



# CCK CONSOLIDATED HOLDINGS BERHAD

396692-T



annual report  
**2013**



## Vision

The Food People  
of Choice

## Mission

We are committed to  
provide quality food through  
our dedicated team of  
people to our customers  
thereby enhancing the  
economic well-being and  
quality of life of  
stakeholders

# Contents

2	Corporate Information
3	Corporate Structure
4	Chairman's Statement
7	Directors' Profile
13	Statement on Corporate Governance
24	Statement on Risk Management and Internal Control
27	Audit Committee Report
32	Statement of Directors' Responsibilities
	<b>Financial Statements:</b>
34	Directors' Report
39	Statement by Directors
39	Statutory Declaration
40	Independent Auditors' Report
42	Statements of Financial Position
44	Statements of Profit or Loss and Other Comprehensive Income
46	Statements of Changes in Equity
51	Statements of Cash Flows
55	Notes to the Financial Statements
126	Additional Compliance Information
127	List of Top 10 Properties
128	Analysis of Shareholdings
131	Notice of Annual General Meeting
133	Notice of Dividend Entitlement and Payment
	Form of Proxy

# CORPORATE INFORMATION

## Board Of Directors

### **Datuk Tiong Su Kouk**

*Non-Independent Non-Executive Chairman*

### **Chong Shaw Fui**

*Executive Vice Chairman*

### **Tiong Chiong Hiiung**

*Group Managing Director*

### **Tiong Chiong Soon**

*Executive Director*

### **Lau Liong Kii**

*Executive Director*

### **Kueh Chung Peng**

*Executive Director*

### **Ling Ting Leong @ Ling Chong Seng**

*Non-Independent Non-Executive Director*

### **Pemanca Jangu anak Banyang**

*Independent Director*

### **Datu Haji Putit bin Matzen**

*Independent Director*

### **Bong Wei Leong**

*Independent Director*

## Registered Office

Lot 999, Section 66, Jalan Keluli  
Bintawa Industrial Estate  
93450 Kuching, Sarawak, Malaysia

Tel: 082-336520

Fax: 082-331479

## Company Secretaries

Ling Ting Leong @ Ling Chong Seng  
(MACS 00754)

Voon Jan Moi  
(MAICSA 7021367)

## Principal Bankers

HSBC Bank Malaysia Berhad  
RHB Bank Berhad  
Hong Leong Bank Berhad

## Share Registrar

Symphony Share Registrars Sdn. Bhd.  
Level 6, Symphony House  
Block D13, Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

Tel: 03-7841 8000

Fax: 03-7841 8151 / 03-7841 8152

## Auditors

Crowe Horwath  
Chartered Accountants  
2nd Floor, No.1, Lorong Pahlawan 7A2  
Jalan Pahlawan, 96000 Sibu  
Sarawak, Malaysia

## Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad

Stock Name : CCK

Stock Code : 7035

## Website

[www.cck.com.my](http://www.cck.com.my)



## CCK CONSOLIDATED HOLDINGS BERHAD

(396692-T)





### *Dear Shareholders*

On behalf of the Board of Directors ("Board"), it gives me great pleasure to present the Annual Report and Audited Financial Statement of CCK Consolidated Holdings Berhad and its Group of Companies ("CCK Group") for the financial period ended 31 December 2013.

***Datuk Tiong Su Kouk***  
*Chairman*

### INDUSTRY TREND

The global economy's recovery from the financial crisis five (5) years ago inched forward in 2013 with fast-growing emerging markets losing pace whilst developed nations gained strength. Central banks in the U.S.A., Japan and Europe poured money into their economies and kept interest rates low. In emerging markets such as Brazil and India, domestic demand softened and exports declined as rates were boosted to stem inflation.

The Malaysian economy grew by an estimated 4.8% in 2013 buoyed by strong sustained domestic demand supported by growth in wages and a stable employment outlook. The economy is expected to expand 5.5% in 2014 with a gradual recovery in the external sector supporting this growth. Malaysia's inflation rate is expected to edge up to 3.5% to 4% next year from 2.1% in 2013 on the back of power tariff increases.

Malaysia is largely self-sufficient in poultry meat production, and output is expanding gradually, in line with expectations for domestic demand growth. In tandem with the growth of the poultry sector, egg production is also expected to increase.

In our continuing pursuit of enhancing quality and heightening customer experience, we opened another five (5) concept stores during the financial period under review bringing the number of our retail and wholesale stores to 57. Our new stores located in strategic areas across Sabah and Sarawak has enabled us to introduce the concept of farm fresh poultry and eggs to more consumers.



### CCK GROUP PERFORMANCE

For the 6 months ended 31 December 2013, the Group recorded revenue of RM230.8 million compared to RM417.9 million for the 12 months ended 30 June 2013. Profit before tax for the 6 months ended 31 December 2013 was RM12.4 million compared to RM16.6 million for the 12 months ended 30 June 2013. Earnings per share stood at RM5.51.

### CORPORATE DEVELOPMENT

During the financial period under review, the Group undertook the following changes in its Group composition :

1. On 4 November 2013, PT. Central Coldstorage Khatulistiwa, a 90% owned subsidiary of CCK via PT. Adilmart, was incorporated in Indonesia with its principal activities of general trading, including import, export and wholesale of coldstorage products, dry foods and groceries.
2. On 19 November 2013, CCK acquired the remaining 500 ordinary shares, representing 0.42% of the total issued and paid-up share capital of Pt. Adilmart. Thereby, Pt. Adilmart became a 100% owned subsidiary of CCK, out of which 3.75% is owned by CCK Fresh Mart Sdn. Bhd., which in turn is 100% owned by CCK.

Subsequent to the acquisition, Pt. Adilmart became a 100% owned subsidiary of CCK, out of which 3.75% is owned by CCK Fresh Mart Sdn. Bhd., which in turn is 100% owned by CCK.

### DIVIDEND

In line with our continued focus on shareholder returns, the Board has announced a first and final single tier dividend of 1.50 sen per share for the financial period ended 31 December 2013.

### CORPORATE SOCIAL RESPONSIBILITY

At CCK Group, we believe in balancing our social, economic and environmental responsibilities. We constantly seek avenues to balance economic growth with a positive impact on the environment in which we operate. We also recognise the importance of maintaining active dialogue with our stakeholders including employees, investors, suppliers, regulators and others.

Employee engagement remains a high priority as we believe that our people are our best assets. Recognising that we are in the food business, maintaining a high level of cleanliness and health among our employees is crucial. As such, we constantly strive to adhere to the standards of the Department of Safety and Health ("DOSH") and the Ministry of Health ("MOH"). To ensure our employees are fully aware of this, there are always new training courses and new equipment introduced to ensure our employees are working in a safe environment.

Understanding that our success depends on the mutual growth of our communities, we also demonstrated our social responsibility by reaching out to the less fortunate by contributing monetary aid to various charitable bodies.

### PROSPECTS

Poultry meat production in Malaysia is expected to grow at a moderate rate of 2% in 2014 with production forecast at 1.44 million tons. The reduction of fuel subsidies, depreciation of the Malaysian Ringgit and implementation of minimum wages in 2013 are all factors leading to higher production costs. The decline in corn prices at the end of 2013 is expected to continue in 2014. However, benefits from this decline will somewhat be mitigated by the depreciation of the Ringgit Malaysia.

With the Malaysian economy expected to remain on its steady growth trajectory supported by private sector domestic demand, we at CCK remain optimistic about 2014 and beyond. We have invested substantially in our core businesses of retailing and integrated poultry farming and processing to cement our leadership position. With expected better economies of scale from our previous investments, we are confident that we will be able to achieve further growth in our performances.

### APPRECIATION

On behalf of the Board and management, I would like to express our appreciation to our shareholders, various stakeholders and business partners for their continued support and belief in us.

We are truly grateful for the loyalty and support of our customers who recognised our ability to provide them quality food, and who constantly spur us to keep delivering only but the best.

Most of all, I would like to extend my sincere appreciation to all my fellow Directors who have been a continued pillar of strength to the CCK Group. Your wisdom and direction have been second to none.

To our employees, we wish to reiterate that we are so proud to have you with us – your hard work, dedication and commitment have enabled us to be where we are today as an organisation – and for this, we thank you.

### DATUK TIONG SU KOUK

Chairman  
16 April 2014



### **Datuk Tiong Su Kouk**

*Non-Independent Non-Executive Chairman*

Datuk Tiong Su Kouk, a Malaysian aged 72, is the founder of CCK Consolidated Holdings Berhad ("CCK") and its subsidiaries ("CCK Group" or "the Group"). He was appointed as Executive Chairman to the Board of CCK on 15 July 1997 and re-designated as Non-Independent Non-Executive Chairman on 20 March 2002. He is also a member of the Audit Committee and Nomination Committee of CCK and the Chairman of the Remuneration Committee of CCK. He also acts as Chairman of the other companies within the CCK Group. Under his stewardship, the CCK Group has progressed from a small family-run business to one of the Sarawak's largest integrated poultry producers and producers of frozen seafood.

Datuk Tiong began his career as a seafood trader at the age of 14. He also involved in poultry industries for the past 29 years. Additionally, Datuk Tiong also sits on various school boards and is actively involved in the Foochow and Tiong Associations in Malaysia. He is the Life Honorary President of the Sibu Chinese Chamber of Commerce and Industry and the Honorary President of The Association Chinese Chambers of Commerce and Industry of Sarawak. He was appointed as the Honorary Life President of World Federation of Foochow Association in 2004 and the Permanent Honorary Life Chairman and Inaugurator of the World Zhang Clan Association in 2011.

Datuk Tiong was appointed as Executive Chairman and Chief Executive Officer ("CEO") of Nam Cheong Limited ("NCL"), a public company listed on Singapore Exchange since April 2011. He has relinquished his position as the CEO of NCL on 21 May 2013 but remained as the Executive Chairman of NCL. The NCL Group is one of the leading builders and suppliers of Offshore Support Vessels in Malaysia. He also sits on the boards of other private limited companies in Malaysia.

He was conferred the Panglima Jasa Negara (PJN) which carries the title "Datuk" by Seri Paduka Baginda Yang Di-Pertuan Agong on the occasion of His Excellency's 75th Birthday on 2 June 2001. He was awarded the "Pingat Bintang Sarawak" (PBS) and "Johan Setia Mahkota" (JSM) in 1987 and 2000 respectively by the Sarawak State Government and Seri Paduka Baginda Yang Di-Pertuan Agong respectively for his contributions to the community.

During the financial period ended 31 December 2013, Datuk Tiong has attended all the three (3) Board meetings held. His shareholdings in CCK as at 7 April 2014 are disclosed on page 129 of this annual report.







## **Chong Shaw Fui**

*Executive Vice Chairman*

Mr. Chong Shaw Fui, a Malaysian aged 69, was appointed as Executive Vice Chairman to the Board of CCK on 15 July 1997. He is responsible for the management of the poultry business unit, which ranges from the breeding, hatchery to the production line accordingly. Mr. Chong is a member of the Risk Management Committee of CCK.

Mr. Chong brings to the CCK Group invaluable experience of over 39 years in the poultry industry. He commenced his poultry breeding experience in Singapore in 1972. He was the founder of the Sarawak Breeding Farm specialising in the production of day-old chicks, he then developed this business into Zhang Agriculture Development Sdn. Bhd., which is now a wholly-owned subsidiary of CCK. In 1983, Mr. Chong incorporated Poultry Industry (S) Sdn. Bhd., another wholly-owned subsidiary of CCK, with the aim of producing broilers as well as the contract farming of broilers to supply the CCK abattoir. In 2010, Zhang Agriculture Development (Sabah) Sdn. Bhd. another wholly-owned subsidiary of CCK was set up to manage the expanded business of poultry in Sabah, under the supervision of Mr. Chong.

During the financial period ended 31 December 2013, Mr. Chong has attended all the three (3) Board meetings held. His shareholdings in CCK as at 7 April 2014 are disclosed on page 129 of this annual report.



## **Tiong Chiong Hiiung**

*Group Managing Director*

Mr. Tiong Chiong Hiiung, a Malaysian aged 47, was appointed to the Board of CCK on 15 July 1997. He is the Group Managing Director of CCK and also a member of the Remuneration Committee and Risk Management Committee.

Mr. Tiong graduated with a Bachelor of Economics from Monash University in Australia in 1989 and joined the Group as a Director in a subsidiary of CCK. In 1994, he was appointed as Managing Director of Central Coldstorage Kuching Sdn. Bhd., and subsequently was responsible for the overall management and operations of the CCK Group. He has been actively involved in every aspect of the Group's operations, including breeding, broiler farming, and processing of seafood. He also sits on the boards of various private limited companies. He is recognised as a licensed Company Secretary by the Companies Commission of Malaysia.

He is a Non-Executive Director of NCL, and also a member of the Audit Committee, Nomination Committee and Remuneration Committee of NCL since April 2011.

During the financial period ended 31 December 2013, Mr. Tiong has attended all the three (3) Board meetings held. His shareholdings in CCK as at 7 April 2014 are disclosed on page 129 of this annual report.



## Tiong Chiong Soon

*Executive Director*

Mr. Tiong Chiong Soon, a Malaysian aged 44, was appointed as Executive Director of CCK on 15 July 1997. He is a member of the Risk Management Committee of CCK. He graduated from the University of Oklahoma, USA with a Bachelor of Business in 1994. He joined the Group after his graduation, and is principally responsible for the purchasing function and the retail division of the Group. He has an excellent rapport with the suppliers thus ensuring timely delivery of products of the highest quality for the Group. He also sits on the boards of various private limited companies.

During the financial period ended 31 December 2013, Mr. Tiong has attended all the three (3) Board meetings held. His shareholdings in CCK as at 7 April 2014 are disclosed on page 129 of this annual report.



## Lau Liong Kii

*Executive Director*

Mr. Lau Liong Kii, a Malaysian aged 63, was appointed as Executive Director to the Board of CCK on 15 July 1997. He is also a member of the Remuneration Committee and Risk Management Committee of CCK. He joined the Group in 1982 as the Managing Director of Ableway Sdn. Bhd., principally responsible for the operations of Ableway Sdn. Bhd., and the production and marketing functions of the prawn division. He has accumulated vast experience in the domestic food market and the international aspects of the food industry. He brings to the Group an in-depth understanding of specialist trends of the food industry.

He was appointed as Non-Executive Director of NCL on April 2011 and was re-designated to Independent Director on February 2012. He subsequently retired at Annual General Meeting of NCL held on 29 April 2013.

During the financial period ended 31 December 2013, Mr. Lau has attended all the three (3) Board meetings held. His shareholdings in CCK as at 7 April 2014 are disclosed on page 129 of this annual report.





## **Kueh Chung Peng**

*Executive Director*

Mr. Kueh Chung Peng, a Malaysian aged 60, was appointed as Executive Director of CCK on 15 July 1997. He is a member of the Risk Management Committee of CCK. He joined Kin Eastern Frozen Food Sdn. Bhd. in 1982 as the Managing Director and is responsible for the aquaculture farming division of the CCK Group. He was appointed as a Director to CCK Fresh Mart Sdn. Bhd., a wholly-owned subsidiary of CCK in 1993. He has over 32 years experience in the prawn and coldstorage products industry.

During the financial period ended 31 December 2013, Mr. Kueh has attended all the three (3) Board meetings held. His shareholdings in CCK as at 7 April 2014 are disclosed on page 129 of this annual report.



