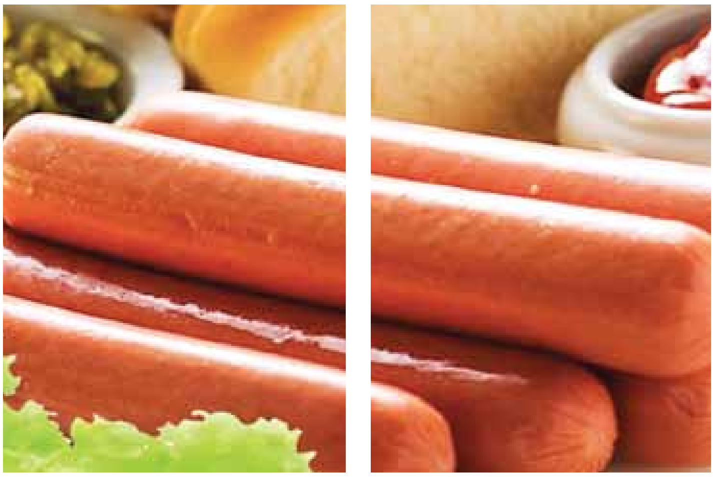
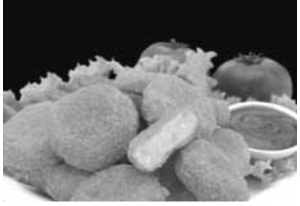
ANNUAL REPORT 2012

"Goodness in every bite"



Sinaria (838172-P)
Sinaria Corporation Berhad




CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fourth Annual General Meeting of the Company will be held at Garuda 2, Cinta Sayang Resort, Persiaran Cinta Sayang, 08000 Sungai Petani, Kedah on Wednesday, 28 November 2012 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 2012 together with the Reports of the Directors and of the Auditors thereon. *(Please refer to Note A)*
2. To approve an increase of the Directors' Fee from RM144,000/- to RM156,000/- for the financial year ending 31 May 2013 and payment of such fees to the Directors. (Resolution 1)
3. 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. Tan Khang Khim (Article 97(1)) (Resolution 2)
   b. Khoo Lay Tatt (Article 97(1)) (Resolution 3)
4. 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 4)

SPECIAL BUSINESS

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

ORDINARY RESOLUTIONS

a) Authority to Issue Shares (Resolution 5)

"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."

b) Renewal of Authority to Purchase its own Shares (Resolution 6)

"That subject to the Companies Act, 1965, provisions of the Company's Memorandum and Articles of Association ("M&A") and the requirements of the Bursa Securities and other relevant governmental and regulatory authorities where such authority shall be necessary, the Board of Directors be authorised to purchase its own shares through Bursa Securities, subject to the following:-

i) The maximum aggregate number of shares which may be purchased by the Company shall not exceed ten per centum (10%) of the issued and paid-up ordinary share capital of the Company at any point in time;
ii) The maximum fund to be allocated by the Company for the purpose of purchasing the Company's shares shall not exceed the retained profits and/or share premium account of the Company. As at the latest financial year ended 31 May 2012, the audited retained profits of the Company stood at RM327,198.00;

iii) The authority conferred by this resolution will be effective immediately upon the passing of this resolution and shall continue to be in force until the conclusion of the next AGM of the Company, at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed either unconditionally or subject to conditions or the expiration of the period within which the next AGM is required by law to be held or unless revoked or varied by ordinary resolution passed by the shareholders in a general meeting, whichever occurs first;

b) iv) Upon completion of the purchase(s) of the shares by the Company, the shares shall be dealt with in the following manner:-

- to cancel the shares so purchased; or
- to retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of the Bursa Securities or subsequently cancelled; or
- retain part of the shares so purchased as treasury shares and cancel the remainder.

The Directors of the Company be and are hereby authorised to take all such steps as are necessary and entering into all other agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments, if any, as may be imposed by the relevant authorities from time to time to implement or to effect the purchase of its own shares in accordance with the Companies Act, 1965, provisions of the Company's M&A, the requirements of the Bursa Securities and any other regulatory authorities, and other relevant approvals."

c) <u>SPECIAL RESOLUTION</u>

<u>Proposed Alteration to the Articles of Association</u> (Resolution 7)

"That the Proposed Alteration to the Articles of Association of the Company as set out in the Appendix A attached together with the Annual Report 2012 be and are hereby approved."

6. 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
2 November 2012

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.

<u>Proxy:</u>

1. For the purpose of determining a member who shall be entitled to attend and vote at the AGM, the Company shall be requesting the Record of Depositors as at 19 November 2012. Only a depositor whose name appears on the Record of Depositors as at 19 November 2012 shall be entitled to attend, speak and vote at the said meeting as well as for appointment of proxy(ies) to attend and vote on his/her stead.

2. 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.

Explanatory Note On Special Business:

1. Resolution pursuant to the Authority to issue Shares

   The proposed Resolution No. 5 [Item 5(a)], if passed, will grant a renewed general mandate (Mandate 2012) 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 2012 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 Third 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.

2. Resolution pursuant to the Authority to Purchase its own Shares

   The proposed Resolution No. 6 [Item 5(b)], if passed, will give the Directors of the Company authority to purchase its own shares up to ten per centum (10%) of the issued and paid-up share capital 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, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next Annual General Meeting.

3. Resolution pursuant to the Alteration to the Articles of Association

   The proposed Resolution 7 [Item 5(c)] is made to comply with the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Further information on the Proposed Alteration to the Articles of Association of the Company is set out in the Appendix A attached to the Annual Report 2012.

Proposed Alteration to the Articles of Association of the Company

1. THAT the existing Article 5 of the Articles of Association to be amended from:-

   "Subject to the approval of the shareholders of the Company, these Articles, the provisions of the Act, the requirements of the Bursa Securities, the Central Depositories Act and or any other relevant authority, the Company may upon the recommendation of the Directors remunerate any employees and/or Directors of the Company or its subsidiaries by establishing an employees' share option scheme to be referred to as ESOS. The terms and conditions of the ESOS shall be determined by the Board of Directors."

   to:

   "Subject to the approval of the shareholders of the Company, these Articles, the provisions of the Act, the requirements of the Bursa Securities, the Central Depositories Act and or any other relevant authority, the Company may upon the recommendation of the Directors remunerate any employees and/or Directors of the Company or its subsidiaries by establishing an **employee share scheme**. The terms and conditions of the **employee share scheme** shall be determined by the Board of Directors."

2. THAT the existing Article 17 of the Articles of Association to be amended from:-

   "The Company shall allot securities and despatch notices of allotment to the allottees, within fifteen (15) Market Days of the final applications closing date for an issue of securities or such other period as may be prescribed by the Bursa Securities."

   to:

   "The Company shall allot securities, despatch notices of allotment to the allottees and apply for the quotation of such securities (where applicable), within eight (8) Market Days of the final applications closing date for an issue of securities or such other period as may be prescribed by the Bursa Securities."

3. THAT the existing Article 66 of the Articles of Association to be amended from:-

   "In every notice calling a meeting of the Company, there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him, and that a proxy need not also be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company, and that where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy, failing which the appointment shall be invalid."

   to:

   "In every notice calling a meeting of the Company, there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him, and that a proxy need not also be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company, and that where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy, failing which the appointment shall be invalid. **A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting."**

4. THAT the following be inserted as Article 67A of the Articles of Association:-

   "(1) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.

   (2) An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of Central Depositories Act."

5. THAT the existing Article 71 of the Articles of Association to be amended from:-

   "All business that is transacted at any extraordinary general meeting and also all business that is transacted at an annual general meeting shall be deemed special, with the exception of the receipt and consideration of the profit and loss account, the balance sheet and group accounts (if any) of the Company and the reports of the Directors and auditors and other documents required to be annexed to the balance sheet, the declaration of dividends, the election of Directors and other officers in the place of those retiring and the appointment of, and the fixing of the remuneration of the auditors."

5. THAT the existing Article 71 of the Articles of Association to be amended from:- (cont'd)

   to:

   "All business that is transacted at any extraordinary general meeting and also all business that is transacted at an annual general meeting shall be deemed special, with the exception of the receipt and consideration of the **Statement** of **Comprehensive Income, Statement of Financial Position and group financial statements** (if any) of the Company and the reports of the Directors and auditors and other documents required to be annexed to the **Statement of Financial Position**, the declaration of dividends, the election of Directors and other officers in the place of those retiring and the appointment of, and the fixing of the remuneration of the auditors."

6. THAT the existing Article 160 of the Articles of Association to be amended from:-

   "The Directors shall cause proper accounting and other records to be kept and shall distribute copies of balance sheets and other documents as required by the Act and shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounting and other records of the Company or any of them shall be open to the inspection of members not being Directors, and no member (not being a Director) shall have any right of inspecting any account or book or paper of the Company except as conferred by statute or authorised by the Directors or by the Company in general meeting. Subject always to Section 167(4) of the Act the books of account or records of operations shall be kept at the Office or at such other place as the Directors think fit and shall always be open to inspection by the Directors."

   to:

   "The Directors shall cause proper accounting and other records to be kept and shall distribute copies of **Statement of Financial Position** and other documents as required by the Act and shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounting and other records of the Company or any of them shall be open to the inspection of members not being Directors, and no member (not being a Director) shall have any right of inspecting any account or book or paper of the Company except as conferred by statute or authorised by the Directors or by the Company in general meeting. Subject always to Section 167(4) of the Act the books of account or records of operations shall be kept at the Office or at such other place as the Directors think fit and shall always be open to inspection by the Directors."

