet this objective, the Group always strives to maintain an optimal capital structure to reduce the cost of capital and sustain its business development.

The Group considers its total equity and total loans and borrowings to be the key components of its capital structure and may, from time to time, adjust the dividend payouts, purchase own shares, issue new shares, redeem debts or sell assets, where necessary, to maintain an optimal capital structure. The Group monitors capital using a debt-to-equity ratio, which is calculated as total loans and borrowings divided by total equity. The Group's strategy is to maintain the ratio at below 100% as follows:-

	The Group	
	2011 RM	2010 RM
Total loans and borrowings	**35,303,019**	35,299,225
Total equity	**53,409,292**	52,111,405
Total capital	**88,712,311**	87,410,630
Debt-to-equity ratio	**66%**	68%

	The Group The Group 2011 RM	The Company 2011 RM
Total retained profits of the Company and its subsidiaries:-		
- Realised	60,480,086	1,760,854
- Unrealised	(1,925,651)	0
	58,554,435	1,760,854
Consolidation adjustments and eliminations	(22,666,928)	0
Total retained profits as per statement of financial position	35,887,507	1,760,854

The above supplementary information is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad. Comparative figures are not required in the first financial year of complying with the directive.

LIST OF PROPERTIES

No	Name of Registered Owner / Postal Address / Title Identification	Approx Age of Building / Tenure / Date of Expiry of Lease	Description / Existing Use	Land Area / Build Up Area (m^2)	Net Book Value as at 31 May 2011 RM'000	Year of Valuation
1	Perusahaan Saudee Sdn Bhd/ Plot 331, Jalan PKNK 3/7, Kawasan Perusahaan Sungai Petani Fasa 3, 08000 Sungai Petani, Kedah Darul Aman/ Title No. HSD 52055, Lot No. PT 30508, Town of Sungai Petani, District of Kuala Muda, State of Kedah	10 years/ Leasehold/ 2056	This property is an individually designed detached factory complex, comprising a double-storey detached factory cum office and guard house with toilet/ manufacturing activities	Approximately 30,351 square metres / Approximately 11,641 square metres	11,777	May 2010
2	Saudi Cold Storage Sdn Bhd/ Lot Nos. 3573, 3474, 3575, 3397, 3398, 3399 and 3572, Alor Setar, Kedah/ Title Nos. HSD 7759, 7761, 7762, 7441, 7442, 7443 and 7758 Town of Alor Setar, District of Kota Setar, State of Kedah	Not applicable/ Freehold	Vacant land	Approximately 9,666 square metres	2,800	May 2010

SHARE CAPITAL AS AT 30 SEPTEMBER 2011

Authorized	:	RM100,000,000.00
Issued and Fully paid-up	:	RM45,000,000.00
Class of Share	:	Ordinary Shares of RM0.50 each with equal voting rights
Number of Shareholders	:	1,130

DISTRIBUTION OF SHAREHOLDERS AS AT 30 SEPTEMBER 2011

Holdings	No. of Holders	Total Holdings	%
1 - 99	3	102	0
100 - 1,000	309	161,900	0.18
1,001 - 10,000	355	1,980,500	2.20
10,001 – 100,000	346	12,158,702	13.51
100,001 – 4,499,999	70	26,936,310	29.93
4,500,000 and above	2	48,762,486	54.18
Total	1,085	90,000,000	100.00

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 30 SEPTEMBER 2011

	Name	Shareholdings	%
1.	Tan Khang Khim	25,435,675	28.26
2.	Wide Symbol Sdn. Bhd.	23,326,811	25.92
3.	Low Hung Meng	3,198,300	3.55
4.	Ng Ching Kong	1,800,000	2.00
5.	TASEC Nominees (Tempatan) Sdn. Bhd. Qualifier : TA Capital Sdn. Bhd. for Inspirasi Perkasa Sdn. Bhd.	1,750,000	1.94
6.	Lim Choon Beng	1,452,500	1.61
7.	Ng Cheng Siang	1,200,000	1.33
8.	Goh Siang Giang	793,700	0.88
9.	CIMSEC Nominees (Tempatan) Sdn. Bhd. Qualifier : CIMB Bank for MD Zin Bin Baharom (MY0490)	785,000	0.87
10.	Public Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Ong Kok Thye (E-SPI)	693,000	0.77
11.	Kenanga Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Muhammad Danish Bin Abdullah Manoharan	535,000	0.59
12.	Upstream Downstream Process & Services Sdn. Bhd.	500,000	0.56
13.	Kenanga Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Helen Yong	500,000	0.56
14.	Chong Tong Sing	500,000	0.56
15.	Ahmad Komarolaili Bin Abu	500,000	0.56
16.	Siew Tee Chu	487,200	0.54
17.	Neo Thin Hoay @ Yeoh Thin Hoay	475,000	0.53
18.	AIBB Nominees (Tempatan) Sdn. Bhd. Qualifier : Pledged Securities Account for Goh Kim Choon	464,400	0.52
19.	Mayban Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account For Ong Kok Thye	408,100	0.45