## **Ling Ting Leong @ Ling Chong Seng**

*Non-Independent Non-Executive Director*

Mr. Ling Ting Leong @ Ling Chong Seng, a Malaysian aged 62. He obtained a Certificate in Higher Accounting in 1971 and has gained vast experience in accounting and auditing for 11 years from 1971 to 1982. He joined the CCK Group in 1983 and is responsible for the finance and corporate secretarial matters of the CCK Group. He is a Certified Company Secretary and is a member of the Malaysian Association of Company Secretaries ("MACS") since 2001, and he was appointed as Sarawak Liaison Co-Chairman of MACS since 11 October 2011. He is a businessman with a wealth of experience and was appointed as Executive Director to the Board of CCK on 15 July 1997. He retired as an Executive Director of CCK on 1 July 2013 and was redesignated as Non-Independent Non-Executive Director on 1 July 2013.

During the financial period ended 31 December 2013, Mr. Ling has attended all the three (3) Board meetings held. His shareholdings in CCK as at 7 April 2014 are disclosed on page 129 of this annual report.



## **Pemanca Janggu anak Banyang**

*Independent Director*

Pemanca Janggu anak Banyang, a Malaysian aged 67, was appointed to the Board of CCK as an Independent Director on 15 July 1997. He is also the Chairman of the Audit Committee and Nomination Committee of CCK and a member of CCK's Remuneration Committee. After completing his formal education, he worked for various companies and subsequently held directorship in these companies, which are principally involved in the activities of supply of rations, property development and timber contractor. He is also involved in Agro-base Nursery.

During the financial period ended 31 December 2013, Pemanca Janggu has attended all the three (3) Board meetings held. His shareholdings in CCK as at 7 April 2014 are disclosed on page 129 of this annual report.



## **Datu Haji Putit bin Matzen**

*Independent Director*

Datu Haji Putit bin Matzen, a Malaysian aged 69, was appointed as an Independent Director to the Board of CCK on 20 March 2002. He is also a member of the Nomination and Remuneration Committees of CCK. He holds a Bachelor of Science degree and obtained a professional post-graduate Diploma in Teaching. He started his career with the Sarawak Education Service in 1972 and held various senior positions including the Director in the State Education Department and a Principal Assistant Director at the Ministry of Education in Kuala Lumpur. While in service, he pursued other professional courses, notably in educational management and administration, development, innovation, testing and examinations and also crisis management. Currently, he is a Vice-Chairman of the Sarawak Branch of the Malaysian Red Crescent Society, the President of the Malaysian Historical Society (Sarawak Branch), a Member of the Board of Trustees of the State Mosque and the President of Sarawak Islamic Council.

During the financial period ended 31 December 2013, Datu Haji Putit has attended two (2) out of three (3) Board meetings held. He holds no share in CCK.





## Bong Wei Leong

*Independent Director*

Mr. Bong Wei Leong, a Malaysian aged 47, was appointed as Independent Director to the Board of CCK on 30 September 2009. He is also a member of the Audit Committee of CCK. He graduated with a Bachelor of Business (Accountancy) and Bachelor of Law from Queensland University of Technology, Australia in 1993. Mr. Bong was a partner of a public accountants firm prior to starting his own practice in 2004. He has more than 20 years of experience in providing auditing, accounting and taxation services to various clients.

He is a member of the Malaysian Institute of Accountants and the CPA Australia. Currently, he is the Chairman as well as the Senior Independent Director of Rimbunan Sawit Berhad, a public company listed on the Main Market of Bursa Malaysia Securities Berhad.

During the financial period ended 31 December 2013, Mr. Bong has attended all the three (3) Board meetings held. He holds no share in CCK.

### Additional information :

- The Directors have no family relationship with each other or the major shareholders of CCK, except for Mr. Tiong Chiong Hiiung and Mr. Tiong Chiong Soon who are the sons of Datuk Tiong Su Kouk.
- None of the Directors have been convicted of any offences within the past ten (10) years.
- None of the Directors hold any directorship in public companies, except for Mr. Bong Wei Leong.
- None of the Directors have any conflict of interest with the Company.



The Board of Directors (“the Board”) of CCK Consolidated Holdings Berhad (“CCK” or “the Company”) recognises the importance of good corporate governance and supports the implementation of the highest standards of corporate governance throughout the CCK Group as a fundamental part of discharging its fiduciary responsibilities to protect and enhance shareholders’ value and the financial performance of the CCK Group.

In line with this, the Board of CCK is pleased to disclose below the manner in which it has applied the eight (8) principles and observed the twenty-six (26) recommendations supporting the principles as set out in the Malaysian Code on Corporate Governance 2012 (“MCCG 2012”).

## 1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

### 1.1 Clear functions of the Board and Management

The Board is responsible for overall management of the Group. To ensure the effective discharge of its function and responsibilities, the Board delegating specific powers of the Board to Board Committees, namely the Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee to oversee the Group’s affairs in accordance with their respective Terms of Reference. All Board Committees do not have executive powers but to report to the Board on all matters considered and their recommendations thereon.

All proceedings, matters arising, deliberations, in terms of the issue discussed, and recommendations made by the Board Committees at the committees’ meetings are recorded in the minutes by the Company Secretaries, confirmed by the Board Committees, signed by the Chairmen of the said committees, and reported to the Board. All committees’ meetings were attended by the Secretaries of the Board Committees. Upon invitation, Management representatives were present at the Board Committees’ meetings to provide additional insight into matters to be discussed during the said committee meetings, if so required.

### 1.2 Clear roles and responsibilities

Besides its statutory duties, the Board is ultimately responsible for good corporate governance, including the setting of the CCK Group’s overall strategic direction, business plans and budgets, major investment and strategic commitment, overseeing the conduct of the businesses, identifying principal risks, ensuring that systems are in place to mitigate and manage these risks, implementation of succession planning programme for Senior Management, implementation of an investors relations programme and reviewing the adequacy of the CCK Group’s system of internal controls.

#### (a) Reviewing and adopting the Company’s strategic plans

The Board plays an active role in the development of the Company’s strategy. The Management presents to the Board its annual budget, business and strategic plans for the ensuing year for the Boards’ review and approval.

#### (b) Overseeing the conduct of the Company’s business

The Group Managing Director is responsible for the day-to-day management of the business and operations of the Group in respect of its commercial and regulatory functions. He is supported by other Board Committees. The performance of the Group is assessed by the Board through various reports and financial performance.

**(c) Identify principal risks and ensuring the implementation of appropriate system to manage them**

The Risk Management Committee reports to the Board on areas of high risk faced by the Group and the adequacy of compliance and control throughout the Group. The Risk Management Committee ensures that the necessary processes are in place to achieve compliance with statutory requirements and to protect the interest of stakeholders. Further details of the Risk Management Committee are set out in item 6.1 of this Statement.

**(d) Succession planning**

The Nomination Committee was entrusted by the Board to review candidates of the Board and Senior Management, to undertake yearly evaluation of their performance, contribution, experience and effectiveness, mix of skill and other qualities and independence in order to ensure a succession framework in place to run the Group. The Company currently has put in place a succession plan for Senior Management.

**(e) Overseeing the development and implementation of shareholder communication policy**

The Company carried out its Investor Relations activities in accordance with its Investors Relations and Shareholders Communication Policy, details of which are set out in item 8.3 of this Statement.

**(f) Reviewing the adequacy and integrity of management information and internal control system**

The Board is ultimately responsible for the adequacy and integrity of the CCK Group's system of internal control. Details pertaining to the Company's internal control system are set out in item 6.2 of this Statement.

### **1.3 Formalise ethical standards through Code of Ethics**

The Code of Ethics ("Code") for Directors is set up to enhance the standard of corporate governance and behavior and to uphold the spirit of social responsibility and accountability. The Code includes principles relating to their duties, conflict of interest and dealings in securities. A summary of the Code is made available on the Company's website at [www.cck.com.my](http://www.cck.com.my).

The Whistleblowing Policy seeks to foster an environment where integrity and ethical behavior are maintained and any improper action and wrongdoing in the Company may be exposed. The Board has overall responsibility to oversee the implementation of the Whistleblowing Policy.

### **1.4 Strategies promoting sustainability**

The Board has in place a Sustainability Policy, committing the Group to operate its business in accordance with environmental, social and economic responsibility, and to strive to achieve a sustainable long term balance between meeting its business goals and preserving the environment. Further details on sustainability activities can be found in the Chairman Statement as appeared on page 5 of this annual report. The Sustainability Policy can be found in CCK website at [www.cck.com.my](http://www.cck.com.my).



### 1.5 Access to information and advice

Every Director has unrestricted access to the information pertaining to the CCK Group's business and affairs to enable them in discharging their duties and responsibilities. All Directors are provided with an agenda and a set of board papers at least seven (7) days prior to the Board meetings, to ensure the Directors receive sufficient relevant information and to allow sufficient time for their detailed review and consideration so as to enable them to participate effectively in Board deliberations and decisions making.

Procedures have been established for access to information and advice. All Directors have access to the Company Secretaries, independent external professional advisors, internal auditors and external auditors in appropriate circumstances for advice and services in the furtherance of their duties, at the Company's expense.

### 1.6 Company Secretaries

The Company Secretaries are qualified secretaries as required pursuant to the Malaysian Companies Act 1965. The Company Secretaries are the members of Malaysian Association of Company Secretaries (MACS) and Malaysian Association of Institute of Chartered Secretaries and Administrators (MAICSA). They are competent in carrying out their work and play supporting and advisory roles to the Board and the Group on issue relating to compliance with laws and requirements as well as the Code of Corporate Governance. They ensure adherence and compliance to the procedures and regulatory requirements from time to time. They also ensure that meetings are properly convened and deliberations at meetings are accurately and sufficiently captured and minuted, minutes and statutory records are properly kept and updated. Besides, they also communicate with management on the Board's decisions, handling Company's share transactions, liaising with external auditors, lawyers, tax agents, bankers and shareholders in respect of secretarial and compliances matters.

### 1.7 Board Charter

A summary of the Board Charter is available on the Company's website at [ww.cck.com.my](http://ww.cck.com.my). The Charter clearly sets out the roles and responsibilities of the Board and Board Committees, clear functions reserved for the Board and those delegated to Management, the processes and procedures for convening their meetings, the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Company.

The Board will review the Charter regularly, to keep it up to date with changes in regulations and best practices and ensure its effectiveness and relevance to the Board's objectives.

## 2. STRENGTHEN COMPOSITION

### 2.1 Nomination Committee

The Board has on 27 February 2002 set up a Nomination Committee, which is mainly responsible for the identification and recommendation of new director to the Board and the Board Committees, for the annual review of the required mix of skills and experience of the Board and for the annual assessment of the effectiveness of the Board Committees, the Board as a whole and the contribution of each Director, including Independent Directors and finance manager, to ensure that they have the character, experience, integrity, competence and time to effectively discharge their roles.

All assessments and evaluations carried out by the Nomination Committee in the discharge of all its functions are properly documented.



## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

The members of the Nomination Committee, all of whom are Non-Executive Directors and a majority of whom are independent, are as follows:

Name	Directorship
<b>Chairman:</b> Pemanca Janggu anak Banyang	<i>Senior Independent Director</i>
<b>Member:</b> Datuk Tiong Su Kouk Datu Haji Putit bin Matzen	<i>Non-Independent Non-Executive Director</i> <i>Independent Director</i>

During the financial period ended 31 December 2013, the Nomination Committee has met once with full attendance of its members and has carried out the following key activities:-

- a. reviewed the mix of skills, experience and other qualities required for the Board
- b. evaluated the performance and effectiveness of the Board including contributions of each individual director
- c. evaluated the performance and effectiveness of the Board Committees
- d. assessed and recommended to the Board, Directors who are due for retirement by rotation pursuant to Company's Articles of Association, for continuation in service as Directors
- e. assessed and recommended the re-appointment of the Director pursuant to Section 129 of the Companies Act, 1965
- f. evaluate the character, experience, integrity, competence and time commitment of the Finance Manager
- g. assess the training needs of Directors

### 2.2 Develop, maintain and review criteria for recruitment and annual assessment of Directors

The Nomination Committee recommends the appointment of new Directors to the Board. Upon approval by the Board, the new Directors undergo a familiarisation programme, which includes visits to the CCK Group's operating units and meetings with Senior Management, as appropriate, to facilitate the new Directors' understanding of the CCK Group. The Company Secretaries will ensure that all appointments of new Director are properly carried out and all legal and regulatory obligations are met.

In accordance with CCK's Articles of Association, all Directors who are appointed by the Board are subject to election by shareholders at the ensuing annual general meeting after their appointment.

Additionally, in accordance with the CCK's Articles of Association and in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), one-third (1/3) of the remaining Directors, including the Managing Director, are required to submit themselves for re-election by rotation at each annual general meeting, and all Directors must submit themselves for re-election at least once every three (3) years.

Directors of or over the age of 70 years are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

The Board acknowledges the important of boardroom diversity covering gender, ethnicity and age for board and recognize the benefits that it can bring. Nomination Committee always



considers diversity including gender diversity when making appointment to the Board, taking into account variety of factors including but limited to candidates competency, character, time commitment, experience, integrity, other core competencies in meeting the needs of the Company. The current Board of the Company made up of directors of different ethnicity and age. The Board is therefore satisfied with the current boardroom diversity level. The Board does not have a specific policy on setting targets for women candidates. The Board does not take gender to be a bar to the Board membership, but recognises the value of woman directorship. In the absence of a gender diversity policy, the Nomination Committee and the Board will always ensure that women candidates are sought in the recruitment exercise. The Board has considered various aspects and will continue to assess the Boardroom diversity including gender diversity.

### 2.3 Remuneration Committee

The Remuneration Committee was established on 27 February 2002 and is principally responsible for setting the policy framework and for making recommendations to the Board on remuneration packages and benefits extended to the Executive Directors. A formal and transparent remuneration policy has been established to attract and retain directors. During the financial period ended 31 December 2013, the Remuneration Committee met once with full attendance of its members.

The members of the Remuneration Committee, the majority of whom are Non-Executive, are as follows:

Name	Directorship
<b>Chairman:</b> Datuk Tiong Su Kouk	<i>Non-Independent Non-Executive Director</i>
<b>Members:</b> Tiong Chiong Hiiung Lau Liang Kii Pemanca Janggu anak Banyang Datu Haji Putit bin Matzen	<i>Group Managing Director</i> <i>Executive Director</i> <i>Independent Director</i> <i>Independent Director</i>

The Remuneration Committee recommends to the Board the remuneration package of the Directors based on the Remuneration Policy. The fees for Non-Executive Directors are determined by the Board as a whole. Each individual Director abstained from the Board discussion and decision on his own remuneration. The remuneration package is determined in accordance to fair and equitable criteria based on the performance of the Directors.

The fees and remuneration paid to Directors of the CCK Group during the financial period ended 31 December 2013, in aggregate and analysed into bands of RM50,000, were as follows:

	Executive Directors (RM)	Non-Executive Directors (RM)
Fee	41,620	122,438
Salary	351,600	-
Bonus	-	-
Allowances	-	-
Defined contribution retirement plan	39,044	-
Benefits-in-kind	-	-

## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

Range of Directors' Remuneration (RM)	Executive Directors (No.)	Non-Executive Directors (No.)
RM650,001 to RM700,000	-	-
RM600,001 to RM650,000	-	-
RM550,001 to RM600,000	-	-
RM500,001 to RM550,000	-	-
RM450,001 to RM500,000	-	-
RM400,001 to RM450,000	-	-
RM350,001 to RM400,000	-	-
RM300,001 to RM350,000	-	-
RM250,001 to RM300,000	-	-
RM200,001 to RM250,000	-	-
RM150,001 to RM200,000	-	-
RM100,001 to RM150,000	1	-
RM50,001 to RM100,000	4	1
RM50,000 and below	-	5

### 3. REINFORCE INDEPENDENCE

#### 3.1 Annual Assessment of Independent Directors

The Independent Directors play an important role in ensuring impartiality of the Board's deliberations and decision-making process. The presence of independent directors fulfills a crucial role in corporate governance, for the provision of unbiased and independent views, advice and judgment to take account of the interests, not only of the CCK Group, but also of all shareholders and stakeholders including employees, customers, suppliers and the many communities in which the CCK Group conducts business.