7. THAT the existing Article 161 of the Articles of Association to be amended from:-

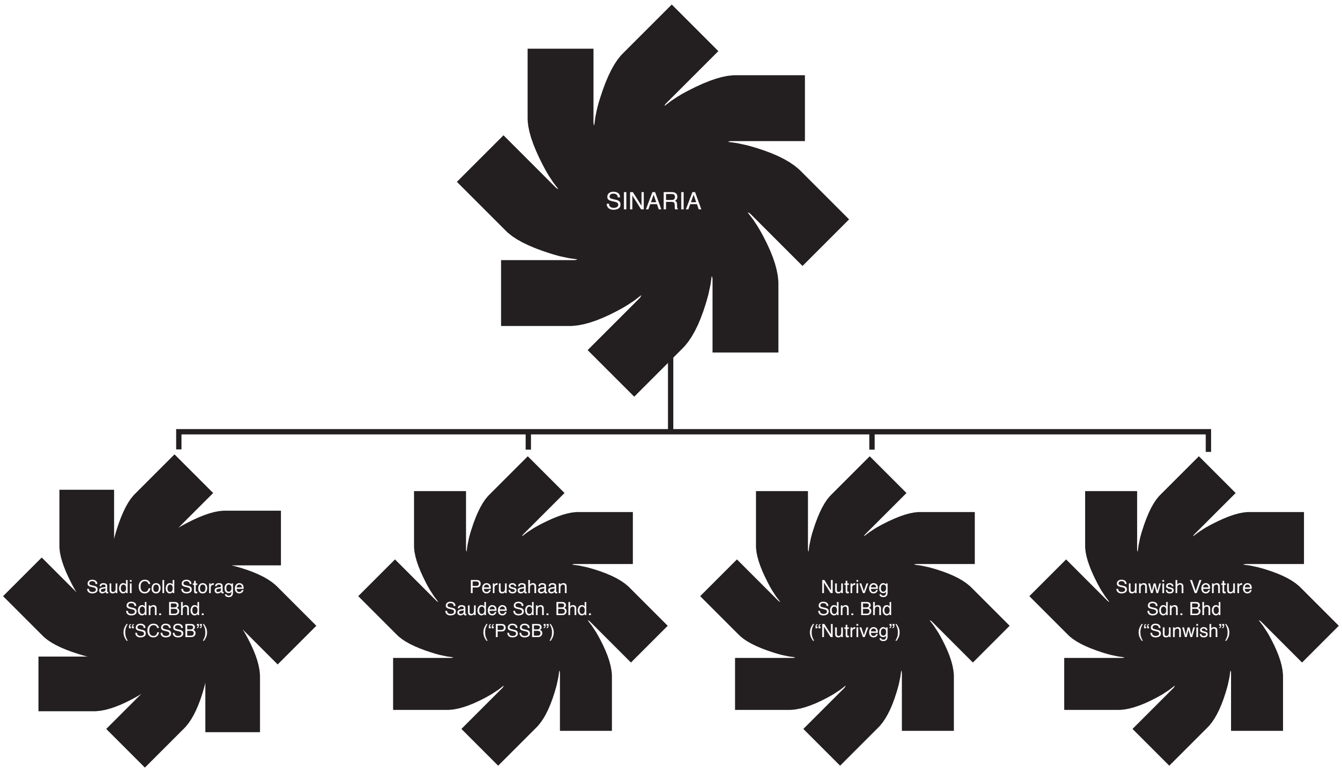
   "The Directors shall from time to time in accordance with Section 169 of the Act, cause to be prepared and laid before the Company in general meeting such profit and loss accounts, balance sheets and report as are referred to in the section. The interval between the close of a financial year of the Company and the issue of the annual audited accounts, the directors' and auditors' report shall not exceed four (4) months. A copy of each such documents shall not less than twenty-one (21) days (or such other shorter period as may be agreed by all members entitled to attend and vote at the meeting) before the date of the meeting, be sent to every member of, and to every holder of debentures of the Company under the provisions of the Act or of these Articles. The requisite number of copies of each such document as may be required by the Bursa Securities shall at the same time be likewise sent to the Bursa Securities provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office."

   to:

   "The Directors shall from time to time in accordance with Section 169 of the Act, cause to be prepared and laid before the Company in general meeting such **Statement of Comprehensive Income**, **Statement of Financial Position** and report as are referred to in the section. The interval between the close of a financial year of the Company and the issue of the annual audited **financial statements**, the directors' and auditors' report shall not exceed four (4) months. A copy of each such documents shall not less than twenty-one (21) days (or such other shorter period as may be agreed by all members entitled to attend and vote at the meeting) before the date of the meeting, be sent to every member of, and to every holder of debentures of the Company under the provisions of the Act or of these Articles. The requisite number of copies of each such document as may be required by the Bursa Securities shall at the same time be likewise sent to the Bursa Securities provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office."

8. THAT the word "accounts" as appeared in Articles 165 and 167 of the Company's Articles of Association respectively, to be amended as "financial statements" accordingly.

CORPORATE STRUCTURE



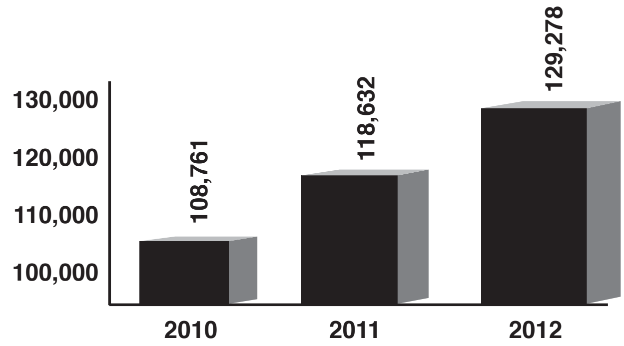
Principal Activities

Sinaria Corporation Berhad (“SINARIA”) is principally involved in investment holding and provision of management services. The subsidiaries of SINARIA during the financial year ended 31 May 2012 (FY2012) were as follows:

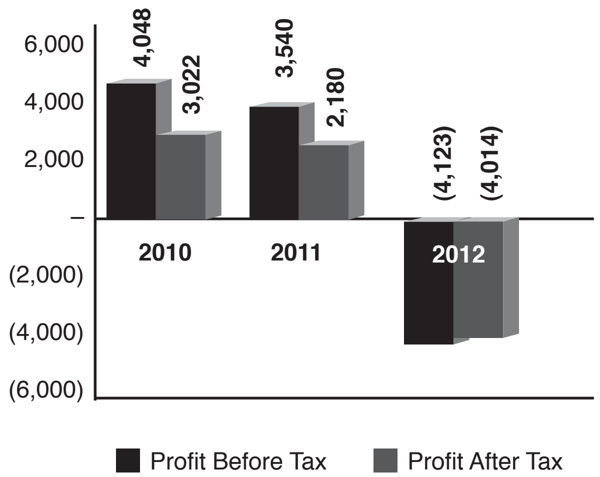
Subsidiary	Date and Place of Incorporation	Date of acquisition	Effective Equity Interest (%)	Principal Activities
SCSSB	22.05.1992 Malaysia	3 September 2009	100	Wholesalers and dealers of fresh and frozen foods
PSSB	19.02.1997 Malaysia	3 September 2009	100	Manufacturer and dealer of processed poultry, beef products, frozen goods and bakery products
Nutriveg	06.03.2008 Malaysia	3 September 2009	100	Manufacturer and dealer 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.

FINANCIAL HIGHLIGHTS

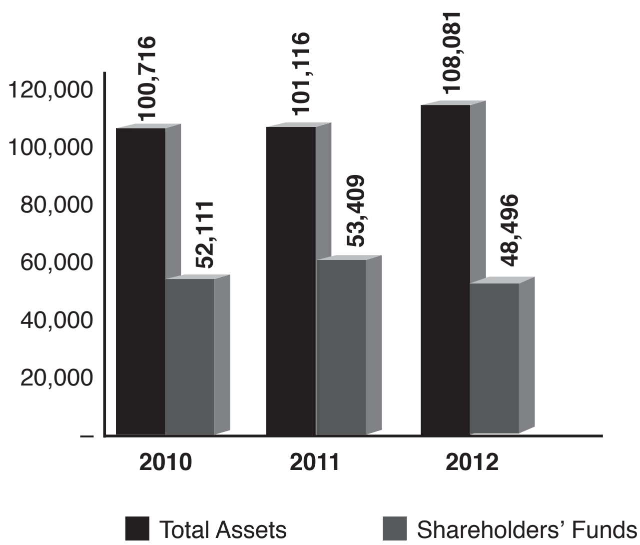
REVENUE (RM'000)



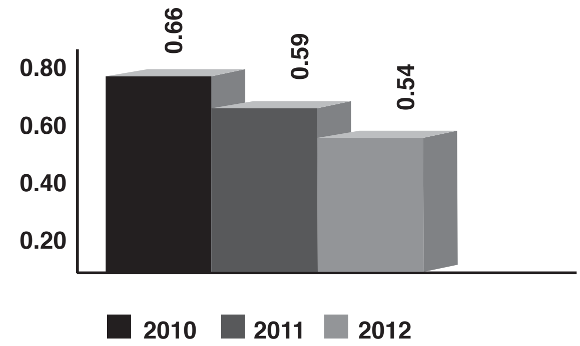
Profit Before Taxation/Profit After Taxation (RM'000)



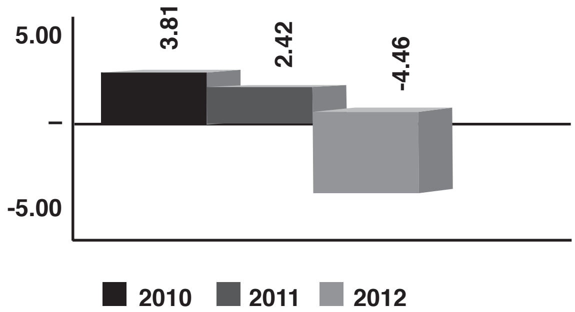
Total Assets / Shareholders' Funds (RM'000)



Net assets per share (RM)



Earnings/(loss) per share (Sen)



THREE-YEAR GROUP FINANCIAL HIGHLIGHTS

	2010	2011	2012
KEY RESULTS (RM'000)			
Revenue	108,761	118,632	**129,278**
Profit/(Loss) Before Tax	4,048	3,540	**(4,123)**
Profit/(Loss) After Tax	3,022	2,180	**(4,014)**
EBITDA	7.703	8,217	**1,495**
OTHER KEY DATA			
Total Assets (RM'000)	100,716	101,116	**108,081**
Total Liabilities (RM'000)	48,604	47,707	**59,585**
Share Capital ('000)	90,000	90,000	**90,000**
Shareholders' funds (RM'000)	52,111	53,409	**48,496**
FINANCIAL RATIOS			
Return on shareholders' funds (%)	5.80	4.08	**(8.28)**
Current Ratio (times)	1.59	1.55	**1.45**
Earnings/(loss) per share (sen)	3.81	2.42	**(4.46)**
Net assets per share (RM)	0.66	0.59	**0.54**
Dividend per share (sen)	1.00	1.00	**–**

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Khang Khim
Executive Chairman

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

Mohd Ariffin Bin Don
Non-Independent Non-Executive Director
(Re-designated w.e.f. 15 April 2012)

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)

REGESTERED 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 60
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.

Low Ai Choo
Malaysian, aged 49
Executive Director

Low Ai Choo was appointed to our Board as an Executive Director on 11 November 2008. 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.

Ustaz Abdul Hamid Bin Sulaiman
Malaysian, aged 60
Independent Non-Executive Director.
Chairman of Nomination Committee
Member of Audit Committee and Remuneration Committee

Ustaz Abdul Hamid Bin Sulaiman 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 in1993.

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.

Sim Yee Fuan
Malaysian, aged 46
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 Balance of Payment Department (now known as Foreign Exchange Administration Department) and Bank Examination 1 Department (now known as Banking Supervision 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 39
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 as Non-Independent, Non-Executive Director and P.I.E. Industrial Berhad as Independent Non-Executive Director. Presently, he is an Executive Director of QL Tech Malaysia Sdn. Bhd.

Mohd Ariffin Bin Don
Malaysian, aged 50
Non-Independent Non-Executive Director

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. En. Ariffin resigned as the Chief Executive Officer of the Group on 15 April 2012 and be re-designated as Non-Independent Non-Executive Director of SINARIA on the same day.

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.

During his tenure as an Executive Director of SINARIA Group, 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 SINARIA Group.

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 of 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 78 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 18 of this Annual Report.

CHAIRMAN'S STATEMENTS

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 2012.

OUR BUSINESS AND BUSINESS PRODUCTS

We are one of the major meat based food production company in Malaysia with one of the most recognized brand names in Malaysian food industry. Our main business is the production, distribution and marketing of chicken, beef, trading food items, and other related allied products. Our main business products are as follows:

- Chicken and beef products include processing of raw chicken and beef into fresh, frozen and value added chicken and beef products and logistics operations to move products through the supply chain.