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 30 SEPTEMBER 2011

	Name	Shareholdings	%
20.	Public Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Tan Teng Nguan (E-BMM)	386,400	0.43
21.	Cimsec Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledge Securities CIMB Bank for Lim Chee Beng (Langkap)	376,900	0.42
22.	Public Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Wong Ting Hiong (E-BTL)	370,000	0.41
23.	EB Nominees (Tempatan) Sendirian Berhad Qualifier: Pledged Securities Account for Mohd Ariffin Bin Don (SFC)	364,000	0.40
24.	Heng Choo Hong	345,000	0.38
25.	Ng Chuan Foo	314,000	0.35
26.	CIMSEC Nominees (Tempatan) Sdn. Bhd. Qualifier: CIMB Bank for Teo Chee Peng (MY1116)	310,500	0.35
27.	Jenny Wong	308,800	0.34
28.	EB Nominees (Tempatan) Sendirian Berhad Qualifier: Pledged Securities Account for Chandran A/L Suppiah (SFC)	304,000	0.34
29.	Public Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Cha Sia Ngai (E-BPJ)	300,000	0.33
30.	EB Nominees (Tempatan) Sendirian Berhad Qualifier: Pledged Securities Account for Tan Leong Chin (SFC)	295,400	0.33

SUBSTANTIAL SHAREHOLDERS AS AT 30 SEPTEMBER 2011

	Name	Direct No. of shares held	%	Indirect No. of shares held	%
1.	Tan Khang Khim	25,435,675	28.26	23,326,811*	25.92*
2.	Wide Symbol Sdn. Bhd. (WSSB)	23,326,811	25.92	-	-

* Deemed interested by virtue of his substantial shareholdings in WSSB pursuant to Section 6A of the Companies Act, 1965.

DIRECTORS' SHAREHOLDINGS AS AT 30 SEPTEMBER 2011

	Name	Direct No. of shares held	%	Indirect No. of shares held	%
1.	Tan Khang Khim	25,435,675	28.26	23,326,811*	25.92*
2.	Mohd Ariffin Bin Don	364,002	0.40	-	-
3.	Low Ai Choo	391,510	0.44	-	-
5.	Sim Yee Fuan	10,000	0.01	-	-
6.	Khoo Lay Tatt	-	-	-	-
7.	Ustaz Abdul Hamid Bin Sulaiman	-	-	-	-

* Deemed interested by virtue of his substantial shareholdings in WSSB pursuant to Section 6A of the Companies Act, 1965.

PROXY FORM

SINARIA CORPORATION BERHAD
(Company No. 838172-P)
(Incorporated in Malaysia)

No of ordinary shares held

I/We ____

(*NRIC No./Company No______________________) of ______________________

____

being a *Member/Members of SINARIA CORPORATION BERHAD hereby appoint (Proxy 1)______________

(*NRIC No./Passport No. ______________________) of ______________________

and*/ or failing him* (Proxy 2) ______________________________________

(*NRIC No./Passport No. ______________________) of ______________________

______________________ and*/or failing him*, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Third Annual General Meeting of the Company to be held at Meranti Room, Park Avenue Hotel of E-1 Jalan Indah Dua, Taman Sejati Indah, 08000 Sungai Petani, Kedah on Tuesday, 29 November 2011 at 9.00 a.m. and, at every adjournment thereof to vote as indicated below:-

The proportions of my/our holdings to be represented by our proxy(ies) are as follows:-

Proxy 1 - ________% In case of a vote by show of hands, Proxy 1*/Proxy 2* shall vote on our behalf.
Proxy 2 - ________%
100%

* Strike out whichever is inapplicable

(Please indicate with an "X" in the space provided below on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion)

RESOLUTIONS		FOR	AGAINST
1.	To declare a First and Final Single Tier Dividend of 1 Sen per share for the year ended 31 May 2011.		
2.	To approve the payment of Directors' Fee of an amount up to RM144,000.00 for the financial year ending 31 May 2012.		
	To re-elect the following Directors retiring under the respective provisions of the Articles of Association of the Company, and who, being eligible offer themselves for re-election :-		
3.	Low Ai Choo (Article 97(1))		
4.	Mohd. Ariffin Bin Don (Article 97(1))		
5.	To re-appoint Messrs. Crowe Horwath as Auditors of the Company for the ensuing year and to authorize the Directors to fix their remuneration.		
6.	To pass the following resolution as Special Business :- **Ordinary Resolution** Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965.		

Signature of Shareholder(s) ______________________

Signed this _____ day of ______________ , 2011.

Notes:

A Member of the Company entitled to attend and vote is entitled to appoint up to two (2) proxies to attend and vote in his place. A proxy may but need not be a Member and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. If a Member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

The instrument appointing the proxy shall be in writing, executed by or on behalf of the appointor. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.

The instrument appointing a proxy must be deposited at the Registered Office, 57-G Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang, Malaysia at least 48 hours before the time for holding the Meeting or any adjournments thereof.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

THE COMPANY SECRETARIES
SINARIA CORPORATION BERHAD
57-G Persiaran Bayan Indah
Bayan Bay, Sungai Nibong
11900 Penang

1st fold here

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SINARIA CORPORATION BERHAD (838172-P)