The Board, through the Nomination Committee, assesses the independence of independent directors annually, takes into account the individual Director's ability to exercise independent judgement at all times and to contribute to the effective functioning of the Board.

The Board is satisfied with the level of independence and their ability to act in the best interest of the Company.

#### 3.2 Tenure of Independent Directors

The MCGG 2012 provides a limit of a consecutive term or cumulative term of nine (9) years on the tenure of an independent director. Upon completion of the nine (9) years, an independent director can be re-designated as non-independent directors or remain as an independent director with justified reasons and subject to shareholders' approval.

All the Independent Directors fulfill the criteria of independence as defined in the Listing Requirements. With respect to the two (2) Independent Directors, Pemanca Janggu anak Banyang and Datu Haji Putit bin Matzen who have served as Independent Directors of the Company for a consecutive term of more than nine (9) years, the Board is satisfied that both Pemanca Janggu anak Banyang and Datu Haji Putit bin Matzen are independent of management



and free from any business or other relationship which could interfere with the exercise of independent judgment, objectively or the ability to act in the best interests of the Company.

The Board is satisfied with the experience, knowledge, contribution, skills, independent judgment, networking and sufficient time and efforts devoted that Pemanca Janggu anak Banyang and Datu Haji Putit bin Matzen bring to the Board. In view thereof, the Board recommends their continuance as Independent Directors at the forthcoming annual general meeting.

**3.3 Separation of positions of the Chairman and Group Managing Director**

To ensure that there is balance of power and authority, the roles of the Chairman and the Group Managing Director are clearly separated. The Chairman heads the Board in setting values and standards of the Group and is primarily responsible for corporate affairs and development and, the orderly conduct and effectiveness of the Board, whilst the Group Managing Director is overall in charge of operations, organisational effectiveness and, implementation of Board policies and executive decisions making.

**3.4 Composition of the Board**

The CCK Group is led and managed by an experienced Board comprising ten (10) members. The Non-Independent Non-Executive Chairman, the Executive Vice Chairman, the Group Managing Director, the Non-Independent Non-Executive Director, three (3) Executive Directors and three (3) Independent Directors.

All the Directors have a wide range of experience in relevant fields required to successfully direct and supervise the CCK Group’s business activities. The current mix of skills and experiences are vital for the effectiveness of the Board and the success of the CCK Group. The profiles of each Director are presented on pages 7 to 12 of this annual report.

The current size of the Board is appropriate and commensurate with the complexity, scope and operations of CCK Group except that with the Chairman who is not an independent director, the Board comprises majority of non-independent directors. The Board believes that the interests of the shareholders are best served by the Chairman who is sanctioned by shareholders and who will act in the best interests of shareholders as a whole. As the Chairman is the founder of CCK Group and has significant relevant interests in CCK Group, he is well placed to act on behalf of shareholders and their best interests.

**4. FOSTER COMMITMENT**

**4.1 Time Commitment and protocols for accepting new directorship**

The Board holds at least four (4) regularly scheduled meetings annually, with additional meetings for particular matters convened as and when necessary. Informal meetings and consultations are frequently and freely held to share expertise and experiences. During the financial period ended 31 December 2013, three (3) Board meetings were held. The details of attendance of each of the Director at the Board meetings are outlined below:

<b>Directors</b>	<b>No. of Meetings Attended</b>
Datuk Tiong Su Kouk	3 out of 3
Chong Shaw Fui	3 out of 3
Tiong Chiong Hiiung	3 out of 3

## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

Directors	No. of Meetings Attended
Tiong Chiong Soon	3 out of 3
Lau Liong Kii	3 out of 3
Kueh Chung Peng	3 out of 3
Ling Ting Leong @ Ling Chong Seng	3 out of 3
Pemanca Janggu anak Banyang	3 out of 3
Datu Haji Putit bin Matzen	2 out of 3
Bong Wei Leong	3 out of 3
Wong See Khong <i>(retired on 27 November 2013)</i>	3 out of 3

Annual meetings calendar is fixed before the beginning of every year. The Board papers are furnished to Directors and Board Committees members at least seven (7) days before the meeting, for Directors to have effective discussion and decision making.

The level of time commitment of each Director towards fulfilling their roles and responsibilities is satisfied as evidenced by their attendance of meetings of the Board and Board Committees. All the Directors hold less than five (5) directorships in listed issuers so as to devote adequate time to discharge their duties.

Directors are at liberty to accept other board appointments so long as such appointments are not in conflict with the business of the Group and do not adversely affect the Directors' performance and contributions as a member of the Board. Directors should also notify the Chairman before accepting new directorship and indicate the time that will be spent on the new appointment.

### 4.2 Continuing education programmes for Directors

The Board acknowledges that continuous training is important to broaden the Directors' perspectives and to keep them abreast with management strategies, regulatory and corporate governance developments. During the financial period ended 31 December 2013, the Directors have attended appropriate training programmes conducted by external experts and the descriptions of the training are set out below:

Title of Seminar	No. of day(s) spent
Tax Planning and Issues for Property Developers and Property Investors	1
Fraud Risk Management : A Corporate Governance Perspective	1
2014 Budget Seminar	1
Risk Management & Internal Control : Workshops for Audit Committee Members	1
Understanding of GST and Updates in Malaysia	2



There were also technical updates on statutory and regulatory requirements and Malaysian Financial Reporting Standards that affect the Group financial statements from time to time at the Board meetings.

The Board has assessed the training needs of each Director. All Directors will continue to attend at least one (1) training programmes per annum to further enhance their knowledge to discharge their duties more effectively.

### 5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

#### 5.1 Compliance with applicable financial reporting standards

The Directors aim to present a balanced and understandable assessment of the CCK Group's financial performance, position and prospects in presenting its annual financial statements, and quarterly financial reports to shareholders. These financial statements are drawn-up in accordance with the provisions of the Companies Act, 1965, the Listing Requirements and the Financial Reporting Standards in Malaysia, and are reviewed by the Audit Committee prior to approval by the Board. The annual financial statements are subjected to audit by an independent external auditor.

The Board is responsible to ensure that the financial statements of the Company give a true and fair view of the state of affairs of the Company. Accordingly, the Board has prepared the responsibility statements pursuant to the Listing Requirements as outlined on page 32 of this annual report.

#### 5.2 Assessment of suitability and independence of external auditors

The Audit Committee assesses the suitability and independence of the external auditors in accordance with the Procedure for Assessment of External Auditors adopted by the Board in 27 February 2013, which included types of non-audit services permitted to be provided by the external auditors. Having satisfied with their performance, the Audit Committee recommends their re-appointment to the Board.

The Audit Committee has assessed the independence of Messrs. Crowe Horwath as external auditors of the Company as well as reviewed the level of non-audit services rendered by them or their affiliates. The Audit Committee was satisfied with their technical competency and audit independence and has obtained written assurance from the external auditors confirming that they are independence and comply with relevant ethical requirements.

### 6. RECOGNISE AND MANAGE RISKS

#### 6.1 Sound risk management framework

The Board acknowledges its responsibility for the CCK Group's system of internal control, which is designed to identify, evaluate and manage the risks of the businesses of the CCK Group, in pursuit of its objectives.

## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

The Risk Management Committee was established on 28 May 2013 to determine the Company's level of risk tolerance, identify, assess and monitor key business risks and makes relevant recommendations to the Board for approval. The members of the Risk Management Committee are as follows:

Name	Directorship
<b>Chairman:</b> Tiong Chiong Hiiung	<i>Group Managing Director</i>
<b>Members:</b> Chong Shaw Fui Lau Liong Kii Tiong Chiong Soon Kueh Chung Peng Frederick Chua Hock Nyee	<i>Executive Vice Chairman</i> <i>Executive Director</i> <i>Executive Director</i> <i>Executive Director</i> <i>Risk Manager</i>

### 6.2 Internal audit function

The system of internal control practised by the CCK Group spans over financial, operational and compliance aspects, particularly to safeguard the CCK Group's assets and hence shareholders' investments. The system of internal control, by its nature, can only provide reasonable but not absolute assurance against misstatement or loss.

In executing the responsibility for the internal control system, the Board via the Audit Committee and the internal auditors, has adopted procedures to monitor the ongoing adequacy and integrity of the system of internal control. The effectiveness of the CCK Group's system of control is reviewed on a quarterly basis by the Audit Committee.

An internal audit function is led by the Chief Internal Auditor. Details of the Company's internal control system are set out in the Statement on Risk Management and Internal Control and Audit Committee Report on pages 24 to 31 of this Annual Report.

## 7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

### 7.1 Corporate Disclosure Policies and Procedures

The Company recognizes the importance of transparency and accountability in the disclosure of the Group's business activities to its shareholders and investors. CCK disseminates information that is material for shareholders' information via announcements made through Bursa LINK.

The Board has in place a Corporate Disclosure Policies and Procedures which set the standard operation procedures for directors and employees to ensure comprehensive, accurate and timely disclosures and compliance with the Listing Requirements.

The Board is mindful that material information must be efficiently disclosed to the investing public and confidential information is properly handled.



### 7.2 Leverage on information technology for effective dissemination of information

CCK has leveraged on information technology for broader and effective dissemination of information by established a Corporate section on CCK's website to provide all relevant information on corporate governance including all announcements made by CCK, annual reports, corporate structure and notice of general meetings.

## 8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

### 8.1 Encourage shareholder participation at general meetings

The notice of Annual General Meeting ("AGM") is circulated at least twenty-one (21) days before the date of meeting to enable shareholders to read through the annual report and to participate in AGM.

During AGM, the Chairman usually invites shareholders to raise questions pertaining to the Company's operating and financial performance and other items before putting a resolution to vote. Members of the Board, the top management and external auditors of the Company are present to respond to shareholders' queries.

### 8.2 Encourage poll voting

Shareholders were informed of their rights to demand a poll vote at the commencement of the general meetings. The Board is of the view that with the current level of shareholders' attendance at general meetings, voting by show of hands continues to be efficient. The Board will evaluate the feasibility of carrying out electronic polling at its general meetings in future.

### 8.3 Promote effective communication and proactive engagement with shareholders

The Board has in place an Investors Relations and Shareholders Communications Policy which sets the channels of communication with shareholders, which includes CCK's website and AGM. Shareholders can access to and obtain information on CCK Group by accessing this website at [www.cck.com.my](http://www.cck.com.my). All announcements made by the Company, including quarterly results, audited financial statements, annual reports, notice of AGM and information that are relevant to the shareholders and investors are available in this website.

Shareholders and prospective investors can direct their queries or concerns to [investor@cck.com.my](mailto:investor@cck.com.my). Pemanca Janggu anak Banyang is the identified Senior Independent Director to whom concerns or queries concerning the Group can be conveyed to.

## COMPLIANCE STATEMENT

The Company has complied with all the principles and recommendations of the MCCG 2012 except for those non-compliances as disclosed in this statement. The Group will continue to endeavor to comply with all the key principles and recommendations of the MCCG 2012 in its effort to observe high standards of transparency, accountability and integrity.

This Statement is made in accordance with the resolution of the Board of Directors dated 16 April 2014.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Malaysian Code on Corporate Governance (“Code”) requires listed companies to maintain a sound system of risk management and internal control to safeguard shareholders’ investment and the company’s assets. In line with this, Bursa Malaysia Listing Requirements require the Board of Directors (“the Board”) to:

- Review the risk management framework, processes and responsibilities to provide reasonable assurance that risks are managed within tolerable ranges and embed risk management in all aspects of business activities via identifying principal risks and ensure implementation of appropriate control measures to manage the risks.
- Review the adequacy and integrity of the internal control system and management information systems and systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Board of CCK Consolidated Holdings Berhad (“CCK” or “the Company”) is pleased to present this Statement on Risk Management and Internal Control, which has been prepared in accordance with the “Guidance for Directors of listed issuers” issued by Bursa Malaysia Securities Berhad.

## BOARD OF DIRECTORS’ RESPONSIBILITIES

The Board acknowledges its overall responsibility for the CCK and its group of Companies (“CCK Group”) system of internal controls and risk management practices covering all aspects of the Group’s operations. The Board also recognises its responsibility for reviewing the adequacy and integrity of those systems frequently. Due to the limitations that are inherent in any system of internal control, it should be noted however that such system is designed to manage rather than eliminate the risk of failure to achieve business objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatements, fraud or loss.

## RISK MANAGEMENT AND INTERNAL CONTROL PROCESS

A sound system of internal control incorporates the need to have in place an appropriate risk assessment framework. It comprises the identification and evaluation of internal controls to manage and control these risks, implementation of effective information and communication system, and an ongoing process for monitoring the continuing adequacy and integrity of the system of internal control.

Within CCK group, the Board has implemented a Risk Management and Internal Control Framework which encompasses the following:

### a) **The identification of principal risks faced by the CCK Group**

In year 2013, the Board has appointed an external consultant, Crowe Horwath Governance Sdn. Bhd. to reassess and identify the principal risks faced by the CCK Group.

The Board together with Risk Management Committee and senior management were entrusted to ensure that there are adequate risk management, financial and operational policies, and procedures and rules relating to the delegation and segregation of duties.



Senior Managements of respective business units of the CCK Group are responsible for monitoring and updating their risk profiles as well as evaluating emerging new risks. These principal risks shall on a biannual basis, be updated by Risk Management Committee for review and approval by the Board to ensure that risk management is functioning effectively as it strives to increase value to its shareholders. Key risks and operational performance indicators are continuously monitored and reported to the Board.

**b) The identification of internal controls to manage these principal risks**

The internal controls framework of various business cycles, including sales, payments and inventories, were set up to ascertain their adequacy in administering and diminishing the impact of various risks identified and actions plans or revised internal controls were drawn up in bridging the gaps, having regard to cost/benefit, materiality and likelihood or crystallisation of risks.

**c) Implementation of internal controls within the information and communication processes**

These revised internal controls were then built into the processes of the CCK Group. Accountabilities are placed on the Heads of each Operating Unit for the effective implementation thereon.

**d) Monitoring and reporting process to continuously review the adequacy and integrity of internal control**

The Board, via the Audit Committee, monitors the system of internal control through quarterly reviews, which are undertaken by the in-house Internal Auditors.

The specific areas of focus covered by the Internal Audit Department are as follows:

- Giving balanced assessment and assurance with regard to effectiveness of the Internal Control System;
- Assessment of the operational efficiency of the Company;
- Assessing the reliability of system and reporting information;
- Ensuring compliance with the Company standards/guidelines and legislation; and
- Where any significant weakness has been identified, the Internal Auditor together with input from Management would recommend measures to improve the internal controls accordingly. Follow-up audits are also undertaken to assess the status of implementation thereof by Management.

Further details on the scope of activities of the Internal Audit are set out in the Audit Committee Report, which are available on pages 30 to 31 of this Annual Report.

A review on the adequacy and effectiveness of the risk management and internal control system has been undertaken; and that such process has been in place for the year under review and up to the date of approval of the statement.

The Board has accordingly received a statement of assurance on the adequacy and effectiveness of the risk management and internal control system from the Group Managing Director, who is also the director primarily responsible for the management of the financial affairs of the Group.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

### OTHER ELEMENTS OF INTERNAL CONTROL

The retail groups were guided by a set of Standard Operating Procedure named Corporate Management System ("CMS"). The policies and procedures in CMS are continuously monitored, updated and improved by the Steering Committee to ensure Internal Control is in place to mitigate risk.