- Trading Food Items include procurement of both raw chicken and beef cut, as well as processed potato based product. Trading items are either marketed and sold in original form or re-packed.

- Flour Based and Other Allied Products include processing of flour into value added products such as Pita bread and etc. This segment also includes other related products such as frozen cakes, biscuit and etc.

Products are marketed domestically to food retailers, foodservice distributors, restaurant operators, hotel chains and non commercial foodservice establishments such as schools, healthcare facilities, the military and other food processors, as well as to international markets.

COMPETITION

Our food products compete with those of other frozen food producers and manufacturers in Malaysia. Additionally, our food products also compete in markets around the South East Asian region.

We seek to achieve a leading market position for our products via our principal marketing and competitive strategy, which includes:
- identifying target markets for value-added products;
- concentrating production, sales and marketing efforts to appeal to and enhance demand from those markets; and
- utilizing our national distribution systems and customer support services.

Past efforts indicate customer demand can be increased and sustained through application of our marketing strategy, as supported by our distribution systems.

Price, product safety and quality, brand identification, breadth and depth of product offerings, availability of products, customer service and credit terms are the principal elements considered in our industry and positioning well in these will further provide us the ability to have a sustainable earnings.

EXPANDING THE HORIZON

We have primarily concentrated our sales to the local market. We are in a unique position to leverage upon our understanding and familiarity with the regional taste profile, our focus will be in the South East Asia region for future business expansion. We, however, will continue to evaluate growth opportunities in other countries as well. We have made headway in that direction in fiscal 2012 with sales to Indonesia.

FINANCIAL HIGHLIGHTS

For the 12 months ended 31 May 2012, the revenue booked at RM129.3 million as compared to that of RM118.6 million recorded in the preceding year ended 31 May 2011. The increase in revenue mainly due to increase in demand of own manufactured meat-based products and trading meat-based as well as vegetable-based products. On top of the sales promotion activities, the Company also spends on above-the-line advertising programme to enhance the building of brand equity and this has starting to bring effect to enlarge product's segment penetration.

The Loss Before Tax ("LBT") for year-to-date ended 31 May 2012 was RM4.1 million against the Profit Before Tax ("PBT") for year-to-date ended 31 May 2011 of RM3.5 million. The contraction in profit was mainly attributed to impairment on receivables of RM2.3 million and allowance for slow moving inventories of RM0.9 million. Other contributory factors was the advertising programme for the current quarter and forth coming periods of RM2.8 million which have been settled in the current quarter. This programme was initiated by the management for re-branding purposes in order to preserve the Company's competitiveness and continue to tap into competitors' market share. Major part of the advertising spending was incurred in "Above the Line" or mass media advertising that includes radio advertising, sponsorship of radio programme, and online advertising in some of the prominent website in the country. These also consists of billboard advertising, primarily along the North South Highway and some strategic locations in major cities, insertions in newspapers and food magazines, as well as collaboration with major radio stations' road cruiser for product introduction road shows nationwide. However, despite the challenges, the Company's

Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") recorded at RM1.5 million, which gave an indication that our business viability is still sound.

DIVIDEND

In consideration of the company's current year performance, the Board had on 24 September 2012 recommended not to declare dividend payment for this year.

OUTLOOK AND PROSPECTS

First of all, the macroeconomic prospect has showed positive signs. The world economic growth momentum picked up gradually in the first quarter of 2012. The stronger-than-expected performance was partly due to the easing of financial stress and improving investor confidence in the euro area following several policy actions taken by the European Union leaders. Moving towards 2013, the outlook for the global economy is expected to remain modest with marginally higher projections for growth and lower unemployment in most regions.

Malaysia's economy is expected to strengthen further with a projected growth of between 4.5% and 5.5% in 2013. Based on data extracted from Euromonitor and other research agency, frozen food industry has recorded a CAGR of 5% over the last 5 years. However, the rapid additions of new house brands, in which many are consisted of OEM brand names, are creating additional competition to this industry. We aim to achieve our growth target by focusing on a number of key growth areas.

Our top priority in Fiscal 2013 will be to increase our brand and product presence in International market. We have identified Indonesia, Vietnam, Brunei, and Southern Thailand as our top export destination. We have started necessary applications and procedure to export to these countries. Hence, I am confident, we should be able to increase our International sales.

Our second priority to achieve our growth target would be to focus on our freezer sales, widely known as the alternative sales channel. It is widely agreed that our traditional sales channel has become increasingly unprofitable. Prolong discounts, coupled with increasing sales expense in the form of display incentive, rebates and etc, has drastically reduced our profit margin in traditional sales channel. Our own freezer project, which was started in year 2010, has seen over 1000 freezer deployment. We intend to increase our freezer deployment and to re-engineer the freezer product to increase sales.

In terms of product strategy, we will increase the sales portion of our beef segment with the aim of both, driving revenue growth, and also to reduce our reliant on chicken segment. Through our own market survey and research, we are convinced that there are still rooms for growth in the beef section due to increase demand and fewer competitors.

CONTINUOUS IMPROVEMENT

We conduct continuous research and development activities to improve product development, to automate manual processes in our processing plants and grow out operations. In fiscal year 2012, we have conducted product development effort into each of our business segments. We expect to see a list of formulation improvement, as well as new product launching in both chicken and beef segment in the first 2 quarters of Fiscal 2013.

ENVIRONMENTAL REGULATION AND FOOD SAFETY

Our facilities for processing chicken, beef and flour based products are subject to a variety of federal, state and local environmental laws and regulations, which include provisions relating to the discharge of materials into the environment and generally provide for protection of the environment. We believe we are in substantial compliance with such applicable laws and regulations and are not aware of any violations of such laws and regulations likely to result in material penalties or material increases in compliance costs. The cost of compliance with such laws and regulations has not had a material adverse effect on our capital expenditures, earnings or competitive position.

We work to ensure our products meet high standards of food safety and quality. In addition to our own internal Food Safety and Quality Assurance oversight and review, our chicken, beef, and flour based products are subject to inspection prior to distribution, primarily by the relevant government authorities. We are also certified with Hazard Analysis Critical Control Point (HACCP), GMP and ISO 22000.

THE NETWORK

Our principal marketing objective is to be the primary provider of chicken and beef frozen foods products for our customers and consumers. As such, we utilize our national distribution system and customer support services to achieve the leading market position for our products. On an ongoing basis, we identify distinct markets and business opportunities through continuous consumer and market research. In addition to supporting strong regional brands across multiple protein lines, we build the Saudi Gold brand and other Saudi owned brands primarily through well-defined product-specific advertising and public relations efforts focused toward key consumer targets with specific needs. These efforts are designed to present key Saudi products as everyday solutions to relevant consumer problems thereby becoming part of regular eating routines.

We have the ability to produce and ship fresh, frozen and refrigerated products within the country and also abroad. Domestically, our distribution system extends to a broad network of food distributors and stockist. Our distribution centers accumulate fresh and frozen products so we can fill and consolidate less-than-truckload orders into full truckloads, thereby decreasing shipping costs while increasing customer service. In addition, we provide our customers a wide selection of products that do not require large volume orders through our stockist and distributors delivery service. Internationally, we utilize mainly sea freight to delivery our products to our International customers.

RISK FACTORS

These risks, which should be considered carefully with the information provided elsewhere in this report, could materially adversely affect our business, financial condition or results of operations. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or results of operations.

Fluctuations in commodity prices and in the availability of raw materials could negatively impact our earnings.
Our results of operations and financial condition are dependent upon the cost and supply of raw materials such as raw meat, key ingredients, and cooking oils, as well as the selling prices for our products, many of which are determined by constantly changing market forces of supply and demand over which we have limited or no control. Based on our procurement spend on ingredient, 50% of our main ingredient cost are listed out in descending order: Chicken (30%), Beef trimming (13%), Beef fat & Beef slice (10%), ISP (9%), modified tapioca starch (5%) and others. As a result, fluctuations in prices for these key ingredients can adversely affect our earnings.

Market supply and demand and the prices we receive for our products may fluctuate due to competition from other food producers and processors.
We face strong competition from other food producers and processors. Some of the factors on which we compete and which may drive demand for our products include:

- price;
- product safety and quality;
- brand identification;
- breadth and depth of product offerings;
- availability of our products and competing products;
- customer service; and
- credit terms.

Demand for our products also is affected by competitors' promotional spending, the effectiveness of our advertising and marketing programs, and the availability or price of competing frozen products. We attempt to obtain prices for our products that reflect, in part, the price we must pay for the raw materials that go into our products. If we are not able to obtain higher prices for our products when the price we pay for raw materials increases, we may be unable to maintain positive margins.

Outbreaks of livestock diseases towards the impact of our operations and demand for our products.
Demand for our products can be adversely impacted by outbreaks of livestock diseases, which can have a significant impact on our financial results. Efforts are taken to reduce this risk by diversifying our sourcing portfolio. However, outbreaks of disease and other events, which may be beyond our control, could significantly affect demand for our products, consumer perceptions of certain protein products, the availability of raw material for purchase by us and our ability to conduct our operations. Moreover, an outbreak of disease could result in governmental restrictions on the import and export of our products to or from our suppliers, facilities or customers. This could also result in negative publicity that may have an adverse effect on our ability to market our products successfully and on our financial results.

RISK FACTORS (CONT'D)

We depend on the availability of, and good relations with, our employees.
We have approximately 350 employees, approximately 150 of whom are in the production department. Our operations depend on the availability and relative costs of labour and maintaining good relations with employees. The recent regulation regarding minimum wage will increase the overhead cost of this company by approximately 20 – 30%.

If our products become contaminated, we may be subject to product liability claims and product recalls.
Our products may be subject to contamination by disease-producing organisms or pathogens, such as Listeria monocytogenes, Salmonella and E. coli. These organisms and pathogens are found generally in the environment; therefore, there is a risk that one or more, as a result of food processing, could be present in our products. These organisms and pathogens also can be introduced to our products as a result of improper handling at the further processing, foodservice or consumer level. These risks may be controlled, but may not be eliminated, by adherence to good manufacturing practices and finished product testing. We have little, if any, control over handling procedures once our products have been shipped for distribution. Even an inadvertent shipment of contaminated products may be a violation of law and may lead to increased risk of exposure to product liability claims, product recalls (which may not entirely mitigate the risk of product liability claims), increased scrutiny and penalties, including injunctive relief and plant closings, by federal and state regulatory agencies, and adverse publicity, which could exacerbate the associated negative consumer reaction.

Deterioration of economic conditions
Our business may be adversely affected by changes in economic conditions, including inflation, interest rates, access to capital markets, consumer spending rates, energy availability and costs (including fuel surcharges) and the effects of governmental initiatives to manage economic conditions. Any such changes could adversely affect the demand for our products, or the cost and availability of our needed raw materials, cooking ingredients and packaging materials, thereby negatively affecting our financial results.

Changes in consumer preference
The food industry in general is subject to changing consumer trends, demands and preferences. Trends within the food industry change often, and failure to identify and react to changes in these trends could lead to, among other things, reduced demand and price reductions for our products, and could have an adverse effect on our financial results.