The other key elements of the CCK Group's internal control systems that are in place are described below:

- Regular review of operational reports, including key performance indicators, by the Group Managing Director and Executive Directors of the CCK Group;
- Monthly Head of Department meeting for the retail segment to review the actual performance against budget and resolve operation issues;
- Regular review of financial reporting by the Audit Committee and the Board;
- Detailed budgeting process by both the Operating Units and Head Office, which are approved by the Board;
- Regular monitoring and reviewing of actual results against budgets, with major variances analysed for effective management and actions thereafter; and
- Regular inspection visits by directors, in particular Executive Directors, to operating units to have a firsthand account of the efficiency and effectiveness of the Group's strategy, mode of operation and control.

The Group has put in place an organisational structure which clearly defines lines of responsibilities and accountability and delegation of authority for management at various levels of operation and administration. Internal policies, both financial and operational are documented and are subject to regular review and improvement.

The Group is also committed to the integrity of staff at all levels, through comprehensive recruitment, appraisal and incentive programmes. The Group's values and employee code of conduct and discipline have been communicated to all employees through the Employee's Handbook and/or letters of appointment.

### BOARD REVIEW

The Board is pleased to report that there was no material loss realized during the current financial period as a result of weaknesses in internal control. The Board and the management will continue to take active measures to strengthen and continuously improve the internal control system and risks management process of the Group to put up with constantly changing and challenging environment.



## MEMBERS AND ATTENDANCE OF MEETINGS

The Audit Committee comprises the Directors as listed below. During the financial period ended 31 December 2013, three (3) meetings were held and the attendance are outlined below:

	<u>Number of meetings attended</u>
<b>Chairman:</b> Pemanca Janggu anak Banyang <i>(Independent Director)</i>	3 out of 3
<b>Members:</b> Datuk Tiong Su Kouk <i>(Non-Independent Non-Executive Director)</i>	3 out of 3
Bong Wei Leong <i>(Independent Director)</i>	3 out of 3
Wong See Khong <i>(Independent Director) – retired on 27 November 2013</i>	3 out of 3

Mr. Bong Wei Leong is a member of the Malaysian Institute of Accountants, one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967. All Audit Committee members are financially literate. All Audit Committee meetings were attended by the Company Secretaries. All proceedings and deliberations in terms of the issues discussed, and resolutions of the Audit Committee meetings are recorded in the minutes by the Company Secretaries.

## SUMMARY OF TERMS OF REFERENCE

The terms of reference of the Audit Committee are summarised as follows:

### 1. MEMBERSHIP

The Audit Committee shall be appointed by the Board of Directors ("the Board") from amongst its members. The Audit Committee shall consist of not less than three (3) members. All the members must be non-executive directors, with a majority of them being independent directors and free from any relationship, which might in the opinion of the Board, interfere with the exercise of independent judgement in carrying out the functions of the Audit Committee.

No alternate director can be a member of the Audit Committee. The members of the Audit Committee shall elect a chairman from among their number who is a non-executive and independent director.

At least one (1) member of the Audit Committee:

- i) must be a member of the Malaysian Institute of Accountants ("MIA"); or
- ii) if he is not a member of the MIA, he must have at least three (3) years' working experience and:
  - a) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
  - b) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
- iii) fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").

The Board shall, within three (3) months of a vacancy occurring in the Audit Committee which results in the number of members reduced to below three (3), appoint such number of new members as may be required to make up the minimum number of three (3) members.

### 2. QUORUM, MEETINGS AND MINUTES

A quorum shall be two (2) members and a majority of members present must be independent directors. The Company Secretary shall be the secretary of the Audit Committee.

The Audit Committee shall meet with the external auditors, excluding the attendance of other Directors and employees of the Group, at least twice (2) a year or whenever deemed necessary.

The Audit Committee may also meet with the internal auditors, excluding the attendance of other Directors and employees of the Group, at least twice (2) a year or whenever deemed necessary.

Notice of meeting and board papers shall be given to all members of the Audit Committee at least fourteen (14) days and seven (7) days respectively before the date of meeting.

Minutes of each meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and shall be accepted as prima facie evidence without further proof of the facts stated therein. Such minutes shall be kept by the Secretary. Minutes of each meeting shall be distributed to each member of the Audit Committee.

### 3. FREQUENCY OF MEETINGS

The Audit Committee shall meet as and when the need arises provided that it shall meet at least four (4) times a year. The Audit Committee member, the management, internal and external auditors may request for a meeting if they consider that one is necessary.

The Chief Internal Auditor, Internal Audit Manager, Finance Manager are normally invited to attend the meetings. Other members of the Board, employees and representative of external auditors shall attend the meetings upon invitation of the Audit Committee.

### 4. AUTHORITY

The Audit Committee is authorised by the Board on the following:

- a) investigate any activity/matter within its terms of reference and shall have unrestricted access to all employees of the Group;
- b) have the resources which are required to perform its duties as set out in its terms of reference;
- c) seek any information it requires from any employee and all employees are directed to cooperate with any request made by the Audit Committee;
- d) have direct communication channels with the external auditors and internal auditors;
- e) obtain external legal or other independent professional advice and to secure the attendance of external advisers with relevant experience and expertise, if it considers this is necessary;
- f) convene meetings with external auditors, excluding the attendance of other Directors and employees of the Group at least twice a year, and to consider any matter the external auditor believes should be brought to the attention of the Board or shareholders; and
- g) convene meetings with the internal auditors, excluding the attendance of other Directors and employees of the Group, at least twice a year or whenever deemed necessary.

Where the Audit Committee is of the view that a matter reported to the Board has not been satisfactorily resolved resulting in a breach of Main Market Listing Requirements of Bursa Securities, the Audit Committee has the responsibility to promptly report such matter to Bursa Securities.



Notwithstanding anything to the contrary hereinbefore stated, the Audit Committee does not have executive powers. The Chairman of the Audit Committee shall be reporting to the full Board from time to time its recommendations for consideration and implementation, and the actual decision shall be the responsibility of the Board after considering the recommendation of the Audit Committee.

## **5. FUNCTIONS AND DUTIES**

- a) to review with the external auditors the audit plan, their audit report, major findings and management's responses thereof and to ensure co-ordination where more than one audit firm is involved;
- b) to review the external auditors' evaluation of the systems of internal controls;
- c) to review the assistance given by the Group's employees to both the internal and external auditors;
- d) to review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- e) to consider the nomination, appointment (and re-appointment), resignation and dismissal of the external auditors and their audit fees;
- f) to consider whether there is reason (supported by grounds) to believe that the external auditors of the Group are not suitable for re-appointment;
- g) to review the quarterly and annual financial statements of the Group, focusing on the matters set out below, and thereafter to submit them to the Board :
  - any changes in or implementation of accounting policies and practices;
  - significant adjustments arising from the audit;
  - significant and unusual events;
  - the going concern assumption; and
  - compliance with accounting standards and other regulatory requirements;
- h) to review any related party transactions and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- i) to consider the internal audit reports, major findings and management's responses thereto on any internal investigations carried out by the internal auditors and ensure that appropriate action is taken by management in respect of the audit observations and the Audit Committee's recommendations;
- j) to review the appraisal or assessment of the performance of the staff in the internal audit department;
- k) to approve the appointment or termination of senior executives in the internal audit department. Be informed of any resignation of executives in the internal audit department and to provide the resigning executive an opportunity to submit his or her reason for resigning;
- l) to review any other functions as may be agreed to by the Audit Committee and the Board as may be required or empowered by statutory legislation or guidelines prepared by other relevant governing authorities; and
- m) to assess independence and suitability of external auditors.

## **6. REVIEW OF THE COMPOSITION OF THE AUDIT COMMITTEE**

The term of office and performance of the Audit Committee and each of the members shall be reviewed by the Board at least once every three (3) years to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference.

The Nomination Committee shall assess the effectiveness of the Audit Committee annually.

### (A) Summary Of Activities Of The Audit Committee

The activities carried out by the Audit Committee during financial period ended 31 December 2013 included the followings:

- a) reviewed and deliberated the unaudited quarterly results and audited financial statements of the Company and the CCK Group to ensure compliance with financial reporting standards and Listing Requirements prior to Board's consideration and approval;
- b) reviewed and deliberated the audit reports for the CCK Group, the major findings and recommendations by the internal and external auditors, and Management's responses thereof;
- c) reviewed and deliberated the report on comparison of actual against budgeted results on a quarterly basis;
- d) reviewed and approved the audit plans of the CCK Group with the internal and external auditors;
- e) reviewed related party transactions and conflict of interest situation that may arise within the Group, including any transaction, procedure or course of conduct that raises questions of management integrity, prior to the Board's consideration and approval;
- f) reviewed adequacy of the disclosure on related party transactions entered into by the Company and the CCK Group in the quarterly and annual reports of the Company;
- g) met with the external auditors and internal auditors without the presence of the other Directors and employees;
- h) considered and recommended the re-appointment of external auditors and their fees;
- i) reviewed the Statement on Risk Management and Internal Control and Audit Committee Report prior to the Board's consideration and approval;
- j) reviewed the adequacy of the scope, functions, competency and resources of the internal audit function;
- k) reviewed the performance of the CCK Group and made recommendation for appropriate corrective measures to the Board; and
- l) assessed the suitability and independence of external auditors.

### (B) Internal Audit Function

The Audit Committee is supported by an independent in-house internal audit function, headed by the Chief Internal Auditor.

#### Functions

The functions of the Internal Audit Department are as follows:

- a) to analyse, examine and evaluate whether the Group's internal controls over operational activities are effective;
- b) to evaluate and ensure that procedures are in place to safeguard the Group's assets;
- c) to provide reasonable assurance on compliance with statutory requirements, laws, Group policies and guidelines;



- d) to recommend appropriate controls to overcome deficiencies in any aspect of the Group's financial and other business transactions and to enhance the Group's operational performance; and
- e) to conduct special examinations and reviews at the request of the Audit Committee, the Board or the management.

### **Authority**

To accomplish its objectives, the Internal Audit Department is accorded unrestricted access to the Group's operations, functions, records, properties and personnel.

### **Independence**

The Internal Audit Department is independent of the activities audited by it and is required to perform with impartiality and due professional care. The Chief Internal Auditor reports directly to the Audit Committee, which evaluates the performance of the Internal audit function. The Audit Committee is of the opinion that the internal audit function is appropriate to its size and the scope, function, competency and resources are adequate.

### **Duties and Responsibilities**

Each year the Internal Audit Department is required to develop and execute an audit plan to be conducted during the year. Reports on the Internal Audit Department's activities are to be made to the Audit Committee on a quarterly basis. The purpose, authority and responsibility of the internal audit department are articulated in the internal audit charter.

Any cases of fraud, whether actual or suspected, and which demand urgent attention, are required to be reported to the Chairman of the Audit Committee immediately upon discovery by Internal Auditors.

### **Activity**

In general, the Internal Audit Department is required to address the areas described in the functions outlined above. The internal auditors conducted various internal audit engagements in accordance with the risk-based audit plans. They evaluated the adequacy and effectiveness of key controls in responding to risks within the organisations governance, operations and information systems. The Internal Auditors were also given the opportunity to discuss their findings without the presence of management.

During the financial period ended 31 December 2013, its internal audit activities covered the followings areas:

- Inventory management for warehouse and retail outlets
- Operation management of trading and retail outlets
- Operation management of Layer Farm
- Effectiveness of Credit Department
- Effectiveness of Human Resources Department
- Effectiveness of Finance Department
- Other areas as and when requested by the Board and management

A total cost of RM192,836 was incurred by the Internal Audit Department in respect of the financial period ended 31 December 2013.

This report is made in accordance with the resolution of the Board of Directors dated 16 April 2014.



## STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR PREPARING THE ANNUAL FINANCIAL STATEMENTS

The Directors are required under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") to issue a statement explaining their responsibility for preparing the financial statements.

The Directors are also required by the Companies Act, 1965 ("the Act") to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the financial period ended and of the results and cash flows of the Group and of the Company for the financial period then ended.

The financial statements have been prepared in accordance with the provisions of the Act, Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirement of the Listing Requirements. In preparing the financial statements, the Directors have ensured that appropriate accounting policies have been adopted and consistently applied, reasonable and prudent judgements and estimates are made, and the financial statements is prepared on a going concern basis.

The Directors have responsibility to ensure the Group and the Company maintain proper accounting records which disclose with reasonable accuracy, the financial position and performance of the Group and the Company, and to enable them to ensure the financial statements comply with the provisions of the Act and the Listing Requirements.

The Directors have overall responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Company and to prevent and detect fraud and other irregularities.

This statement is made in accordance with the resolution of the Board of Directors dated 16 April 2014.

# Financial Statements



34	Directors' Report
39	Statement by Directors
39	Statutory Declaration
40	Independent Auditors' Report
42	Statements of Financial Position
44	Statements of Profit or Loss and Other Comprehensive Income
46	Statements of Changes in Equity
51	Statements of Cash Flows
55	Notes to the Financial Statements

# DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial period from 1 July 2013 to 31 December 2013.

## CHANGE OF ACCOUNTING YEAR END

The Company changed its accounting year end from 1 July to 31 December to facilitate the efficiency in the financial reporting and corporate administration of the Group.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial period.

## RESULTS

	The Group RM	The Company RM
Profit after taxation for the financial period	8,568,684	423,427
Attributable to:-		
Owners of the Company	8,549,692	423,427
Non-controlling interests	18,992	-
	8,568,684	423,427

## DIVIDENDS

A first and final single tier dividend of 2.0 sen per ordinary share amounting to RM3,106,029 for the financial year ended 30 June 2013 was approved by the shareholders at the Annual General Meeting held on 27 November 2013 and paid on 27 December 2013.

At the forthcoming Annual General Meeting, a first and final single tier dividend of 1.50 sen per ordinary share in respect of the current financial period will be proposed for shareholders' approval. The financial statements for the current financial period do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for as a liability in the financial year ending 31 December 2014.

## RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial period are disclosed in the financial statements.



## **ISSUES OF SHARES AND DEBENTURES**

During the financial period:-

- (a) there were no changes in the authorised and issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

## **TREASURY SHARES**

During the financial period, the Company purchased 10,000 of its issued ordinary shares from the open market at an average price of RM0.86 per ordinary share. The total consideration paid for the purchase was RM8,663 including transaction costs. The shares purchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965 and are presented as a deduction from total equity.

As at 31 December 2013, the Company held as treasury shares a total of 2,378,237 out of its 157,679,700 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM2,142,021. Relevant details on the treasury shares are disclosed in Note 15 to the financial statements.

## **OPTIONS GRANTED OVER UNISSUED SHARES**

During the financial period, no options were granted by the Company to any person to take up any unissued shares in the Company.

## **BAD AND DOUBTFUL DEBTS**

Before the financial statements of the Group and of 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 impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

## **CURRENT ASSETS**

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

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

### CONTINGENT AND OTHER LIABILITIES

The contingent liabilities are disclosed in Note 36 to the financial statements. At the date of this report, there does not exist:-

- (a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial period which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial period.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet its obligations 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 the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

### ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial period 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 period 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 and of the Company for the financial period.

### DIRECTORS

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

Datuk Tiong Su Kouk  
Tiong Chiong Hiiung  
Chong Shaw Fui  
Tiong Chiong Soon  
Lau Liong Kii  
Ling Ting Leong @ Ling Chong Seng  
Kueh Chung Peng  
Wong See Khong (Retired on 27 November 2013)  
Pemanca Janggu anak Banyang  
Datu Haji Putit bin Matzen  
Bong Wei Leong



**DIRECTORS' INTERESTS**

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial period in shares in the Company and its related corporations during the financial period are as follows:-

	Number of Ordinary Shares of RM0.50 Each			
	At 1.7.2013	Bought	Sold	At 31.12.2013
<i>Direct Interests in the Company</i>				
Datuk Tiong Su Kouk	8,870,022	-	-	8,870,022
Tiong Chiong Hiiung	424,906	-	-	424,906
Tiong Chiong Soon	378,840	-	-	378,840
Lau Liong Kii	5,896,138	762,800	-	6,658,938
Ling Ting Leong @ Ling Chong Seng	296,607	-	-	296,607
Kueh Chung Peng	3,380,841	-	-	3,380,841
Pemanca Janggu anak Banyang	49,600	-	-	49,600
<i>Indirect Interests in the Company</i>				
Datuk Tiong Su Kouk	58,327,678	-	-	58,327,678
Tiong Chiong Hiiung	58,141,972	-	-	58,141,972
Chong Shaw Fui	11,343,268	-	-	11,343,268
Tiong Chiong Soon	57,556,479	-	(157,440)	57,399,039
Lau Liong Kii	7,752,236	194,000	-	7,946,236
Ling Ting Leong @ Ling Chong Seng	1,129,820	-	-	1,129,820

By virtue of their shareholdings in the Company, Datuk Tiong Su Kouk, Tiong Chiong Hiiung and Tiong Chiong Soon are deemed to have interests in shares in its related corporations during the financial period to the extent of the Company's interest, in accordance with Section 6A of the Companies Act 1965.

The other directors holding office at the end of the financial period had no interest in shares in the Company or its related corporations during the financial period.

**DIRECTORS' BENEFITS**

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) 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 arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 32 to the financial statements.

Neither during nor at the end of the financial period was the Group or the Company a party to any arrangements 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.

**SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD**

The significant events occurring after the reporting period are disclosed in Note 39 to the financial statements.

**AUDITORS**

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

Signed in accordance with a resolution of the directors dated 25 April 2014

**Datuk Tiong Su Kouk**

**Tiong Chiong Hiiung**



## STATEMENT BY DIRECTORS

We, Datuk Tiong Su Kouk and Tiong Chiong Hiiung, being two of the directors of CCK Consolidated Holdings Berhad, state that, in the opinion of the directors, the financial statements set out on pages 42 to 124 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 December 2013 and of their financial performance and cash flows for the financial period ended on that date.

The supplementary information set out in Note 41, which is not part of the financial statements, 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 Disclosure 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 25 April 2014

**Datuk Tiong Su Kouk**

**Tiong Chiong Hiiung**

## STATUTORY DECLARATION

I, Tiong Chiong Hiiung, I/C No. 670208-13-6277, being the director primarily responsible for the financial management of CCK Consolidated Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 42 to 124 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  
Tiong Chiong Hiiung, I/C No. 670208-13-6277 at Sibuluan  
on this 25 April 2014

**Tiong Chiong Hiiung**

Before me



# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CCK CONSOLIDATED HOLDINGS BERHAD



**Crowe Horwath AF 1018**  
Chartered Accountants  
Member Crowe Horwath International

Sibu Office  
1st Floor, No. 1, Lorong Pahlawan 7A2  
Jalan Pahlawan  
96000 Sibu, Sarawak, Malaysia  
Main +6 084 211 777  
Fax +6 084 216 622  
[www.crowehorwath.com.my](http://www.crowehorwath.com.my)  
[info@crowehorwath.com.my](mailto:info@crowehorwath.com.my)

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of CCK Consolidated Holdings Berhad, which comprise the statements of financial position as at 31 December 2013 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 42 to 124.

### *Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible 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 Company'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 Company'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 give a true and fair view of the financial position of the Group and of the Company as of 31 December 2013 and of their financial performance and cash flows for the financial period then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.



## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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

- (a) 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.
- (b) We have considered the financial statements and the auditors' report of a subsidiary of which we have not acted as auditors, which is indicated in Note 5 to the financial statements.
- (c) 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.
- (d) 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.

## **OTHER REPORTING RESPONSIBILITIES**

The supplementary information set out in Note 41 on page 125 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 Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("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

**Chong Thian Poh**  
Approval No: 1580/02/15(J)  
Chartered Accountant

Sibu, Sarawak

# STATEMENTS OF FINANCIAL POSITION

## AT 31 DECEMBER 2013

	The Group		The Company	
	31.12.2013 RM	30.6.2013 RM	31.12.2013 RM	30.6.2013 RM
<b>ASSETS</b>				
NON-CURRENT ASSETS				
Investments in subsidiaries	5	-	79,058,101	78,411,899
Investment in an associate	6	973,257	450,000	450,000
Property, plant and equipment	7	122,808,775	601,390	609,227
Investment properties	8	670,514	-	-
Deferred tax assets	9	138,353	-	-
		<u>124,590,899</u>	<u>80,109,491</u>	<u>79,471,126</u>
CURRENT ASSETS				
Inventories	10	50,945,715	-	-
Trade receivables	11	21,328,123	-	-
Other receivables, deposits and prepayments	12	3,689,941	255,269	382,715
Amount owing by subsidiaries	13	-	33,164,033	29,401,756
Tax refundable		839,472	62,992	62,992
Cash and bank balances		26,024,027	313,580	178,291
		<u>102,827,278</u>	<u>33,795,874</u>	<u>30,025,754</u>
<b>TOTAL ASSETS</b>		<u><u>227,418,177</u></u>	<u><u>113,905,365</u></u>	<u><u>109,496,880</u></u>

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

**STATEMENTS OF FINANCIAL POSITION (CONT'D)**  
**AT 31 DECEMBER 2013**



		The Group		The Company	
		31.12.2013	30.6.2013	31.12.2013	30.6.2013
		RM	RM	RM	RM
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	14	78,839,850	78,839,850	78,839,850	78,839,850
Treasury shares	15	(2,142,021)	(2,133,358)	(2,142,021)	(2,133,358)
Reserves	16	69,360,831	67,430,999	2,204,904	4,887,506
<b>TOTAL EQUITY</b>					
ATTRIBUTABLE TO OWNERS OF THE COMPANY	5	146,058,660	144,137,491	78,902,733	81,593,998
<b>NON-CONTROLLING INTERESTS</b>					
		401,943	386,099	-	-
<b>TOTAL EQUITY</b>					
		146,460,603	144,523,590	78,902,733	81,593,998
<b>NON-CURRENT LIABILITIES</b>					
Bank borrowings	17	3,034,871	3,507,114	-	-
Deferred tax liabilities	9	3,637,557	3,165,513	-	-
		6,672,428	6,672,627	-	-
<b>CURRENT LIABILITIES</b>					
Trade payables	19	14,513,993	13,254,075	-	-
Other payables, deposits and accruals	20	7,892,842	5,969,039	537,365	505,002
Amount owing to subsidiaries	13	-	-	1,965,267	2,021,967
Bank borrowings:-	17				
- bank overdrafts		2,437,518	5,597,095	-	1,875,913
- other borrowings		46,359,321	38,067,309	32,500,000	23,500,000
Provision for employee benefits	21	1,469,036	1,002,824	-	-
Provision for taxation		1,612,436	996,435	-	-
		74,285,146	64,886,777	35,002,632	27,902,882
<b>TOTAL LIABILITIES</b>					
		80,957,574	71,559,404	35,002,632	27,902,882
<b>TOTAL EQUITY AND LIABILITIES</b>					
		227,418,177	216,082,994	113,905,365	109,496,880

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## FOR THE FINANCIAL PERIOD FROM 1 JULY 2013 TO 31 DECEMBER 2013

		The Group		The Company	
		1.7.2013 to 31.12.2013 RM	1.7.2012 to 30.6.2013 RM	1.7.2013 to 31.12.2013 RM	1.7.2012 to 30.6.2013 RM
REVENUE	22	230,797,573	417,954,167	1,683,000	3,366,000
COST OF SALES		(194,215,030)	(354,157,555)	-	-
GROSS PROFIT		36,582,543	63,796,612	1,683,000	3,366,000
OTHER INCOME		2,580,968	3,926,852	55,670	439,240
SELLING AND DISTRIBUTION EXPENSES		(2,259,876)	(4,152,813)	-	-
ADMINISTRATIVE EXPENSES		(9,540,957)	(21,595,994)	(628,708)	(1,882,699)
OTHER OPERATING EXPENSES		(13,967,430)	(24,208,211)	-	-
SHARE OF RESULTS IN AN ASSOCIATE		74,808	(87,034)	-	-
FINANCE COSTS	23	(1,058,587)	(1,037,214)	(686,535)	(377,085)
PROFIT BEFORE TAXATION	24	12,411,469	16,642,198	423,427	1,545,456
INCOME TAX EXPENSE	25	(3,842,785)	(5,804,114)	-	-
PROFIT AFTER TAXATION		8,568,684	10,838,084	423,427	1,545,456
OTHER COMPREHENSIVE INCOME					
<u>Items that may be reclassified subsequently to profit or loss</u>					
Foreign currency translation differences		(2,946,147)	(955,313)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		5,622,537	9,882,771	423,427	1,545,456

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

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)**  
**FOR THE FINANCIAL PERIOD FROM 1 JULY 2013 TO 31 DECEMBER 2013**



	The Group		The Company	
	1.7.2013 to 31.12.2013 RM	1.7.2012 to 30.6.2013 RM	1.7.2013 to 31.12.2013 RM	1.7.2012 to 30.6.2013 RM
<b>PROFIT AFTER TAXATION</b>				
<b>ATTRIBUTABLE TO:-</b>				
Owners of the Company	8,549,692	10,810,260	423,427	1,545,456
Non-controlling interests	18,992	27,824	-	-
	<u>8,568,684</u>	<u>10,838,084</u>	<u>423,427</u>	<u>1,545,456</u>
<b>TOTAL COMPREHENSIVE</b>				
<b>INCOME ATTRIBUTABLE</b>				
<b>TO:-</b>				
Owners of the Company	5,610,511	9,858,927	423,427	1,545,456
Non-controlling interests	12,026	23,844	-	-
	<u>5,622,537</u>	<u>9,882,771</u>	<u>423,427</u>	<u>1,545,456</u>
<b>EARNINGS PER SHARE</b>				
<b>(SEN):-</b>	26			
Basic	5.51	6.93		
Diluted	not applicable	not applicable		

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

## STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD FROM 1 JULY 2013 TO 31 DECEMBER 2013

	Non-distributable		Foreign Exchange Translation Reserve		Distributable Retained Profits		Attributable to Owners of the Company		Non-controlling Interests		Total Equity	
	Share Capital	Treasury Shares	Share Premium	RM	RM	RM	RM	RM	RM	RM	RM	RM
Balance at 1.7.2012	78,839,850	(422,276)	157,800	(669,010)	64,566,835	142,473,199	1,053,565	143,526,764				
Profit after taxation for the financial year	-	-	-	-	10,810,260	10,810,260	27,824	10,838,084				
Other comprehensive income for the financial year:-												
- foreign currency translation differences	-	-	-	(951,333)	-	(951,333)	(3,980)	(955,313)				
Total comprehensive income for the financial year	-	-	-	(951,333)	10,810,260	9,858,927	23,844	9,882,771				
Balance carried forward	78,839,850	(422,276)	157,800	(1,620,343)	75,377,095	152,332,126	1,077,409	153,409,535				

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



**STATEMENTS OF CHANGES IN EQUITY (CONT'D)**  
**FOR THE FINANCIAL PERIOD FROM 1 JULY 2013 TO 31 DECEMBER 2013**

	<----- Non-distributable ----->							
	Share Capital RM	Treasury Shares RM	Share Premium RM	Foreign Exchange Translation Reserve RM	Distributable Retained Profits RM	Attributable to Owners of the Company RM	Non-controlling Interests RM	Total Equity RM
<b>The Group</b>								
Balance brought forward	78,839,850	(422,276)	157,800	(1,620,343)	75,377,095	152,332,126	1,077,409	153,409,535
Contributions by and distributions to owners of the Company:-								
- purchase of treasury shares	-	(1,711,082)	-	-	-	(1,711,082)	-	(1,711,082)
- dividends	-	-	-	-	(6,254,863)	(6,254,863)	-	(6,254,863)
Changes in ownership interests in a subsidiary:-								
- acquisition of additional equity interests in a subsidiary	-	-	-	-	(228,690)	(228,690)	(691,310)	(920,000)
Balance at 30.6.2013	78,839,850	(2,133,358)	157,800	(1,620,343)	68,893,542	144,137,491	386,099	144,523,590

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



**STATEMENTS OF CHANGES IN EQUITY (CONT'D)**  
**FOR THE FINANCIAL PERIOD FROM 1 JULY 2013 TO 31 DECEMBER 2013**

	Non-distributable		Foreign Exchange Translation Reserve	Distributable Retained Profits	Attributable to Owners of the Company	Non-controlling Interests	Total Equity
	Share Capital	Treasury Shares	Share Premium	RM	RM	RM	RM
	RM	RM	RM	RM	RM	RM	RM
Balance at 30.6.2013/ 1.7.2013	78,839,850	(2,133,358)	157,800	68,893,542	144,137,491	386,099	144,523,590
Profit after taxation for the financial year	-	-	-	8,549,692	8,549,692	18,992	8,568,684
Other comprehensive income for the financial year:-							
- foreign currency translation differences	-	-	-	-	(2,939,181)	(6,966)	(2,946,147)
Total comprehensive income for the financial year	-	-	-	8,549,692	5,610,511	12,026	5,622,537
Balance carried forward	78,839,850	(2,133,358)	157,800	77,443,234	149,748,002	398,125	150,146,127

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



**STATEMENTS OF CHANGES IN EQUITY (CONT'D)**  
**FOR THE FINANCIAL PERIOD FROM 1 JULY 2013 TO 31 DECEMBER 2013**

	<----- Non-distributable ----->							
	Share Capital RM	Treasury Shares RM	Share Premium RM	Foreign Exchange Translation Reserve RM	Distributable Retained Profits RM	Attributable to Owners of the Company RM	Non-controlling Interests RM	Total Equity RM
<b>The Group</b>								
Balance brought forward	78,839,850	(2,133,358)	157,800	(4,559,524)	77,443,234	149,748,002	398,125	150,146,127
Contributions by and distributions to owners of the Company:-								
- purchase of treasury shares	-	(8,663)	-	-	-	(8,663)	-	(8,663)
- acquisition of a subsidiary dividends:-	-	-	-	-	-	-	87,210	87,210
- by the Company	-	-	-	-	(3,106,029)	(3,106,029)	-	(3,106,029)
- by subsidiaries to non-controlling interests	-	-	-	-	-	-	(11,840)	(11,840)
Changes in ownership interests in a subsidiary:-								
- acquisition of additional equity interests in a subsidiary	-	-	-	-	(574,650)	(574,650)	(71,552)	(646,202)
<b>Balance at 31.12.2013</b>	<b>78,839,850</b>	<b>(2,142,021)</b>	<b>157,800</b>	<b>(4,559,524)</b>	<b>73,762,555</b>	<b>146,058,660</b>	<b>401,943</b>	<b>146,460,603</b>

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

**STATEMENTS OF CHANGES IN EQUITY (CONT'D)**  
**FOR THE FINANCIAL PERIOD FROM 1 JULY 2013 TO 31 DECEMBER 2013**

	Note	Non-distributable			Distributable	Total Equity RM
		Share Capital RM	Treasury Shares RM	Share Premium RM	Retained Profits RM	
<b>The Company</b>						
Balance at 1.7.2012		78,839,850	(422,276)	157,800	9,439,113	88,014,487
Profit after taxation/Total comprehensive income for the financial year		-	-	-	1,545,456	1,545,456
Contributions by and distributions to owners of the Company:-						
- purchase of treasury shares	15	-	(1,711,082)	-	-	(1,711,082)
- dividends	27	-	-	-	(6,254,863)	(6,254,863)
Balance at 30.6.2013/ 1.7.2013		78,839,850	(2,133,358)	157,800	4,729,706	81,593,998
Profit after taxation/Total comprehensive income for the financial year		-	-	-	423,427	423,427
Contributions by and distributions to owners of the Company:-						
- purchase of treasury shares	15	-	(8,663)	-	-	(8,663)
- dividends	27	-	-	-	(3,106,029)	(3,106,029)
Balance at 31.12.2013		78,839,850	(2,142,021)	157,800	2,047,104	78,902,733