Extreme factors or forces beyond our control
Natural disasters, fire, bioterrorism, pandemic or extreme weather, including droughts, floods, excessive cold or heat, or other storms, could impair the health or growth of livestock or interfere with our operations due to power outages, fuel shortages, damage to our production and processing facilities or disruption of transportation channels, among other things. Any of these factors, as well as disruptions in our information systems, could have an adverse effect on our financial results.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility ("CSR") is an integral part of the Group's practise 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 all its employees, contractors and visitors.

CORPORATE SOCIAL RESPONSIBILITY (CONT'D)

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 implementing 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
2 November 2012

CORPORATE GOVERNANCE STATEMENT

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 practiced 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 DITRCTORS

1.1 Composition and balance of the Board

The present Board is headed by the Chairman, and comprises:-
- 2 Executive Directors;
- 3 Independent Non-Executive Directors; and
- 1 Non-Independent Non-Executive Director

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.

The Executive Chairman leads the Board to ensure its effectiveness. He also act as facilitator at meetings of 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 and to ensure appropriate discussions take place. The Executive Chairman and Executive Directors are responsible for implementing policies and decision of the Board, overseeing the operations as well as coordinating the development and implementation of business and corporate strategies.

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 FY2012 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	4
Khoo Lay Tatt	5	5
Ustaz Haji Abdul Hamid	5	5

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.

Save for the undermentioned directors who have attended the training as follows, the other Directors have not attended any training during the FY 2012 due to their respective tight schedule and travel commitments:-

Director	Date	Description
Tan Khang Khim	3-5 November 2011	"The Miracles of Capital" 3 (Conducted by Terengganu Chinese Chamber Of Commerce and Industry
Low Ai Choo	3-5 November 2011	"The Miracles of Capital" 3 (Conducted by Terengganu Chinese Chamber Of Commerce and Industry)
Khoo Lay Tatt	21 October 2011	2012 Budget and Tax Planning Seminar (Conducted by Messrs. Crowe Horwath)
	8 December 2011	Advocacy Session on Dislosure for CEOs and CFOs (Conducted by Bursa Malaysia Berhad)
	14 March 2012	'The CEO Speaks …' on Driven to Success (Conducted by Invest-In-Penang Berhad)

1.5 Directors' Training (cont'd)

Director	Date	Description
Mohd Ariffin Bin Don	19 May 2011	CEO Forum on Business Transformation & Innovation (Conducted by Malaysia Productivity Corporation, FMM & PDC)
Ustaz Abdul Hamid Bin Sulaiman	7 July 2011	Ijtima' Amil Kenagsaan 2011 (Conducted by Jabatan Wakaf, Zakat dan Haji)
	30 August 2011	Khusus Amil Zakat (Conducted by Jabatan Zakat)
	7 April 2012	Kursus Rawatan Perubatan Islam 1 (Conducted by Akademi Rawatan Islam Darul Ansar)
	26 May 2012	Kursus Rawatan Perubatan Islam 2 (Conducted by Akademi Rawatan Islam Darul Ansar)
Sim Yee Fuan	27 July 2011	Forex & economic outlook briefing & Talk on benefits of Fengshui for Business (Conducted by RHB Bank Berhad)
	20 October 2011	The Wealth Continuum 'Hong Kong : Where Global and China Advantages Converge' (Conducted by Hong Leong Bank)
	11 February 2012	Market Chat 2012 (Conducted by Kenanga Investment Bank Berhad)
	17 February 2012	Preparing for Transition from "FRS framework" to "MFRS Framework" Seminar (Conducted by Grant Thornton)
	29 February 2012	FX & Economic outlook briefing (Conducted by RHB Bank Berhad)
	27 June 2012	Program Pembiayaan Kontrak 'SME Success' Peringkat Negeri Pulau Pinang (Conducted by SME Factors)

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 23 to 25 of this Annual Report.

2. Board Committees (cont'd)

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)

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 FY2012 are as follows:

Category	Fee (RM)	Salaries, Bonuses & other emoluments (RM)	Total (RM)
Executive *	60,000	1,560,768	1,620,768
Non-Executive Directors	84,000	12,100	96,100
Total	144,000	1,572,868	1,716,868

*Mohd Ariffin Bin Don was redesignated to Non-Independent Non-Executive Director on 15 April 2012

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	0	–
RM150,001-RM200,000	3	–

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 23 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 26 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 23 October 2012.

AUDIT COMMITTEE REPORT

COMPOSITION

Chairman
Khoo Lay Tatt
Independent Non-Executive Director

Member
Sim Yee Fuan
Independent Non-Executive Director

Ustaz Abdul Hamid Bin Sulaiman
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.

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.

TERMS OF REFERENCE (CONT'D)

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;
   - 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 FY 2012 is as follows:-

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

8. Activities of the Audit Committee

The activities were carried out by the Committee during the FY 2012 in the discharge of its duties and responsibilities are 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 2012, Internal Auditors have conducted review internal control of its subsidiaries focusing on the areas such as Inventory Management, Property, Plant & Equipments Management and Maintenance of Machinery 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 RM20,000.00.

Information pertaining to the Company's internal controls is shown in the Statement on Internal Controls set out on page 26 of this Annual Report.

STATEMENT ABOUT THE STATE OF INTERNAL CONTROL

Pursuant to Paragraph 15.26(b) of Bursa Securities Listing Requirements, the Board of Directors of Sinaria Corporation Bhd 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;
- 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 2012, 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 23 October 2012.

Utilisation of Proceeds

During the financial year, there were no proceeds raised by the Company from any corporate proposal.

Share Buybacks

During the financial year, there were 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 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 RM11,800.

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 31 July 2012.

Profit Guarantee

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

Employee Share Scheme

There was no Employee Share Scheme implemented by the Company during the financial year.

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 2012 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 2012 are as follows:-

No.	Related Parties		Nature of Transactions	Interested Related Party	Actual Amount (RM)
	Buyer	Seller			
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.	4,543,820
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.	796,273

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.

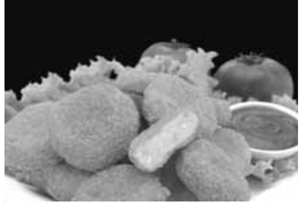
In preparing these financial statements, the Directors have considered the following:

- 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 23 October 2012.

CONTENTS

DIRECTORS' 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 2012.

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
Loss for the financial year	(4,013,727)	(533,656)

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 2011.

No dividends were proposed, declared or paid by the Company in respect of the financial year ended 31 May 2012.

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 all known bad debts had been written off 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 render the amount written off for bad debts or 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

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

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 1.6.2011	Bought	Sold	Balance at 31.5.2012	Balance at 1.6.2011	Balance at 31.5.2012
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 except for any benefits which may be deemed to have arisen by virtue of those related party transactions as disclosed in Note 21 to the financial statements.

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 24 September 2012

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 37 to 69 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 2012 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 70 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 24 September 2012

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 37 to 69 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 24 September 2012

Tan Khang Khim

Before me

Nachatar Singh A/L Bhag Singh
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 2012 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 37 to 69.

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 2012 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 70 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: 2182/10/13 (J)
Chartered Accountant

Date: 24 September 2012

Penang

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MAY 2012

	Note	**2012 RM**	2011 RM
NON-CURRENT ASSETS			
Property, plant and equipment	4	**39,153,545**	33,219,522
CURRENT ASSETS			
Inventories	6	**25,660,313**	21,876,819
Trade and other receivables	7	**27,490,186**	30,899,072
Financial assets at fair value through profit or loss	8	**111,855**	0
Prepayments	9	**5,168,899**	3,170,568
Current tax assets		**517,513**	278,170
Cash and cash equivalents	10	**9,978,272**	11,672,159
		68,927,038	67,896,788
CURRENT LIABILITIES			
Trade and other payables	11	**14,725,936**	10,077,034
Loans and borrowings	12	**32,944,250**	33,252,416
Current tax liabilities		**0**	375,965
		47,670,186	43,705,415
NET CURRENT ASSETS		**21,256,852**	24,191,373
NON-CURRENT LIABILITIES			
Loans and borrowings	12	**10,071,832**	2,050,603
Deferred tax liabilities	13	**1,843,000**	1,951,000
		11,914,832	4,001,603
NET ASSETS		**48,495,565**	53,409,292
EQUITY			
Share capital	14	**45,000,000**	45,000,000
Revaluation surplus		**1,818,399**	1,818,399
Merger deficit		**(29,296,614)**	(29,296,614)
Retained profits		**30,973,780**	35,887,507
TOTAL EQUITY		**48,495,565**	53,409,292

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MAY 2012

	Note	**2012** **RM**	2011 RM
Revenue	15	**129,278,406**	118,631,651
Cost of sales		**(109,413,078)**	(98,228,526)
Gross profit		**19,865,328**	20,403,125
Other income		**1,155,867**	434,606
Administrative and general expenses		**(13,567,740)**	(9,205,168)
Selling and distribution expenses		**(9,305,265)**	(6,283,556)
Finance costs		**(2,270,902)**	(1,808,747)
(Loss)/Profit before tax	16	**(4,122,712)**	3,540,260
Tax income/(expense)	18	**108,985**	(1,360,373)
(Loss)/Profit for the financial year		**(4,013,727)**	2,179,887
Other comprehensive income for the financial year		**0**	0
Total comprehensive income for the financial year		**(4,013,727)**	2,179,887
(Loss)/Earnings per share:-	19		
- Basic (sen)		**(4.46)**	2.42
- Diluted (sen)		**(4.46)**	2.42

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MAY 2012

		Non - distributable		Distributable	
	Share capital RM	Revaluation surplus RM	Merger deficit RM	Retained profits RM	Total equity RM
Balance at 1 June 2010	45,000,000	1,818,399	(29,296,614)	34,607,620	52,129,405
Profit (representing total comprehensive income) for the financial year	0	0	0	2,179,887	2,179,887
First and final single tier dividend of 1 sen per share (representing total transactions with owners)	0	0	0	(900,000)	(900,000)
Balance at 31 May 2011	45,000,000	1,818,399	(29,296,614)	35,887,507	53,409,292
Loss (representing total comprehensive income) for the financial year	0	0	0	(4,013,727)	(4,013,727)
First and final single tier dividend of 1 sen per share (representing total transactions with owners)	0	0	0	(900,000)	(900,000)
Balance at 31 May 2012	45,000,000	1,818,399	(29,296,614)	30,973,780	48,495,565