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

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL PERIOD FROM 1 JULY 2013 TO 31 DECEMBER 2013



	The Group		The Company	
	1.7.2012 to 30.6.2013 RM	1.7.2012 to 30.6.2013 RM	1.7.2012 to 30.6.2013 RM	1.7.2012 to 30.6.2013 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation	12,411,469	16,642,198	423,427	1,545,456
Adjustments for:-				
Allowance for impairment losses on receivables	594,132	542,416	-	-
Allowance for impairment losses on receivables no longer required	(189,862)	(318,637)	-	-
Bad debts written off	26,979	4,484	-	-
Depreciation of investment properties	6,730	13,461	-	-
Depreciation of property, plant and equipment	6,039,450	9,317,346	7,837	108,600
Dividend income	-	-	(1,500,000)	(3,000,000)
Gain on disposal of property, plant and equipment	(91,947)	(366,359)	-	-
Interest expense	1,058,587	1,037,214	686,535	377,085
Interest income	(111,796)	(214,508)	(19,055)	(366,640)
Inventories written off	594	60,303	-	-
Loss on disposal of subsidiaries	-	4,716	-	1,953
Provision for employee benefits	806,212	772,125	-	-
Share of results in an associate	(74,808)	87,034	-	-
Unrealised (gain)/loss on foreign exchange	(8,984)	24,077	-	-
Operating profit/(loss) before working capital changes	20,466,756	27,605,870	(401,256)	(1,333,546)
<b>BALANCE CARRIED FORWARD</b>	<b>20,466,756</b>	<b>27,605,870</b>	<b>(401,256)</b>	<b>(1,333,546)</b>

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

**STATEMENTS OF CASH FLOWS (CONT'D)**  
**FOR THE FINANCIAL PERIOD FROM 1 JULY 2013 TO 31 DECEMBER 2013**

	The Group		The Company	
	1.7.2012 to 30.6.2013 RM	1.7.2012 to 30.6.2013 RM	1.7.2012 to 30.6.2013 RM	1.7.2012 to 30.6.2013 RM
BALANCE BROUGHT FORWARD	20,466,756	27,605,870	(401,256)	(1,333,546)
Increase in inventories	(1,884,755)	(11,584,423)	-	-
Decrease in trade and other receivables	7,891,202	8,337,933	127,446	604,795
Increase/(decrease) in trade and other payables	5,906,922	(1,557,651)	32,363	92,937
Employee benefits paid	(340,000)	(1,542,724)	-	-
<b>CASH FROM/(FOR) OPERATIONS</b>	<b>32,040,125</b>	<b>21,259,005</b>	<b>(241,447)</b>	<b>(635,814)</b>
Dividend received from subsidiaries	-	-	1,500,000	3,000,000
Income tax paid	(2,659,162)	(6,968,824)	-	-
Income tax refunded	329,425	421,735	-	16,633
Interest paid	(1,058,587)	(1,037,214)	(686,535)	(377,085)
Interest received	111,796	214,508	19,055	366,640
<b>NET CASH FROM OPERATING ACTIVITIES/ BALANCE CARRIED FORWARD</b>	<b>28,763,597</b>	<b>13,889,210</b>	<b>591,073</b>	<b>2,370,374</b>

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

**STATEMENTS OF CASH FLOWS (CONT'D)**  
**FOR THE FINANCIAL PERIOD FROM 1 JULY 2013 TO 31 DECEMBER 2013**



	The Group		The Company	
	1.7.2012 to 30.6.2013 RM	1.7.2012 to 30.6.2013 RM	1.7.2012 to 30.6.2013 RM	1.7.2012 to 30.6.2013 RM
NET CASH FROM OPERATING ACTIVITIES/ BALANCE BROUGHT FORWARD	28,763,597	13,889,210	591,073	2,370,374
CASH FLOWS FOR INVESTING ACTIVITIES				
Acquisition of additional equity interests from non- controlling interests	(646,202)	(920,000)	-	-
Acquisition of a subsidiary, net of cash and cash equivalents acquired 28	87,210	-	-	-
Disposal of a subsidiary, net of cash and cash equivalents disposed 29	-	160,573	-	163,047
Proceeds from disposal of property, plant and equipment	98,687	856,169	-	1,757
Purchase of investments in subsidiaries	-	-	(646,202)	(7,700,000)
Purchase of property, plant and equipment 30	(16,598,803)	(35,374,500)	-	-
NET CASH FOR INVESTING ACTIVITIES	<u>(17,059,108)</u>	<u>(35,277,758)</u>	<u>(646,202)</u>	<u>(7,535,196)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Net increase in amount owing by subsidiaries	-	-	(3,818,977)	(2,440,782)
Dividend paid:-				
- by the Company	(3,106,029)	(6,254,863)	(3,106,029)	(6,254,863)
- by subsidiaries to non- controlling interests	(11,840)	-	-	-
Drawdown of revolving credit	9,000,000	13,500,000	9,000,000	13,500,000
Drawdown of term loans	-	1,062,000	-	-
Net of drawdown/(repayment) of bankers' acceptance	(705,000)	2,649,000	-	-
Purchase of treasury shares	(8,663)	(1,711,082)	(8,663)	(1,711,082)
Repayment of hire purchase obligations	(28,128)	(139,457)	-	-
Repayment of term loans	(447,103)	(856,242)	-	-
NET CASH FROM FINANCING ACTIVITIES	<u>4,693,237</u>	<u>8,249,356</u>	<u>2,066,331</u>	<u>3,093,273</u>

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

**STATEMENTS OF CASH FLOWS (CONT'D)**  
**FOR THE FINANCIAL PERIOD FROM 1 JULY 2013 TO 31 DECEMBER 2013**

	The Group		The Company	
	1.7.2012 to 30.6.2013 RM	1.7.2012 to 30.6.2013 RM	1.7.2012 to 30.6.2013 RM	1.7.2012 to 30.6.2013 RM
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	16,397,726	(13,139,192)	2,011,202	(2,071,549)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(720,097)	(294,141)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	7,908,880	21,342,213	(1,697,622)	373,927
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD/YEAR	31 <u>23,586,509</u>	<u>7,908,880</u>	<u>313,580</u>	<u>(1,697,622)</u>

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL PERIOD FROM 1 JULY 2013 TO 31 DECEMBER 2013



### 1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office and principal places of business are as follows:-

- Registered office : Lot 999, Section 66, Jalan Keluli  
Bintawa Industrial Estate  
93450 Kuching, Sarawak
- Principal places of business : (a) Lot 999, Section 66, Jalan Keluli  
Bintawa Industrial Estate  
93450 Kuching, Sarawak
- (b) Lot 4147, Block 19  
Seduan Land District  
Upper Lanang Road  
96000 Sibu, Sarawak

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 25 April 2014.

### 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial period.

### 3. BASIS OF PREPARATION

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

- 3.1 During the current financial period, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments if any):-

#### **FRSs and IC Interpretations (including the Consequential Amendments)**

- FRS 10 Consolidated Financial Statements
- FRS 11 Joint Arrangements
- FRS 12 Disclosure of Interests in Other Entities
- FRS 13 Fair Value Measurement
- FRS 119 (2011) Employee Benefits
- FRS 127 (2011) Separate Financial Statements
- FRS 128 (2011) Investments in Associates and Joint Ventures
- Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities



**3. BASIS OF PREPARATION (CONT'D)**

- 3.1 During the current financial period, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments if any) (cont'd):-

**FRSs and IC Interpretations (including the Consequential Amendments) (cont'd)**

Amendments to FRS 101: Presentation of Items of Other Comprehensive Income

IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine

Annual Improvements to FRSs (2012)

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements except as follow:-

- (a) FRS 12 is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. FRS 12 is a disclosure standard and requires extensive disclosures of which the additional disclosures are disclosed in Note 5 and 6 to the financial statements.

- 3.2 The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments if any), that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial period:-

**FRSs and IC Interpretations (including the Consequential Amendments)**

**Effective date**

FRS 9 (2009) Financial Instruments	)	
FRS 9 (2010) Financial Instruments	)	
FRS 9 Financial Instruments (Hedge Accounting and Amendments to FRS 7, FRS 9 and FRS 139)	)	To be announced by MASB
Amendments to FRS 9 and FRS 7: Mandatory Effective Date of FRS 9 and Transition Disclosures	)	)
Amendments to FRS 10, FRS 12 and FRS 127 (2011): Investment Entities		1 January 2014
Amendments to FRS 119: Defined Benefit Plans – Employee Contributions		1 July 2014
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities		1 January 2014
Amendments to FRS 136: Recoverable Amount Disclosures for Non-financial Assets		1 January 2014
Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting		1 January 2014
IC Interpretation 21 Levies		1 January 2014
Annual Improvements to FRSs 2010 – 2012 Cycle		1 July 2014
Annual Improvements to FRSs 2011 – 2013 Cycle		1 July 2014



### **3. BASIS OF PREPARATION (CONT'D)**

3.2 The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows:-

- (a) FRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Subsequently, this FRS 9 was amended in year 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition (known as FRS 9 (2010)). Generally, FRS 9 replaces the parts of FRS 139 that relate to the classification and measurement of financial instruments. FRS 9 divides all financial assets into 2 categories – those measured at amortised cost and those measured at fair value, based on the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instruments. For financial liabilities, the standard retains most of the FRS 139 requirement. An entity choosing to measure a financial liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income rather than within profit or loss. There will be no material impact on the financial statements of the Group upon its initial application.
- (b) The amendments to FRS 132 provide the application guidance for criteria to offset financial assets and financial liabilities. There will be no material impact on the financial statements of the Group upon its initial application.

3.3 On 19 November 2011, MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRSs") that are equivalent to International Financial Reporting Standards.

The MFRSs are to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer (herein called "Transitioning Entities"). The Group falls within the definition of Transitioning Entities and has elected to present its first MFRSs financial statements when the MFRS framework becomes mandatory. Currently, the MASB has not announced as to when the Transitioning Entities are mandated to comply with the MFRS framework. This is because of the revision in the project timeline on the issuance of new IFRS on Revenue and the proposed limited amendments to IAS 41 Agriculture by the International Accounting Standards Board. Accordingly, the Group is unable to assess the potential financial effects of the differences between the accounting standards under FRSs and the MFRSs.

#### **4. SIGNIFICANT ACCOUNTING POLICIES**

##### **4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

##### **(a) Depreciation of Property, Plant and Equipment**

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of the technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

##### **(b) Income Taxes**

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

##### **(c) Impairment of Non-financial Assets**

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

##### **(d) Write-down of Inventories**

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

##### **(e) Classification between Investment Properties and Owner-occupied Properties**

The Group determines whether a property qualifies as an investment property, and has developed a criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independent of the other assets held by the Group.



#### **4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)**

###### **(e) Classification between Investment Properties and Owner-occupied Properties (cont'd)**

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

###### **(f) Impairment of Trade and Other Receivables**

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

###### **(g) 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 its 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 the ownership of the land through a finance lease.

##### **4.2 BASIS OF CONSOLIDATION**

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December 2013.

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

#### **4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **4.2 BASIS OF CONSOLIDATION (CONT'D)**

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

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. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

##### Business combinations from 1 July 2010 onwards

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.



#### **4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **4.2 BASIS OF CONSOLIDATION (CONT'D)**

###### Business combinations from 1 July 2010 onwards (cont'd)

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

###### Business combinations before 1 July 2010

All subsidiaries are consolidated using the purchase method. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Non-controlling interests are initially measured at their share of the fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition.

##### **4.3 GOODWILL**

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

###### Business combinations from 1 July 2010 onwards

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

###### Business combinations before 1 July 2010

Under the purchase method, goodwill represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiaries at the date of acquisition.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combinations, the excess is recognised as income immediately in profit or loss.

#### **4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **4.4 FUNCTIONAL AND FOREIGN CURRENCIES**

###### **(a) Functional and Presentation Currency**

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

###### **(b) Transactions and Balances**

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

###### **(c) Foreign Operations**

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated at exchange rates ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity under translation reserve. On the disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to profit or loss.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

##### **4.5 FINANCIAL INSTRUMENTS**

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.



#### **4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **4.5 FINANCIAL INSTRUMENTS (CONT'D)**

###### **(a) Financial Assets**

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

###### **(i) Financial Assets at Fair Value through Profit or Loss**

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

###### **(ii) Held-to-maturity Investments**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with interest income recognised in the profit or loss on an effective yield basis.

###### **(iii) Loans and Receivables Financial Assets**

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

###### **(iv) Available-for-sale Financial Assets**

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payment is established.



**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

4.5 FINANCIAL INSTRUMENTS (CONT'D)

**(a) Financial Assets (cont'd)**

(iv) Available-for-sale Financial Assets (cont'd)

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

**(b) Financial Liabilities**

All financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

**(c) Equity Instruments**

Instruments classified as equity are measured at cost and are not remeasured subsequently.

(i) Ordinary Shares

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity.

Where such shares are subsequently sold or reissued, any consideration received, net of any direct costs, is included in equity.

**(d) Derecognition**

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.



#### **4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **4.5 FINANCIAL INSTRUMENTS (CONT'D)**

###### **(d) Derecognition (cont'd)**

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

###### **(e) Financial Guarantee Contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due.

The Group designates corporate guarantees given to financial institutions for credit facilities granted to subsidiaries as insurance contracts as defined in FRS 4 *Insurance Contracts*. The Group recognises these corporate guarantees as liabilities when there is a present obligation, legal or constructive, as a result of past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

##### **4.6 INVESTMENTS IN SUBSIDIARIES**

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investment includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

##### **4.7 INVESTMENTS IN ASSOCIATES**

An associate is an entity in which the Group has a long-term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associates are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investment includes transaction costs.

The investment in an associate is accounted for in the consolidated statement of financial position under the equity method, based on the financial statements of the associate made up to 31 December 2013. The Group's share of the post-acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transactions costs.

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**4.7 INVESTMENTS IN ASSOCIATES (CONT'D)**

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with FRS 139. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued. However, the Group will continue to use the equity method if the dilution does not result in a loss of significant influence or when an investment in a joint venture becomes an investment in an associate. Under such changes in ownership interest, the retained investment is not remeasured to fair value but a proportionate share of the amounts previously recognised in other comprehensive income of the associate will be reclassified to profit or loss where appropriate. All dilution gains or losses arising in investments in associates are recognised in profit or loss.

**4.8 PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and impairment losses, if any.

Freehold land is stated at cost less impairment losses, if any, and is not depreciated.

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Leasehold land	Over the lease periods ranging from 14 to 906 years
Buildings	2% - 5%
Furniture, fittings and equipment	10% - 20%
Coldroom, plant and machinery	10% - 20%
Motor vehicles	20%
Renovation	10% - 20%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital work-in-progress is stated at cost, and is transferred to the relevant category of the assets and depreciated accordingly when the assets are completed and ready for commercial use.



#### **4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **4.8 PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

Cost of capital work-in-progress includes direct costs, related expenditure and interest costs on borrowings taken to finance the acquisition of the assets to the date the assets are completed and put into use.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is recognised in profit or loss.

##### **4.9 INVESTMENT PROPERTIES**

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on the straight-line method over the estimated useful lives of the investment properties. The estimated useful lives of the investment properties is 59 years.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal on the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfer are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

##### **4.10 IMPAIRMENT**

###### **(a) Impairment of Financial Assets**

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

4.10 IMPAIRMENT (CONT'D)

**(a) Impairment of Financial Assets (cont'd)**

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of 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 through profit or loss to the extent that the carrying amount of the financial amount at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

**(b) Impairment of Non-financial Assets**

The carrying values of assets, other than those to which FRS 136 Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised in profit or loss.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

4.11 ASSETS UNDER HIRE PURCHASE

Assets acquired under hire purchase are capitalised in the financial statements at the lower of the fair value of the leased assets and the present value of minimum lease payments and, are depreciated in accordance with the policy set out in Note 4.8 above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.



#### **4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **4.12 INVENTORIES**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the moving weighted average basis and comprises the purchase price, production or conversion costs and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

##### **4.13 INCOME TAXES**

Income tax for the year comprises current and deferred tax.

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

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

#### **4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### 4.14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, 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 with original maturities period three months or less.

##### 4.15 PROVISIONS

Provisions are recognised when the Group has a present obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognized as interest expense on profit or loss.

##### 4.16 EMPLOYEE BENEFITS

###### **(a) Short-term Benefits**

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

###### **(b) Defined Contribution Plans**

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

##### 4.17 RELATED PARTIES

A party is related to an entity (referred to as the "reporting entity") if:-

- (a) A person or a close member of that person's family is related to a reporting entity if that person:-
  - (i) has control or joint control over the reporting entity;
  - (ii) has significant influence over the reporting entity; or
  - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:-
  - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.



#### **4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### 4.17 RELATED PARTIES (CONT'D)

- (b) An entity is related to a reporting entity if any of the following conditions applies (cont'd):-
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
  - (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

##### 4.18 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

##### 4.19 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;
- Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs are unobservable inputs for the asset or liability.



**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

4.19 FAIR VALUE MEASUREMENTS (CONT'D)

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

4.20 REVENUE AND OTHER INCOME

**(a) Sale of Goods**

Revenue is measured at fair value of the consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

**(b) Services**

Revenue is recognised upon the rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

**(c) Interest income**

Interest income is recognised on an accrual basis using the effective interest method.

**(d) Dividend income**

Dividend income from investment is recognised when the right to receive dividend payment is established.

**(e) Rental income**

Rental income is recognised on an accrual basis.

4.21 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4.22 BORROWING COSTS

Borrowing costs, directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they incurred.

Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.



**5. INVESTMENTS IN SUBSIDIARIES**

	The Company	
	31.12.2013 RM	30.6.2013 RM
Unquoted shares, at cost		
- in Malaysia	60,212,229	60,212,229
- outside Malaysia	18,845,872	18,199,670
	<u>79,058,101</u>	<u>78,411,899</u>

The details of the subsidiaries are as follows:-

Name of Subsidiary	Country of Incorporation	Effective Equity Interest		Principal Activities
		31.12.2013 %	30.6.2013 %	
Ableway Sdn Bhd	Malaysia	100.0	100.0	General trading
Ataskota Sdn Bhd	Malaysia	100.0	100.0	Selling, spawning and culturing of prawns
CCK Fresh Mart Sdn Bhd	Malaysia	100.0	100.0	Retailing in coldstorage products
CCK Fresh Mart (West Malaysia) Sdn Bhd	Malaysia	100.0	100.0	Retailing in coldstorage products
CCK Sea Products Industries (S) Sdn Bhd	Malaysia	100.0	100.0	Culturing, processing and trading of prawns
Central Coldstorage Kuching Sdn Bhd	Malaysia	100.0	100.0	Retailing in coldstorage products, and poultry processing
Kin Eastern Frozen Food Sdn Bhd	Malaysia	100.0	100.0	Processing and selling of frozen seafood
Kuok Sui Sea Products Industries (S) Sdn Bhd	Malaysia	100.0	100.0	Processing and exporting of prawns
Positive Everising Sdn Bhd	Malaysia	100.0	100.0	Dormant
Pt. Adilmart <sup>^</sup>	Indonesia	100.0	99.6	Retailing in coldstorage products and fish farming
Zhang Agriculture Development (Sabah) Sdn Bhd	Malaysia	100.0	100.0	Poultry breeding and trading

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE FINANCIAL PERIOD FROM 1 JULY 2013 TO 31 DECEMBER 2013**

**5. INVESTMENTS IN SUBSIDIARIES (CONT'D)**

The details of the subsidiaries are as follows (cont'd):-

Name of Subsidiary	Country of Incorporation	Effective Equity Interest		Principal Activities
		31.12.2013 %	30.6.2013 %	
<i>Subsidiary of Ableway Sdn Bhd:-</i>				
Angkutan Golden Plan Sdn Bhd	Malaysia	100.0	100.0	Provision of transportation services
<i>Subsidiary of CCK Fresh Mart Sdn Bhd:-</i>				
Mukah Seafoods Industries Sdn Bhd	Malaysia	78.1	78.1	Trading of seafood and coldstorage products
<i>Subsidiaries of Central Coldstorage Kuching Sdn Bhd:-</i>				
CCK-BME Sdn Bhd	Malaysia	60.0	60.0	In liquidation
Poultry Industry (S) Sdn Bhd	Malaysia	100.0	100.0	Livestock breeding and trading
Zhang Agriculture Development Sdn Bhd	Malaysia	100.0	100.0	Poultry breeding and trading
<i>Subsidiary of Poultry Industry (S) Sdn Bhd:-</i>				
Farm Land Supplies & Veterinary Services Sdn Bhd	Malaysia	100.0	100.0	Fish farming, and provision of veterinary supplies and related services
<i>Subsidiary of Pt. Adilmart:-</i>				
Pt. Central Coldstorage Khatulistiwa <sup>^</sup>	Indonesia	90.0	-	Dormant

<sup>^</sup> The subsidiary was audited by a member firm of Crowe Horwath International of which Crowe Horwath is a member.



**5. INVESTMENTS IN SUBSIDIARIES (CONT'D)**

(a) The non-controlling interests at the end of the reporting period comprise the following:-

	The Group	
	31.12.2013 RM	30.6.2013 RM
CCK-BME Sdn Bhd ("BME")	86,674	86,674
Mukah Seafoods Industries Sdn Bhd ("Mukah")	223,713	218,049
Pt. Adilmart ("Adilmart")	-	81,376
Pt. Central Coldstorage Khatulistiwa ("Khatulistiwa")	91,556	-
	401,943	386,099
	401,943	386,099

(b) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests is as follows:-

	BME	
	31.12.2013 RM	30.6.2013 RM
<u>At 31 December/30 June</u>		
Non-current assets	-	-
Current assets	220,285	220,285
Non-current liabilities	-	-
Current liabilities	(3,600)	(3,600)
	216,685	216,685
	216,685	216,685
<u>Financial period ended 31 December/financial year ended 30 June</u>		
Revenue	-	-
Profit for the financial period/year	-	-
Total comprehensive income	-	-
	-	-
	-	-
Total comprehensive income attributable to non-controlling interests	-	-
Dividend paid to non-controlling interests	-	-
	-	-
	-	-
Net cash flows from operating activities	-	-
Net cash flows from investing activities	-	-
Net cash flows from financing activities	-	-
	-	-
	-	-

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE FINANCIAL PERIOD FROM 1 JULY 2013 TO 31 DECEMBER 2013**

**5. INVESTMENTS IN SUBSIDIARIES (CONT'D)**

- (b) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests is as follows (cont'd):-

	Mukah	
	31.12.2013	30.6.2013
	RM	RM
<u>At 31 December/30 June</u>		
Non-current assets	34,645	39,728
Current assets	1,123,404	1,034,944
Non-current liabilities	(2,580)	(6,639)
Current liabilities	(135,151)	(73,549)
Net assets	<u>1,020,318</u>	<u>994,484</u>
<u>Financial period ended 31 December/financial year ended 30 June</u>		
Revenue	1,759,183	3,809,012
Profit for the financial period/year	79,834	119,509
Total comprehensive income	<u>79,834</u>	<u>119,509</u>
Total comprehensive income attributable to non-controlling interests	17,504	26,203
Dividend paid to non-controlling interests	<u>11,840</u>	<u>-</u>
Net cash flows from/(for) operating activities	124,303	(174,862)
Net cash flows for investing activities	-	(1,365)
Net cash flows from/(for) financing activities	<u>(54,150)</u>	<u>50</u>
	Adilmart	
	31.12.2013	30.6.2013
	RM	RM
<u>At 31 December/30 June</u>		
Non-current assets	22,884,152	19,889,935
Current assets	11,243,583	10,776,347
Non-current liabilities	-	-
Current liabilities	(18,306,181)	(12,505,783)
Net assets	<u>15,821,554</u>	<u>18,160,499</u>



**5. INVESTMENTS IN SUBSIDIARIES (CONT'D)**

(b) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests is as follows (cont'd):-

	Adilmart	
	31.12.2013	30.6.2013
	RM	RM
<u>Financial period ended 31 December/financial year ended 30 June</u>		
Revenue	17,044,048	25,562,759
Profit for the financial period/year	663,651	386,160
Total comprehensive income	(2,338,945)	(566,153)
	<u>                    </u>	<u>                    </u>
Total comprehensive income attributable to non-controlling interests	(9,824)	(2,359)
Dividend paid to non-controlling interests	-	-
	<u>                    </u>	<u>                    </u>
Net cash flows from operating activities	7,098,557	5,237,441
Net cash flows for investing activities	(6,572,046)	(8,598,043)
Net cash flows from financing activities	-	-
	<u>                    </u>	<u>                    </u>
	Khatulistiwa	
	31.12.2013	30.6.2013
	RM	RM
<u>At 31 December/30 June</u>		
Non-current assets	-	-
Current assets	927,528	-
Non-current liabilities	-	-
Current liabilities	(11,970)	-
	<u>                    </u>	<u>                    </u>
Net assets	915,558	-
	<u>                    </u>	<u>                    </u>
<u>Financial period ended 31 December/financial year ended 30 June</u>		
Revenue	-	-
Loss for the financial period/year	(12,991)	-
Total comprehensive income	43,458	-
	<u>                    </u>	<u>                    </u>
Total comprehensive income attributable to non-controlling interests	4,346	-
Dividend paid to non-controlling interests	-	-
	<u>                    </u>	<u>                    </u>
Net cash flows from operating activities	12,991	-
Net cash flows from investing activities	-	-
Net cash flows for financing activities	(928,549)	-
	<u>                    </u>	<u>                    </u>

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE FINANCIAL PERIOD FROM 1 JULY 2013 TO 31 DECEMBER 2013**

**6. INVESTMENT IN AN ASSOCIATE**

	The Group		The Company	
	31.12.2013 RM	30.6.2013 RM	31.12.2013 RM	30.6.2013 RM
Unquoted shares, at cost	450,000	450,000	450,000	450,000
Share of post-acquisition profits	523,257	448,449	-	-
	<u>973,257</u>	<u>898,449</u>	<u>450,000</u>	<u>450,000</u>

The details of the associate are as follows:-

Name of Associate	Country of Incorporation	Effective Equity Interest		Principal Activities
		31.12.2013 %	30.6.2013 %	
C.S. Choice Food Industries Sdn Bhd	Malaysia	50.0	50.0	Manufacturing, processing, packing and distribution of meat and other food products

- (a) The Group recognised its share of results in the associate based on the unaudited financial statements drawn up to 31 December 2013.
- (b) The summarised financial information (after any fair value adjustment at acquisition date) for the associate is as follows :-

	C.S.Choice Food Industries Sdn Bhd	
	31.12.2013 RM	30.6.2013 RM
<u>At 31 December/30 June</u>		
Non-current assets	1,500,171	1,717,206
Current assets	3,383,884	3,602,082
Non-current liabilities	(55,036)	(47,036)
Current liabilities	(2,885,986)	(3,478,836)
Net assets	<u>1,943,033</u>	<u>1,793,416</u>



**6. INVESTMENT IN AN ASSOCIATE (CONT'D)**

- (b) The summarised financial information (after any fair value adjustment at acquisition date) for the associate is as follows (cont'd):-

<u>Financial period ended 31 December/financial year ended 30 June</u>		
Revenue	5,419,561	10,011,712
Profit/(Loss) for the financial period/year	149,617	(174,068)
Total comprehensive income	149,617	(174,068)
	=====	=====
Group's share of profit for the financial period/year	74,808	(87,034)
Group's share of other comprehensive income	-	-
Dividend received	-	-
	=====	=====
<u>Reconciliation of net asset to carrying amount</u>		
Group's share of net assets	971,516	896,708
Goodwill	1,741	1,741
	-----	-----
Carrying amount of the Group's interests in the associate	973,257	898,449
	=====	=====



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE FINANCIAL PERIOD FROM 1 JULY 2013 TO 31 DECEMBER 2013**

**7. PROPERTY, PLANT AND EQUIPMENT**

<b>The Group</b>	At 1.7.2013 RM	Exchange Differences RM	Additions RM	Disposals RM	Reclassifications RM	Depreciation Charge RM	At 31.12.2013 RM
<i>Net Book Value</i>							
Freehold land	2,418,884	-	-	-	-	-	2,418,884
Leasehold land	19,716,920	(1,056,158)	472,839	-	3,019,322	(315,056)	21,837,867
Buildings	32,516,417	-	1,823,651	-	6,339,010	(1,288,444)	39,390,634
Furniture, fittings and equipment	6,796,777	(101,132)	1,503,261	(5,041)	(36,046)	(679,262)	7,478,557
Coldroom, plant and machinery	26,943,057	(1,986,235)	6,609,025	(1,698)	9,973,692	(2,464,809)	39,073,032
Motor vehicles	4,652,316	(130,710)	354,940	(1)	55,900	(782,660)	4,149,785
Renovation	4,081,169	-	768,645	-	-	(509,219)	4,340,595
Capital work-in-progress	18,813,819	(408,962)	5,066,442	-	(19,351,878)	-	4,119,421
	<u>115,939,359</u>	<u>(3,683,197)</u>	<u>16,598,803</u>	<u>(6,740)</u>	<u>-</u>	<u>(6,039,450)</u>	<u>122,808,775</u>



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE FINANCIAL PERIOD FROM 1 JULY 2013 TO 31 DECEMBER 2013**

**7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

<b>The Group</b>	At 1.7.2012 RM	Exchange Differences RM	Additions RM	Disposals RM	Reclassifications RM	Depreciation Charge RM	At 30.6.2013 RM
<i>Net Book Value</i>							
Freehold land	2,418,884	-	-	-	-	-	2,418,884
Leasehold land	17,846,729	(251,005)	2,653,830	-	-	(532,634)	19,716,920
Buildings	29,239,148	-	3,456,648	(345,316)	1,945,354	(1,779,417)	32,516,417
Furniture, fittings and equipment	4,690,864	(32,412)	3,293,977	(46,633)	34,050	(1,143,069)	6,796,777
Coldroom, plant and machinery	16,978,612	(324,224)	10,911,429	(6,731)	3,072,028	(3,688,057)	26,943,057
Motor vehicles	3,322,717	(26,081)	2,761,337	(86,975)	-	(1,318,682)	4,652,316
Renovation	3,627,060	(6,880)	1,548,244	(4,155)	(227,613)	(855,487)	4,081,169
Capital work-in-progress	13,066,117	(234,514)	10,806,035	-	(4,823,819)	-	18,813,819
	<u>91,190,131</u>	<u>(875,116)</u>	<u>35,431,500</u>	<u>(489,810)</u>	<u>-</u>	<u>(9,317,346)</u>	<u>115,939,359</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE FINANCIAL PERIOD FROM 1 JULY 2013 TO 31 DECEMBER 2013**