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2012

	Note	**2012 RM**	2011 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/Profit before tax		**(4,122,712)**	3,540,260
Adjustments for:-			
Allowance for slow moving inventories		**925,299**	74,031
Depreciation		**3,347,101**	2,868,264
Gain on disposal of property, plant and equipment		**(25,291)**	(55,136)
Impairment loss on loans and receivables		**2,264,371**	83,099
Interest expense		**2,270,902**	1,808,747
Interest income		**(299,072)**	(249,066)
Property, plant and equipment written off		**0**	1,495
Reversal of allowance for slow moving inventories		**(123,529)**	0
Unrealised gain on financial instruments at fair value through profit or loss		**(111,855)**	0
Operating profit before working capital changes		**4,125,214**	8,071,694
Changes in:-			
Inventories		**(4,585,264)**	(234,645)
Receivables and prepayments		**(811,838)**	(4,930,934)
Payables		**4,648,902**	(1,648,642)
Financial instruments at fair value through profit or loss		**0**	18,000
Cash generated from operations		**3,377,014**	1,275,473
Tax paid		**(860,893)**	(836,009)
Tax refunded		**246,570**	223,952
Net cash from operating activities		**2,762,691**	663,416
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**299,072**	249,066
Proceeds from disposal of property, plant and equipment		**52,620**	67,500
Purchase of property, plant and equipment	20	**(9,181,553)**	(6,313,088)
Net cash used in investing activities		**(8,829,861)**	(5,996,522)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease)/Increase in short-term loans and borrowings (net)		**(3,103,733)**	1,087,712
Dividend paid		**(900,000)**	(900,000)
Interest paid		**(2,312,880)**	(1,815,604)
Repayment of hire purchase obligations		**(611,014)**	(877,588)
Repayment of term loans		**(784,848)**	(481,915)
Term loan raised		**9,600,000**	0
Net cash from/(used in) financing activities		**1,887,525**	(2,987,395)
Net decrease in cash and cash equivalents		**(4,179,645)**	(8,320,501)
Cash and cash equivalents brought forward		**8,894,858**	17,215,359
Cash and cash equivalents carried forward	10	**4,715,213**	8,894,858

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2012

	Note	2012 RM	2011 RM
NON-CURRENT ASSETS			
Investments in subsidiaries	5	**57,258,787**	56,463,546
CURRENT ASSETS			
Other receivables	7	**2,501,000**	2,501,000
Prepayments		**14,665**	0
Current tax assets		**2,200**	0
Cash and cash equivalents	10	**70,975**	24,950
		2,588,840	2,525,950
CURRENT LIABILITIES			
Other payables	11	**14,520,429**	12,228,642
		14,520,429	12,228,642
NET CURRENT LIABILITIES		**(11,931,589)**	(9,702,692)
NET ASSETS		**45,327,198**	46,760,854
EQUITY			
Share capital	14	**45,000,000**	45,000,000
Retained profits		**327,198**	1,760,854
TOTAL EQUITY		**45,327,198**	46,760,854

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MAY 2012

	Note	**2012 RM**	2011 RM
Revenue	15	**0**	2,000,000
Other income		**163**	42,739
Administrative and general expenses		**(524,128)**	(273,218)
(Loss)/Profit before tax	16	**(523,965)**	1,769,521
Tax expense	18	**(9,691)**	(12,063)
(Loss)/Profit for the financial year		**(533,656)**	1,757,458
Other comprehensive income for the financial year		**0**	0
Total comprehensive income for the financial year		**(533,656)**	1,757,458

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

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MAY 2012

	Share capital RM	Retained profits RM	Total equity RM
Balance at 1 June 2010	45,000,000	903,396	45,903,396
Profit (representing total comprehensive income) for the financial year	0	1,757,458	1,757,458
First and final single tier dividend of 1 sen per share (representing total transacti ons with owners)	0	(900,000)	(900,000)
Balance at 31 May 2011	45,000,000	1,760,854	46,760,854
Loss (representing total comprehensive income) for the financial year	0	(533,656)	(533,656)
First and final single tier dividend of 1 sen per share (representing total transactions with owners)	0	(900,000)	(900,000)
Balance at 31 May 2012	45,000,000	327,198	45,327,198

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

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2012

	Note	**2012 RM**	2011 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/Profit before tax		**(523,965)**	1,769,521
Adjustments for:-			
Dividend income		**0**	(2,000,000)
Impairment loss on investment in subsidiary		**204,759**	0
Interest income		**(163)**	(42,739)
Operating loss before working capital changes		**(319,369)**	(273,218)
Changes in:-			
Receivables and prepayments		**(14,665)**	(2,000,000)
Payables		**1,291,789**	(6,526,450)
Cash generated from/(absorbed by) operations		**957,755**	(8,799,668)
Tax paid		**(11,891)**	(12,063)
Net cash from/(used in) operating activities		**945,864**	(8,811,731)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiary		**(2)**	0
Dividend received		**0**	2,000,000
Interest received		**163**	42,739
Net cash from investing activities		**161**	2,042,739
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		**(900,000)**	(900,000)
Net cash used in financing activities		**(900,000)**	(900,000)
Net increase/(decrease) in cash and cash equivalents		**46,025**	(7,668,992)
Cash and cash equivalents brought forward		**24,950**	7,693,942
Cash and cash equivalents carried forward	10	**70,975**	24,950

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

1. **GENERAL INFORMATIION**

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 37 to 40 together with the notes thereto cover the Company and its subsidiaries ("the Group"). The separate financial statements of the Company set out on pages 41 to 44 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 24 September 2012.

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 annual 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 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 127 *Consolidated and Separate Financial Statements* (revised in 2010)	1 July 2010
IC Interpretation 4 *Determining whether an Arrangement contains a Lease*	1 January 2011
IC Interpretation 12 *Service Concession Arrangements*	1 July 2010
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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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 follows:-

FRS 3 Business Combinations (revised in 2010) and FRS 127 *Consolidated and Separate Financial Statements (revised in 2010)*

FRS 3 (revised in 2010) and FRS 127 (revised in 2010), which supersede FRS 3 Business Combinations (issued in 2005) and FRS 127 Consolidated and Separate Financial Statements (revised in 2005) respectively, introduce significant changes to the accounting principles for business combinations and consolidated financial statements, both at the acquisition date and post acquisition. Some of the key principles established are disclosed in Note 2.3.

In accordance with the transitional provisions of FRS 3 (revised in 2010), the Group and the Company have applied the standard prospectively to business combinations for which the acquisition date is on or after the effective date. In accordance with the transitional provisions of FRS 127 (revised in 2010), the significant amendments thereto have also been applied prospectively. Accordingly, business combinations entered into prior to 1 June 2011 have not been restated to comply with the standards.

2.2 Future Accounting Standards

In November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS") framework. The issuance was made in conjunction with the MASB's plan to converge with International Financial Reporting Standards ("IFRS") in 2012. The MFRS framework is a fully IFRS-compliant framework and equivalent to IFRSs. It comprises standards as issued by the International Accounting Standards Board ("IASB") that are effective on 1 January 2012 and also amended/revised/new standards recently issued by the IASB that will be effective after 1 January 2012.

The Group and the Company will first adopt the MFRS framework for the financial year ending 31 May 2013. Management foresees that the transition to the MFRS framework will not have any significant impacts on the financial statements except as follows:-

MFRS 9 Financial Instruments

MFRS 9 (effective for annual periods beginning on or after 1 January 2015) replaces the guidance in MFRS 139 Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets by dividing them into 3 classifications: (1) those measured at amortised cost; (2) those measured at fair value through profit or loss; and (3) those measured at fair value through other comprehensive income. Management foresees that the adoption of these new classifications will not result in any significant changes to the existing measurement bases of financial assets of the Group and the Company.

MFRS 10 Consolidated Financial Statements

MFRS 10 (effective for annual periods beginning on or after 1 January 2013) replaces the consolidation guidance in MFRS 127 Consolidated and Separate Financial Statements and IC Interpretation 112 Consolidation - Special Purpose Entities by introducing a single consolidation model for all entities based on control. Under MFRS 10, control is based on whether an investor has (1) power over the investee; (2) exposure, or rights, to variable returns from its involvement with the investee; and (3) the ability to use its power over the investee to affect the amount of the returns. Management foresees that the adoption of these new control criteria will not result in any significant changes to the existing composition of the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 following methods:-

Subsidiary	Method
Saudi Cold Storage Sdn. Bhd.	Merger
Perusahaan Saudee Sdn. Bhd.	Merger
Nutriveg Sdn. Bhd.	Acquisition
Sunwish Venture Sdn. Bhd.	Acquisition

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.

Acquisition Method

Under the acquisition method, the consideration transferred, the identifiable assets acquired and the liabilities assumed are measured at their acquisition-date fair values. The components of non-controlling interests that are present ownership interests are measured at the present ownership instruments' proportionate share in the recognised amounts of the identifiable net assets acquired. All other components of non-controlling interests are measured at their acquisition-date fair values. In a business combination achieved in stages, the previously held equity interest in the acquiree is remeasured at its acquisition-date fair value and any resulting gain or loss is recognised in profit or loss. All acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss as incurred.

Goodwill at the acquisition date is measured as the excess of (a) over (b) below:-

(a) the aggregate of:-
  - (i) the acquisition-date fair value of the consideration transferred;
  - (ii) the amount of any non-controlling interests; and
  - (iii) in a business combination achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree.

(b) the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed.

Goodwill is recognised as an asset at the aforementioned amount less accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.6. When the above (b) exceeds (a), the excess represents a bargain purchase gain and, after reassessment, is recognised in profit or loss.

A subsidiary is consolidated from the acquisition date, being the date on which control is obtained, and continues to be consolidated until the date when control is lost. Intragroup balances, transactions, income and expenses are eliminated in full on consolidation. Total comprehensive income is 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. All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Upon loss of control of a subsidiary, the assets (including any goodwill) and liabilities of, and any non-controlling interests in the subsidiary are derecognised. All amounts recognised in other comprehensive income in relation to the subsidiary are accounted for on the same basis as would be required if the related assets or liabilities had been directly disposed of. Any consideration received and any investment retained in the former subsidiary are recognised at their fair values. The resulting difference is then recognised as a gain or loss in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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	10-20%
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.

2.7 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial Assets (cont'd)

Determination of Fair Values (cont'd)

Fair value measurements recognised in the statement of financial position are categorised into the following levels of fair value hierarchy:-

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of forward exchange contracts are quoted by the financial institutions. If such quotation is not available, the fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (i.e. Level 2).

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.

(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.

Fair value measurements recognised in the statement of financial position are categorised into the following levels of fair value hierarchy:-

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Financial Liabilities (cont'd)

Determination of Fair Values (cont'd)

The fair values of forward exchange contracts are quoted by the financial institutions. If such quotation is not available, the fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (i.e. Level 2).

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 (i.e. Level 3).

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.

2.11 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

2.15 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 INCERTAINTY

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.

(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 2012 are as follows:-

	The Group RM	The Company RM
Current tax assets	517,513	2,200
Deferred tax liabilities	1,843,000	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 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
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
Balance at 1 June 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
Additions	0	0	45,036	2,068,638	353,497	363,223	198,000	6,280,059	9,308,453
Disposals/Write-offs	0	0	0	0	(2,620)	0	(226,000)	0	(228,620)
Reclassification	0	0	0	2,078,620	0	0	0	(2,078,620)	0
Balance at 31 May 2012	2,800,000	2,450,000	9,627,612	28,010,009	4,513,769	3,729,508	3,380,696	5,578,059	60,089,653
Representing:-									
Cost	0	0	77,612	28,010,009	4,513,769	3,729,508	3,380,696	5,578,059	45,289,653
Valuation	2,800,000	2,450,000	9,550,000	0	0	0	0	0	14,800,000
	2,800,000	2,450,000	9,627,612	28,010,009	4,513,769	3,729,508	3,380,696	5,578,059	60,089,653
ACCUMULATED DEPRECIATION									
Balance at 1 June 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
Depreciation	0	52,128	204,620	2,013,233	446,193	338,601	292,326	0	3,347,101
Disposals/Write-offs	0	0	0	0	(458)	0	(200,833)	0	(201,291)
Balance at 31 May 2012	0	104,255	408,218	14,707,380	1,716,795	1,273,705	2,725,755	0	20,936,108
CARRYING AMOUNT									
Balance at 1 June 2010	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
Balance at 31 May 2012	2,800,000	2,345,745	9,219,394	13,302,629	2,796,974	2,455,803	654,941	5,578,059	39,153,545

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:-

	2012 RM	2011 RM
Freehold land	1,057,646	1,057,646
Short-term leasehold land	2,247,058	2,297,839
Buildings	9,556,235	9,726,864
	12,860,939	13,082,349

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

	2012 RM	2011 RM
Freehold land	220,000	220,000
Short-term leasehold land	2,345,745	2,397,873
Buildings	9,219,394	9,378,978
	11,785,139	11,996,851

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:-

	2012 RM	2011 RM
Plant and machinery	1,045,004	1,576,739
Motor vehicles	333,243	372,544
	1,378,247	1,949,283

5. INVESTMENT IN SUBSDIARIES

The Company

	2012 RM	2011 RM
Unquoted shares, at cost	**57,463,546**	56,463,546
Impairment losses	**(204,759)**	0
	57,258,787	56,463,546

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

Name of Subsidiary	Effective Ownership Interest 2012	2011	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
Sunwish Venture Sdn. Bhd.	**100%**	N/A	Dormant

6. INVENTORIES

The Group

	2012 RM	2011 RM
Raw materials	**7,537,016**	8,045,893
Packing materials	**954,052**	1,075,676
Work-in-progress	**317,976**	437,766
Finished goods	**10,005,793**	8,016,771
Goods-in-transit	**6,845,476**	4,300,713
	25,660,313	21,876,819

7. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2012	2011	**2012**	2011
	RM	RM	**RM**	RM
Trade receivables:-				
- Related party*	**2,313,097**	2,265,726	**0**	0
- Unrelated parties	**26,977,751**	28,352,971	**0**	0
- Allowance for impairment	**(2,223,564)**	(271,415)	**0**	0
	24,754,187	28,081,556	**0**	0
	27,067,284	30,347,282	**0**	0
Other receivables:-				
- Subsidiary	**0**	0	**2,500,000**	2,500,000
- Unrelated parties	**717,902**	551,790	**1,000**	1,000
- Allowance for impairment	**(295,000)**	0	**0**	0
	422,902	551,790	**1,000**	1,000
	422,902	551,790	**2,501,000**	2,501,000
	27,490,186	30,899,072	**2,501,000**	2,501,000

* *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	
	2012	2011
	RM	RM
Balance at 1 June	**271,415**	188,316
Impairment loss recognised	**1,969,371**	83,099
Impairment loss written off	**(17,222)**	0
Balance at 31 May	**2,223,564**	271,415

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

7. TRADE AND OTHER RECEIVABLES (CONT"D)

Trade Receivables (cont'd)

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

	The Group	
	2012	2011
	RM	RM
Not past due	**20,099,810**	12,045,727
Past due 1 to 90 days	**4,550,877**	10,990,475
Past due 91 to 360 days	**1,502,234**	6,290,793
Past due more than 360 days	**914,363**	1,020,287
	27,067,284	30,347,282

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 2012, there were 2 (2011 : 2) major customers that collectively accounted for approximately 17% (2011 : 21%) of the Group's trade receivables and the total outstanding balances due from these major customers amounted to RM4,718,927 (2011 : RM6,436,285).

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.

The movements in allowance for impairment are as follows:-

	The Group	
	2012	2011
	RM	RM
Balance at 1 June	**0**	0
Impairment loss recognised	**295,000**	0
Balance at 31 May	**295,000**	0

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

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	2012	2011
	RM	RM
Derivatives classified as held for trading, at fair value (Level 2)	**111,855**	0

Derivatives consist of forward exchange contracts which are used to hedge the exposure to currency risk. The Group does not apply hedge accounting. As at 31 May 2012, the Group had contracts due within 1 month to buy USD845,000 (2011 : NIL) and sell RM2,572,000 (2011 : NIL) at contractual forward rates.

9. PREPAYMENTS

The Group

Included herein are deposits/advance payments for purchase of property, plant and equipment totalling RM4,508,663 (2011 : RM1,923,976).

10. CASH AND CASH EQUIVALENTS

	The Group		**The Company**	
	2012	2011	**2012**	2011
	RM	RM	**RM**	RM
Term deposits with licensed banks (fixed rate)	**6,678,912**	8,712,027	**0**	0
Cash and bank balances	**3,299,360**	2,960,132	**70,975**	24,950
	9,978,272	11,672,159	**70,975**	24,950

The term deposits of the Group 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 2012 ranged from 2.75% to 3.15% (2011 : 2.75% to 3.08%) 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**	
	2012	2011	**2012**	2011
	RM	RM	**RM**	RM
Cash and cash equivalents	**9,978,272**	11,672,159	**70,975**	24,950
Bank overdrafts	**(5,263,059)**	(2,777,301)	**0**	0
	4,715,213	8,894,858	**70,975**	24,950

11. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2012	2011	**2012**	2011
	RM	RM	**RM**	RM
Trade payables	**11,573,950**	7,928,832	**0**	0
Other payables:-				
- Subsidiary	**0**	0	**14,348,742**	12,073,742
- Unrelated parties	**3,151,986**	2,148,202	**171,687**	154,900
	3,151,986	2,148,202	**14,520,429**	12,228,642
	14,725,936	10,077,034	**14,520,429**	12,228,642

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

	The Group		The Company	
	2012	2011	**2012**	2011
	RM	RM	**RM**	RM
Ringgit Malaysia	**9,043,264**	5,776,322	**14,520,429**	12,228,642
US Dollar	**5,682,672**	4,300,712	**0**	0
	14,725,936	10,077,034	**14,520,429**	12,228,642

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.

12. LOANS AND BORROWINGS

The Group

	2012 RM	2011 RM
Secured		
Hire purchase payables (fixed rate)	**831,602**	1,315,716
Banker acceptances (fixed rate)	**26,303,824**	28,313,532
Bank overdrafts (floating rate)	**5,263,059**	766,685
Term loan (floating rate)	**9,329,598**	0
Unsecured		
Banker acceptances (fixed rate)	**0**	1,094,025
Bank overdrafts (floating rate)	**0**	490,009
Bank overdrafts (fixed rate)	**0**	1,520,607
Term loan (fixed rate)	**1,287,999**	1,802,445
	43,016,082	35,303,019
Disclosed as:-		
- Current liabilities	**32,944,250**	33,252,416
- Non-current liabilities	**10,071,832**	2,050,603
	43,016,082	35,303,019

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 10). Unsecured loans and borrowings are guaranteed by the Company.

The effective interest rates of loans and borrowings as at 31 May 2012 ranged from 4.22% to 8.60% (2011 : 4.03% to 8.30%) per annum.

Except for hire purchase payables and term loans, 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.

12. LOANS AND BORROWINGS (CONT'D)

Hire Purchase Payables

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

	2012 RM	2011 RM
Minimum hire purchase payments:-		
- Within 1 year	**514,714**	652,187
- Later than 1 year and not later than 2 years	**272,541**	469,126
- Later than 2 years and not later than 5 years	**138,022**	328,724
- Later than 5 years	**0**	17,261
Total contractual undiscounted cash flows	**925,277**	1,467,298
Future finance charges	**(93,675)**	(151,582)
Present value of hire purchase payables:-		
- Within 1 year	**443,043**	553,151
- Later than 1 year and not later than 2 years	**258,502**	436,261
- Later than 2 years and not later than 5 years	**130,057**	309,427
- Later than 5 years	**0**	16,877
	831,602	1,315,716

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 Loans

Term loans are repayable over 5 to 15 years. The repayment analysis is as follows:-

	2012 RM	2011 RM
Gross loan instalments:-		
- Within 1 year	**1,675,366**	617,244
- Later than 1 year and not later than 2 years	**1,675,366**	617,244
- Later than 2 years and not later than 5 years	**3,328,678**	771,555
- Later than 5 years	**10,230,665**	0
Total contractual undiscounted cash flows	**16,910,075**	2,006,043
Future finance charges	**(6,292,478)**	(203,598)
Present value of term loans:-		
- Within 1 year	**934,324**	514,407
- Later than 1 year and not later than 2 years	**986,944**	549,161
- Later than 2 years and not later than 5 years	**1,540,300**	738,877
- Later than 5 years	**7,156,029**	0
	10,617,597	1,802,445

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

13. DEFFERED TAX LIABILITIES

The Group

	2012 RM	2011 RM
Balance at 1 June	**1,951,000**	1,188,349
Deferred tax (income)/expense relating to origination and reversal of temporary differences	**(216,000)**	279,513
Deferred tax liabilities underprovided in prior years	**108,000**	483,138
Balance at 31 May	**1,843,000**	1,951,000
In respect of taxable/(deductible) temporary differences of:-		
- Property, plant and equipment	**1,965,000**	1,951,000
- Inventories	**(101,000)**	0
- Financial instruments	**(21,000)**	0
	1,843,000	1,951,000

Save as disclosed above, as at 31 May 2012, 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 RM366,000 (2011 : RM34,000). No further deferred tax assets have been recognised for the excess of the deductible temporary differences, unused capital allowances and tax losses over the taxable temporary differences as follows:-

	2012 RM	2011 RM
Deductible temporary differences of:-		
- Inventories	725,000	0
- Financial instruments	1,902,000	0
Unused capital allowances	810,000	229,000
Unused tax losses	283,000	116,000
Taxable temporary differences of property, plant and equipment	(1,464,000)	(135,000)
	2,256,000	210,000

14. SHARE CAPITAL

	2012 RM	2011 RM
Authorised:-		
200,000,000 ordinary shares of RM0.50 each	**100,000,000**	100,000,000
Issued and fully paid-up:-		
90,000,000 ordinary shares of RM0.50 each	**45,000,000**	45,000,000

15. REVENUE

	The Group		The Company	
	2012 RM	2011 RM	**2012 RM**	2011 RM
Income from sale of goods	**129,278,406**	118,631,651	**0**	0
Gross dividend income from subsidiary	**0**	0	**0**	2,000,000
	129,278,406	118,631,651	**0**	2,000,000

16. (LOSS)/PROFIT BEFORE TAX

	The Group		The Company	
	2012	2011	**2012**	2011
	RM	RM	**RM**	RM
(Loss)/Profit before tax is arrived at after charging:-				
Allowance for slow moving inventories	**925,299**	74,031	**0**	0
Auditors' remuneration:-				
- Current year	**63,000**	57,000	**12,000**	12,000
- Prior year	**3,000**	0	**0**	0
Depreciation	**3,347,101**	2,868,264	**0**	0
Directors' remuneration:-				
- Fees	**144,000**	142,000	**144,000**	142,000
- Other emoluments	**1,572,868**	434,007	**28,500**	6,500
Fee expense for financial instruments not at fair value through profit or loss	**147,119**	180,922	**58**	144
Impairment loss on investment in subsidiary*	**0**	0	**204,759**	0
Impairment loss on loans and receivables	**2,264,371**	83,099	0	0
Interest expense for financial liabilities not at fair value through profit or loss	**2,270,902**	1,808,747	**0**	0
Loss on financial instruments at fair value through profit or loss (classified as held for trading)	**0**	18,000	**0**	0
Property, plant and equipment written off	**0**	1,495	**0**	0
Realised loss on foreign exchange	**9,985**	8,848	**0**	0
Rental of equipment	**85,252**	83,582	**0**	0
Rental of premises	**240,000**	45,000	**0**	0
and crediting:-				
Gain on disposal of property, plant and equipment	**25,291**	55,136	**0**	0
Gain on financial instruments at fair value through profit or loss (classified as held for trading)	**111,855**	0	**0**	0
Interest income for financial assets not at fair value through profit or loss	**299,072**	249,066	**163**	42,739
Realised gain on foreign exchange	**50,679**	15,252	**0**	0
Reversal of allowance for slow moving inventories	**123,529**	0	**0**	0

*Included in administrative and general expenses

17. EMPLOYEE BENEFITS EXPENSE

	The Group		The Company	
	2012	2011	**2012**	2011
	RM	RM	**RM**	RM
Short-term employee benefits	**9,908,506**	8,623,310	**172,500**	148,500
Defined contribution plan	**615,441**	494,386	**0**	0
	10,523,947	9,117,696	**172,500**	148,500

18. TAX (INCOME)/EXPENSE

	The Group		The Company	
	2012	2011	**2012**	2011
	RM	RM	**RM**	RM
Tax based on results for the year:-				
- Malaysian income tax	**130,000**	936,000	**0**	0
- Deferred tax	**(216,000)**	279,513	**0**	0
	(86,000)	1,215,513	**0**	0
Tax (over)/under provided in prior years:-				
- Malaysian income tax	**(130,985)**	(338,278)	**9,691**	12,063
- Deferred tax	**108,000**	483,138	**0**	0
	(108,985)	1,360,373	**9,691**	12,063

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	
	2012	2011	**2012**	2011
	%	%	**%**	%
Applicable tax rate	**(25.00)**	25.00	**(25.00)**	25.00
Non-deductible expenses	**10.71**	9.00	**25.00**	3.26
Non-taxable income	**(0.18)**	(0.06)	**0.00**	(28.26)
Expenses eligible for double deduction	**(0.02)**	0.00	**0.00**	0.00
Increase in unrecognised deferred tax assets	**12.40**	0.39	**0.00**	0.00
Average effective tax rate	**(2.09)**	34.33	**0.00**	0.00

As at 31 May 2012, 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 2012 as tax exempt dividends under the single tier tax system.

19. (LOSS)/EARNINGS PER SHARE

The Group

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

	2012	2011
(Loss)/Profit for the financial year (RM)	**(4,013,727)**	2,179,887
Weighted average number of shares in issue	**90,000,000**	90,000,000
Basic (loss)/earnings per share (sen)	**(4.46)**	2.42

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

20. NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS

The Group

Purchase of Property, Plant and Equipment

	2012	2011
	RM	RM
Cost of property, plant and equipment purchased	**9,308,453**	7,066,579
Amount financed through hire purchase	**(126,900)**	(753,491)
Net cash disbursed	**9,181,553**	6,313,088

21. RELATED PARTY DISCLOSURES

Significant transactions with related parties during the financial year are as follows:-

	The Group		**The Company**	
	2012	2011	**2012**	2011
	RM	RM	**RM**	RM
Key management personnel compensation:-				
- Short-term employee benefits	**1,622,500**	532,519	**172,500**	148,500
- Defined contribution plan	**94,368**	43,488	**0**	0
	1,716,868	576,007	**172,500**	148,500
Dividend declared from subsidiary	**0**	0	**0**	2,000,000
Subscription for shares in subsidiary	**0**	0	**999,998**	0
Commission charged by other related party*	**796,273**	665,252	**0**	0
Disposal of property, plant and equipment to a director	**50,000**	0	**0**	0
Sale of goods to other related party*	**4,543,820**	4,543,041	**0**	0

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

22. SEGMENTt REPORTING

The Group

Operating Segments

Information about operating segments has not been reported separately as the Group's revenue, 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.

23. COMMITMENT FOR PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

The Group

	2012	2011
	RM	RM
Contracted but not provided for	**19,014,000**	3,045,000

24. CONTIGENT 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 RM45,910,000 (2011 : RM63,980,000). The total utilisation of these credit facilities as at 31 May 2012 amounted to approximately RM32,394,000 (2011 : RM25,809,000).

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.

25. 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 24.

25. FINANCIAL RISK MANAGEMENT (CONT'D)

Credit Risk (cont'd)

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.

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 Loss 2012 RM	Increase/ (Decrease) in Profit 2011 RM
Appreciation of USD against RM by 10%	**(565,267)**	(322,553)
Depreciation of USD against RM by 10%	**565,267**	322,553

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.

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 Loss 2012 RM	Increase/ (Decrease) in Profit 2011 RM
Increase in interest rates by 50 basis points	**(57,794)**	(4,712)
Decrease in interest rates by 50 basis points	**57,794**	4,712

26. 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, sell assets, raise or redeem debts, 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	
	2012	2011
	RM	RM
Total loans and borrowings	**43,016,082**	35,303,019
Total equity	**48,495,565**	53,409,292
Total capital	**91,511,647**	88,712,311
Debt-to-equity ratio	**89%**	66%

SUPPLEMENTARY INFORMATION -
REALISED AND UNREALISED PROFITS OR LOSSES

	The Group		The Company	
	2012	2011	**2012**	2011
	RM	RM	**RM**	RM
Total retained profits of the Company and its subsidiaries:-				
- Realised	**55,141,745**	60,480,086	**327,198**	1,760,854
- Unrealised	**(1,705,796)**	(1,925,651)	**0**	0
	53,435,949	58,554,435	**327,198**	1,760,854
Consolidation adjustments and eliminations	**(22,462,169)**	(22,666,928)	**0**	0
Total retained profits as per statement of financial position	**30,973,780**	35,887,507	**327,198**	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.

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 2012 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	11 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	11,565	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

1. DISCLAIMER STATEMENT

Bursa Malaysia Securities Berhad ("Bursa Securities") has not perused this Share Buy-Back Statement ("Statement") prior to its issuance, takes no responsibility for the contents of the Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Statement.

2. RATIONALE FOR THE PROPOSED PURCHASED BY SINARIA CORPORATION BERHAD ("SINARIA" OR "THE COMPANY") OF ITS OWN ORDINARY SHARES OF RM0.50 EACH ("SHARES") REPRESENTING UP TO 10% OF THE EXISTING ISSUED AND PAID-UP SHARE CAPITAL ("PROPOSED SHARE BUY-BACK")

The Proposed Share Buy-Back, if exercised, will enable the Company to utilize its financial resources not immediately required for use, to purchase its own Shares. The Proposed Share Buy-Back may enhance the Earnings per Share ("EPS") which may have a positive impact on the market price of SINARIA Shares. Other potential advantages of the Proposed Share Buy-Back to the Company and its shareholders are as follows :-

(a) To allow the Company to take preventive measures against speculation particularly when SINARIA Shares are undervalued which would in turn stabilize the market price of SINARIA Shares and hence, enhance investors' confidence;

(b) To allow the Company flexibility in achieving the desired capital structure, in terms of the debt and equity composition, and the size of equity; and

(c) The Purchased Shares may be held as treasury shares and distributed to shareholders as dividends and/or resold in the open market with the intention of realising a potential capital gain if the Purchased Shares are resold at price(s) higher than their purchase price(s).

3. RETAINED PROFITS AND SHARE PREMIUM

Based on the audited financial statements of SINARIA as at 31 May 2012, the retained profits and share premium of the Company stood at RM327,198 and RM NIL respectively.

4. SOURCE OF FUNDING

The Proposed Share Buy-Back will be financed from both internally generated funds and/or external borrowings so long as the buy-back is backed by an equivalent amount of retained profits or share premium. The Company has adequate resources to undertake the Proposed Share Buy-Back in view that the Company has net cash and cash equivalent balance of approximately RM70,975 based on the audited financial statements of SINARIA as at 31 May 2012.

In the event borrowings are used for the purchase of SINARIA Shares, the Board will ensure that the Company has the capability to repay the borrowings and that such repayment will not have a material effect on the Company's cash flow. Any funds utilized by SINARIA for the Proposed Share Buy-Back will consequentially reduce the resources available to SINARIA for its operations by a corresponding amount for shares bought back.

5. INTERESTS OF DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND PERSONS CONNECTED TO THEM

Save for the inadvertent increase in the percentage shareholdings and/or voting rights of the shareholders in the Company as a consequence of the Proposed Share Buy-Back, none of the Directors and Substantial Shareholders of SINARIA nor persons connected to them has any interest, direct or indirect, in the Proposed Share Buy-Back and, if any, the resale of the treasury shares.

5. INTERESTS OF DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND PERSONS CONNECTED TO THEM (CONT'D)

Based on the Register of Directors and the Register of Substantial Shareholders of SINARIA as at 1 October 2012 and assuming that SINARIA implements the Proposed Share Buy-Back in full, the effects of the Proposed Share Buy-Back on the shareholdings of the Directors, Substantial Shareholders and Person Connected to Director of SINARIA are as follows:-

	Existing [(a)]				After the Proposed Share Buy-Back [(b)]			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Substantial Shareholders								
Tan Khang Khim [(1)]	25,435,675	28.26	23,326,811*	25.92*	25,435,675	31.40	23,326,811*	28.80*
Wide Symbol Sdn. Bhd.	23,326,811	25.92	–	–	23,326,811	28.80	–	–
Directors								
Mohd Ariffin Bin Don	364,002	0.40	–	–	364,002	0.45	–	–
Low Ai Choo [(2)]	391,510	0.44	–	–	391,510	0.48	–	–
Sim Yee Fuan	10,000	0.01	–	–	10,000	0.01	–	–
Khoo Lay Tatt	–	–	–	–	–	–	–	–
Ustaz Abdul Hamid Bin Sulaiman	–	–	–	–	–	–	–	–

Note:

* Deemed interested by virtue of his substantial shareholdings in Wide Symbol Sdn. Bhd. pursuant to Section 6A of the Act.
[(a)] Based on the existing issued and paid up share capital of 90,000,000 Shares.
[(b)] Based on the issued and paid up share capital of 81,000,0000 Shares after the Proposed Share Buy-Back.
[(1)] Also Executive Chairman of the Company.
[(2)] Executive Director of the Company and spouse of Mr. Tan Khang Khim.

6. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK

6.1 Potential Advantages of the Proposed Share Buy-Back

The potential advantages of the Proposed Share-Buy Back are as set out in Section 2 of the Statement.

6.2 Potential disadvantages of the Proposed Share Buy-Back

The potential disadvantages of the Proposed Share Buy-Back to the Company and its shareholders are as follows :-

(a) The Proposed Share Buy-Back will reduce the financial resources of the Group and may result in the Group foregoing interest income and/or better investment opportunities that may emerge in the future; and
(b) It would also result in the reduction of financial resources available for distribution to shareholders in the immediate future.

Nevertheless, the Board is of the view that the Proposed Share Buy-Back is not expected to have any potential material disadvantages to the shareholders of the Company as well as the Group as it will be implemented only after careful consideration of the financial resources of the Group and the resultant impact on the shareholders of the Company.

7. MATERIAL FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK

The material financial effects of the Proposed Share Buy-Back on the share capital, consolidated Net Tangible Assets (NTA), working capital, earnings, dividends and the substantial shareholders' shareholdings in SINARIA are set out below:

7.1 Share Capital

As at 1 October 2012, the issued and paid-up capital of SINARIA was RM45,000,000 comprising 90,000,000 Shares. Based on the assumption that the Proposed Share Buy-Back is implemented in full and all the Purchased Shares are cancelled, the effect on the share capital of the Company is illustrated as follows :-

	No. of Shares
Issued and paid-up share capital as at 1 October 2012	90,000,000
Less : Maximum number of SINARIA Shares to be cancelled pursuant to the Proposed Share Buy-Back	(9,000,000)
Upon completion of the Proposed Share Buy-Back	81,000,000

The Proposed Share Buy-Back will not have any effect on the issued and paid-up share capital of the Company as Shares purchased are to be retained as treasury shares. However, while the Purchased Shares are held as treasury shares, Section 67A (3C) of the Companies Act, 1965 states that the rights attached to them as to voting, dividends and participation in other distributions or otherwise are suspended and the treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares for any purposes including without limiting the generality of this provision, the provisions of any law or requirements of the articles of association of the Company or the listing rules of a stock exchange on substantial shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

7.2 NTA

The effects of the Proposed Share Buy-Back on the consolidated NTA of the Group would depend on the purchase price and number of Purchased Shares, the effective funding cost to SINARIA to finance the Purchased Shares or any loss in interest income to SINARIA.

The Proposed Share Buy-Back will reduce the consolidated NTA per Share at the time of purchase if the purchase price exceeds the consolidated NTA per Share and conversely will increase the consolidated NTA per Share at the time of purchase if the purchase price is less than the consolidated NTA per Share.

Should the Purchased Shares be resold, the consolidated NTA will increase if the Company realizes a capital gain from the resale, and vice-versa. However, the quantum of the increase in NTA will depend on the selling prices of the Purchased Shares and the number of Purchased Shares resold.

7.3 Working Capital

The Proposed Share Buy-Back is likely to reduce the working capital of the Group, the quantum of which would depend on the purchase price of the Purchased Shares, the number of Purchased Shares and any associated costs incurred in making the purchase.

7.4 Earnings

The effects of the Proposed Share Buy-Back on the earnings of the Group will depend on, inter alia, the purchase prices of the Shares, the number of Shares purchased, the effective funding cost to SINARIA to finance the purchase of Shares or any loss in interest income to the Group and the proposed treatment of the Purchased Shares.

If the Purchased Shares are to be retained as treasury shares or cancelled subsequently, the number of Shares applied in the computation of the EPS will be reduced, and accordingly, all other things being equal, the Proposed Share Buy-Back will have a positive impact on the EPS of the Group.

7. MATERIAL FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK (CONT'D)

7.4 Earnings (cont'd)

In the event the Purchased Shares are resold subsequently, depending on the price at which the said Shares are resold, the Proposed Share Buy-Back may have a positive effect on the EPS of the Group if there is a gain on the disposal and vice-versa.

7.5 Dividends

Assuming the Proposed Share Buy-Back is implemented in full, dividends would be paid on the remaining issued and paid-up share capital of SINARIA (excluding the Shares already purchased). The Proposed Share Buy-Back may have an impact on the Company's dividend policy for the financial year ending 31 May 2013 as it would reduce the cash available which may otherwise be used for dividend payments. Nonetheless, the treasury shares purchased may be distributed as dividends to shareholders of the Company, if the Company so decides.

Any dividends to be declared by SINARIA in the future would depend on, inter-alia, the profitability and cash flow position of the Group.

7.6 Substantial Shareholders

Shares bought back by the Company under the Proposed Share Buy-Back that are retained as treasury shares will result in a proportionate increase in the percentage shareholdings of the Substantial Shareholders in the Company. Please refer to Section 5 of this Statement for further details.

8. IMPLICATIONS OF THE PROPOSED SHARE BUY-BACK RELATING TO THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS, 2010 (THE "CODE")

Pursuant to Paragraph 10.1 of Practice Note 9 of the Code, a mandatory offer obligation arises when:-

(a) a person* obtains controls in a company as a result of a buy back scheme by the company;
(b) a person* (holding more than 33% but not more than 50% of the voting shares or voting rights of a company), as a result of a buy back scheme by the company, increases his holding of the voting shares or voting rights of the company by more than 2% in any six-month period;
(c) a person* (holding more than 33% but not more than 50% of the voting shares or voting rights of a company) acquires more than 2% of the voting shares or voting rights of the company when he knows or reasonably ought to know that the company would carry out a buy back scheme.

"a person" includes persons acting in concert.

Pursuant to the Code, the affected Substantial Shareholder and/or the Group of Persons Acting in Concert may apply for a waiver from the obligation to make a mandatory offer from the Securities Commission under the Paragraph 24.1 of Practice Note 9 of the Code.

The Board is aware of the requirements of the Code and will be mindful of the requirements when making any purchase of SINARIA Shares pursuant to the Proposed Share Buy-Back.

9. PURCHASES MADE BY THE COMPANY OF ITS OWN SHARES IN THE LAST FINANCIAL YEAR

There was no share buy-back by the Company during the financial year ended 31 May 2012.

10. PUBLIC SHAREHOLDING SPREAD

According to the Record of Depositors maintained by Bursa Malaysia Depository Sdn. Bhd. as at 1 October 2012, approximately 40,472,002 Shares representing 44.97% of the issued and paid-up share capital of the Company were held by the public shareholders. In this regard, the Board undertakes to purchase Shares only to the extent that the public shareholding spread of SINARIA shall not fall below 25% of the issued and paid-up share capital of the Company (excluding treasury shares) at all times pursuant to the Proposed Share Buy-Back, in accordance with Para 8.02(1) and 12.14 of the Bursa Securities Main Market Listing Requirements (LR).

11. DIRECTORS' STATEMENT

After taking into consideration all relevant factors, the Board is of the opinion that the Proposed Share Buy-Back described above is in the best interest of the Company.

12. DIRECTORS' RECOMMENDATION

The Board recommends that you vote in favour of the ordinary resolution to be tabled at the forthcoming Fourth Annual General Meeting to give effect to the Proposed Share Buy-Back.

13. FURTHER INFORMATION

There is no other information concerning the Proposed Share Buy-Back as shareholders and other professional advisers would reasonably require and expect to find in the Statement for the purpose of making informed assessment as to the merits of approving the Proposed Share Buy-Back and the extent of the risks involved in doing so.

ANALYSIS OF SHAREHOLDINGS

SHARE CAPITAL AS AT 1 OCTOBER 2012

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	:	1,078

DISTRIBUTION OF SHAREHOLDERS AS AT 1 OCTOBER 2012

Holdings	No. of Holders	Total Holdings	%
1 - 99	4	112	0.00
100 - 1,000	312	159,990	0.18
1,001 - 10,000	340	1,903,700	2.11
10,001 – 100,000	343	11,868,002	13.19
100,001 – 4,499,999	77	27,305,710	30.34
4,500,000 and above	2	48,762,486	54.18
Total	1,078	90,000,000	100.00

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 1 OCTOBER 2012

	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	3.59
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	1,417,500	1.58
7.	Ng Cheng Siang	1,200,000	1.33
8.	Goh Siang Giang	900,000	1.00
9.	CIMSEC Nominees (Tempatan) Sdn. Bhd. Qualifier : CIMB Bank for MD Zin Bin Baharom (MY0490)	785,000	0.87
10.	Kenanga Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Muhammad Danish Bin Abdullah Manoharan	538,000	0.60
11.	Kenanga Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Helen Yong	523,000	0.58
12.	Upstream Downstream Process & Services Sdn. Bhd.	500,000	0.56
13.	Lai Nam Khian	500,000	0.56
14.	Chong Tong Sing	500,000	0.56
15.	Ahmad Komarolaili Bin Abu	500,000	0.56
16.	Neo Thin Hoay @ Yeoh Thin Hoay	475,000	0.53
17.	CIMSEC Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities CIMB Bank for Lim Chee Beng (Langkap)	439,900	0.49
18.	AIBB Nominees (Tempatan) Sdn. Bhd. Qualifier : Pledged Securities Account for Goh Kim Choon	414,600	0.46
19.	Siew Tee Chu	397,200	0.44
20.	Low Ai Choo	391,510	0.44
21.	Public Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Wong Ting Hiong (E-BTL)	370,000	0.41
22.	EB Nominees (Tempatan) Sendirian Berhad Qualifier: Pledged Securities Account for Mohd Ariffin Bin Don (SFC)	364,000	0.40
23.	CIMSEC Nominees (Tempatan) Sdn. Bhd. Qualifier: CIMB Bank for Teo Chee Peng (MY1116)	310,500	0.35
24.	Jenny Wong	308,800	0.34
25.	Heng Choo Hong	305,000	0.34
26.	EB Nominees (Tempatan) Sendirian Berhad Qualifier: Pledged Securities Account for Chandran A/L Suppiah (SFC)	304,000	0.34
27.	Mayban Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account For Ong Kok Thye	303,000	0.34
28.	Tan Leong Chin	295,400	0.33
29.	Ng Kok Beng	273,000	0.30
30.	Yeo Eng Seng	271,000	0.30

SUBSTANTIAL SHAREHOLDERS AS AT 1 OCTOBER 2012

	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 1 OCTOBER 2012

	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

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 Fourth Annual General Meeting of the Company to be held at Garuda 2, Cinta Sayang Resort, Persiaran Cinta Sayang, 08000 Sungai Petani, Kedah on Wednesday, 28 November 2012 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 approve an increase of the Directors' Fee from RM144,000/- to RM156,000/- for the financial year ending 31 May 2013 and payment of such fees to the Directors.		
	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 :-		
2.	Tan Khang Khim (Article 97(1))		
3.	Khoo Lay Tatt (Article 97(1))		
4.	To re-appoint Messrs. Crowe Horwath as Auditors of the Company for the ensuing year and to authorize the Directors to fix their remuneration.		
	To pass the following resolution as Special Business :- **Ordinary Resolutions**		
5.	Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965.		
6.	To approve the resolution pursuant to Renewal of Authority to Purchase its own Shares		
7.	**Special Resolution** To approve the Proposed Alteration to the Articles of Association of the Company as set out in the Appendix A attached together with the Annual Report 2012.		

Signature of Shareholder(s) ……………………………………….

Signed this …......... day of…………………….………., 2012.

Notes:

1. *For the purpose of determining a member who shall be entitled to attend and vote at the AGM, the Company shall be requesting the Record of Depositors as at 19 November 2012. Only a depositor whose name appears on the Record of Depositors as at 19 November 2012 shall be entitled to attend, speak and vote at the said meeting as well as for appointment of proxy(ies) to attend and vote on his/her stead.*

2. *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.

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AFFIX
STAMP

THE COMPANY SECRETARIES
SINARIA CORPORATION BERHAD (838172–P)
57 G, Persiaran Bayan Indah
Bayan Bay, Sungai Nibong,
11900 Penang

first fold here

Sinaria (838172-P)
Sinaria Corporation Berhad

SINARIA CORPORATION BERHAD (838172-P)

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