**7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

<b>The Group</b>	At Cost RM	Accumulated Depreciation RM	Net Book Value RM
At 31.12.2013			
Freehold land	2,418,884	-	2,418,884
Leasehold land	27,686,093	(5,848,226)	21,837,867
Buildings	58,854,317	(19,463,683)	39,390,634
Furniture, fittings and equipment	19,921,034	(12,442,477)	7,478,557
Coldroom, plant and machinery	75,873,657	(36,800,625)	39,073,032
Motor vehicles	14,786,322	(10,636,537)	4,149,785
Renovation	9,665,337	(5,324,742)	4,340,595
Capital work-in-progress	4,119,421	-	4,119,421
	<u>213,325,065</u>	<u>(90,516,290)</u>	<u>122,808,775</u>
At 30.6.2013			
Freehold land	2,418,884	-	2,418,884
Leasehold land	25,311,856	(5,594,936)	19,716,920
Buildings	50,691,566	(18,175,149)	32,516,417
Furniture, fittings and equipment	18,774,675	(11,977,898)	6,796,777
Coldroom, plant and machinery	61,937,560	(34,994,503)	26,943,057
Motor vehicles	15,095,401	(10,443,085)	4,652,316
Renovation	8,896,692	(4,815,523)	4,081,169
Capital work-in-progress	18,813,819	-	18,813,819
	<u>201,940,453</u>	<u>(86,001,094)</u>	<u>115,939,359</u>
<b>The Company</b>	At 1.7.2013 RM	Depreciation Charge RM	At 31.12.2013 RM
<i>Net Book Value</i>			
Leasehold land	591,833	(5,161)	586,672
Equipment	17,394	(2,676)	14,718
	<u>609,227</u>	<u>(7,837)</u>	<u>601,390</u>



**7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

	At 1.7.2012 RM	Disposals RM	Depreciation Charge RM	At 30.6.2013 RM
<b>The Company</b>				
<i>Net Book Value</i>				
Leasehold land	694,508	-	(102,675)	591,833
Equipment	25,076	(1,757)	(5,925)	17,394
	<u>719,584</u>	<u>(1,757)</u>	<u>(108,600)</u>	<u>609,227</u>

	At Cost RM	Accumulated Depreciation RM	Net Book Value RM
<b>The Company</b>			
At 31.12.2013			
Leasehold land	2,565,445	(1,978,773)	586,672
Equipment	34,437	(19,719)	14,718
	<u>2,599,882</u>	<u>(1,998,492)</u>	<u>601,390</u>
At 30.6.2013			
Leasehold land	2,565,445	(1,973,612)	591,833
Equipment	34,437	(17,043)	17,394
	<u>2,599,882</u>	<u>(1,990,655)</u>	<u>609,227</u>

- (a) Included in the assets of the Group at the end of the reporting period were motor vehicles with a total net book value of RM91,680 (30.6.2013: RM227,541), which were acquired under hire purchase terms.
- (b) The net book value of property, plant and equipment pledged to licensed banks as security for banking facilities granted to the Group is as follows:-

	The Group	
	31.12.2013 RM	30.6.2013 RM
Leasehold land	3,565,318	4,159,549
Buildings	4,423,335	7,469,342
	<u>7,988,653</u>	<u>11,628,891</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE FINANCIAL PERIOD FROM 1 JULY 2013 TO 31 DECEMBER 2013**

**7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

(c) The leasehold land at the end of the reporting period is analysed as follows:-

	The Group		The Company	
	31.12.2013 RM	30.6.2013 RM	31.12.2013 RM	30.6.2013 RM
Unexpired period of less than 50 years	9,447,620	9,897,121	586,672	591,833
Unexpired period of more than 50 years	12,390,247	9,819,799	-	-
	<u>21,837,867</u>	<u>19,716,920</u>	<u>586,672</u>	<u>591,833</u>

**8. INVESTMENT PROPERTIES**

<b>The Group</b>	At 1.7.2013 RM	Depreciation Charges RM	At 31.12.2013 RM
<i>Net Book Value</i>			
Leasehold land	398,831	(3,966)	394,865
Buildings	278,413	(2,764)	275,649
	<u>677,244</u>	<u>(6,730)</u>	<u>670,514</u>
	At 1.7.2012 RM	Depreciation Charges RM	At 30.6.2013 RM
<i>Net Book Value</i>			
Leasehold land	406,763	(7,932)	398,831
Buildings	283,942	(5,529)	278,413
	<u>690,705</u>	<u>(13,461)</u>	<u>677,244</u>



**8. INVESTMENT PROPERTIES (CONT'D)**

<b>The Group</b>	At Cost RM	Accumulated Depreciation RM	Net Book Value RM
At 31.12.2013			
Leasehold land	468,000	(73,135)	394,865
Buildings	326,180	(50,531)	275,649
	<u>794,180</u>	<u>(123,666)</u>	<u>670,514</u>
At 30.6.2013			
Leasehold land	468,000	(69,169)	398,831
Buildings	326,180	(47,767)	278,413
	<u>794,180</u>	<u>(116,936)</u>	<u>677,244</u>

(a) The leasehold land and buildings have been pledged to licensed banks as security for banking facilities granted to the Group.

(b) The leasehold land at the end of the reporting period is analysed as follows:-

	The Group	
	31.12.2013 RM	30.6.2013 RM
Unexpired period of more than 50 years	<u>394,865</u>	<u>398,831</u>

**9. DEFERRED TAX**

	The Group	
	31.12.2013 RM	30.6.2013 RM
At 1 July	3,042,509	2,743,424
Recognised in profit or loss (Note 25)	450,001	298,348
Exchange differences	6,694	737
At 31 December/30 June	<u>3,499,204</u>	<u>3,042,509</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE FINANCIAL PERIOD FROM 1 JULY 2013 TO 31 DECEMBER 2013**

**9. DEFERRED TAX (CONT'D)**

The deferred tax is attributable to the following:-

	The Group	
	31.12.2013 RM	30.6.2013 RM
Property, plant and equipment	4,539,772	3,826,310
Provision for employee benefits	(643,178)	(272,506)
Receivables	-	(45,582)
Unused tax losses and unabsorbed capital allowance	(399,546)	(465,713)
Others	2,156	-
At 31 December/30 June	<u>3,499,204</u>	<u>3,042,509</u>

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax relates to the same taxation authority. The amounts determined after appropriate offsetting are included in the statements of financial position as follows:-

	The Group	
	31.12.2013 RM	30.6.2013 RM
Deferred tax liabilities	3,637,557	3,165,513
Deferred tax assets	(138,353)	(123,004)
	<u>3,499,204</u>	<u>3,042,509</u>

No deferred tax assets are recognised in respect of the following items as it is not probable that taxable profits of the subsidiaries will be available against which the deductible temporary differences, and carryforward tax losses and tax credits can be utilised:-

	The Group		The Company	
	31.12.2013 RM	30.6.2013 RM	31.12.2013 RM	30.6.2013 RM
Unused tax losses and unabsorbed capital allowance	3,308,786	3,119,782	12,903	-
Other deductible temporary differences	-	302,443	-	-
	<u>3,308,786</u>	<u>3,422,225</u>	<u>12,903</u>	<u>-</u>



**10. INVENTORIES**

	The Group	
	31.12.2013	30.6.2013
	RM	RM
At cost:-		
Trading goods	41,353,972	44,976,462
Raw materials	16,680	1,360,252
Aquaculture products	5,720,592	849,856
Consumable stores	3,854,471	2,466,611
	50,945,715	49,653,181
	50,945,715	49,653,181

**11. TRADE RECEIVABLES**

	The Group	
	31.12.2013	30.6.2013
	RM	RM
Trade receivables:-		
- third parties	22,190,851	28,087,015
- related parties	812,077	2,370,168
	23,002,928	30,457,183
Less: Allowance for impairment losses	(1,674,805)	(1,278,507)
	21,328,123	29,178,676
	21,328,123	29,178,676
Allowance for impairment losses:-		
At 1 July	1,278,507	1,184,992
Addition during the financial period/year	586,160	542,416
Reversal during the financial period/year	(189,862)	(287,876)
Write-off during the financial period/year	-	(161,025)
	1,674,805	1,278,507
At 31 December/30 June	1,674,805	1,278,507

The Group's normal trade credit terms range from 30 to 90 (30.6.2013: 30 to 90) days.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE FINANCIAL PERIOD FROM 1 JULY 2013 TO 31 DECEMBER 2013**

**12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	The Group		The Company	
	31.12.2013 RM	30.6.2013 RM	31.12.2013 RM	30.6.2013 RM
Other receivables:-				
- third parties	856,705	2,256,773	131,278	247,460
- related parties	59,944	162,722	-	120,158
	<u>916,649</u>	<u>2,419,495</u>	<u>131,278</u>	<u>367,618</u>
Less: Allowance for impairment losses	(7,972)	-	-	-
	<u>908,677</u>	<u>2,419,495</u>	<u>131,278</u>	<u>367,618</u>
Deposits	1,984,784	1,520,233	25,376	12,399
Prepayments	796,480	862,289	98,615	2,698
	<u>3,689,941</u>	<u>4,802,017</u>	<u>255,269</u>	<u>382,715</u>
Allowance for impairment losses:-				
At 1 July	-	48,354	-	-
Addition during the financial period/year	7,972	-	-	-
Reversal during the financial period/year	-	(30,761)	-	-
Write-off during the financial period/year	-	(17,593)	-	-
At 31 December/30 June	<u>7,972</u>	<u>-</u>	<u>-</u>	<u>-</u>

**13. AMOUNT OWING BY/(TO) SUBSIDIARIES**

Included in amount owing by subsidiaries is an amount of RM32,500,000 (30.6.2013: RM23,500,000), which is unsecured advances granted to subsidiaries. The advances carry interest at rate of 5.0% (30.6.2013: 5.0%) per annum and are repayable on demand.

All other amounts are non-trade in nature, unsecured, interest-free and repayable on demand. The amounts owing are to be settled in cash.



#### 14. SHARE CAPITAL

	The Group/The Company		31.12.2013 RM	30.6.2013 RM
	31.12.2013 Number of Shares	30.6.2013		
Ordinary Shares of RM0.50 Each:-				
<b>Authorised</b>	200,000,000	200,000,000	100,000,000	100,000,000
<b>Issued and fully paid-up</b>	157,679,700	157,679,700	78,839,850	78,839,850

#### 15. TREASURY SHARES

During the financial period, the Company purchased 10,000 of its issued ordinary shares from the open market at an average price of RM0.86 per ordinary share. The total consideration paid for the purchase was RM8,663 including transaction costs. The shares purchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965.

Of the total 157,679,700 issued and fully paid-up ordinary shares as at the end of the reporting period, 2,378,237 ordinary shares are held as treasury shares by the Company. None of the treasury shares were resold or cancelled during the financial period.

#### 16. RESERVES

	The Group		The Company	
	31.12.2013 RM	30.6.2013 RM	31.12.2013 RM	30.6.2013 RM
Non-distributable:-				
Share premium	157,800	157,800	157,800	157,800
Foreign exchange translation reserve	(4,559,524)	(1,620,343)	-	-
	(4,401,724)	(1,462,543)	157,800	157,800
Distributable:-				
Retained profits	73,762,555	68,893,542	2,047,104	4,729,706
	69,360,831	67,430,999	2,204,904	4,887,506

- The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act 1965.
- The foreign exchange translation reserve arises from the translation of the financial statements of foreign subsidiaries and is not distributable by way of dividends.
- Under the single tier tax system, tax on the Company's profits is the final tax and accordingly, any dividends to the shareholders are not subject to tax.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE FINANCIAL PERIOD FROM 1 JULY 2013 TO 31 DECEMBER 2013**

**17. BANK BORROWINGS**

	The Group		The Company	
	31.12.2013 RM	30.6.2013 RM	31.12.2013 RM	30.6.2013 RM
Long-term borrowings:-				
Hire purchase obligations (Note 18)	20,686	30,664	-	-
Term loans, secured	3,014,185	3,476,450	-	-
	<u>3,034,871</u>	<u>3,507,114</u>	<u>-</u>	<u>-</u>
Short-term borrowings:-				
Bank overdrafts, secured	2,322,460	4,935,458	-	-
Bank overdrafts, unsecured	115,058	661,637	-	1,875,913
Bankers' acceptance, secured	12,967,000	13,672,000	-	-
Hire purchase obligations (Note 18)	18,903	37,053	-	-
Revolving credit, unsecured	32,500,000	23,500,000	32,500,000	23,500,000
Term loans, secured	873,418	858,256	-	-
	<u>48,796,839</u>	<u>43,664,404</u>	<u>32,500,000</u>	<u>25,375,913</u>
Total borrowings	<u><u>51,831,710</u></u>	<u><u>47,171,518</u></u>	<u><u>32,500,000</u></u>	<u><u>25,375,913</u></u>

The term loans are repayable as follows:-

	The Group	
	31.12.2013 RM	30.6.2013 RM
<u>Current</u>		
- not later than one year	873,418	858,256
<u>Non-current</u>		
- later than one year and not later than two years	904,816	888,972
- later than two years and not later than five years	2,109,369	2,587,478
	<u>3,014,185</u>	<u>3,476,450</u>
	<u><u>3,887,603</u></u>	<u><u>4,334,706</u></u>

The unsecured bank overdrafts arose as a result of a subsidiary's current account with the bank being overdrawn due to issuance of several cheques prior to the period end and which were only presented for payment subsequent to the financial period ended 31 December 2013. The subsidiary did not have formal banking facilities with the said bank.



**17. BANK BORROWINGS (CONT'D)**

The bank borrowings of the Group are supported by:-

- (a) fixed charges over certain subsidiaries' landed properties;
- (b) a corporate guarantee provided by the Company; and
- (c) a joint and several guarantee provided by certain directors of the Company.

The repayment terms of the term loans are as follows:-

Term loan 1 [at BLR - 2.20% per annum]	Repayable in 84 monthly instalments of RM68,575 each, effective from January 2012.
Term loan 2 [at COF + 1.25% per annum]	Repayable in 60 monthly instalments of RM8,700 each, effective from July 2012.
Term loan 3 [at COF + 1.25% per annum]	Repayable in 60 monthly instalments of RM9,000 each, effective from May 2013.

**18. HIRE PURCHASE OBLIGATIONS**

	The Group	
	31.12.2013	30.6.2013
	RM	RM
Minimum hire purchase payments:-		
- not later than one year	20,528	39,299
- later than one year and not later than two years	22,244	32,506
	42,772	71,805
Less: Future finance charges	(3,183)	(4,088)
	39,589	67,717
<u>Current</u>		
- not later than one year	18,903	37,053
<u>Non-current</u>		
- later than one year and not later than two years	20,686	30,664
	39,589	67,717

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE FINANCIAL PERIOD FROM 1 JULY 2013 TO 31 DECEMBER 2013**

**19. TRADE PAYABLES**

The normal trade credit terms granted to the Group range from 60 to 90 (30.6.2013 : 60 to 90) days.

**20. OTHER PAYABLES, DEPOSITS AND ACCRUALS**

	The Group		The Company	
	31.12.2013	30.6.2013	31.12.2013	30.6.2013
	RM	RM	RM	RM
Other payables:-				
- third parties	4,161,690	4,606,608	-	-
- related parties	50,079	59,623	-	-
	<u>4,211,769</u>	<u>4,666,231</u>	<u>-</u>	<u>-</u>
Deposits	1,626,723	49,048	-	-
Accruals	2,054,350	1,253,760	537,365	505,002
	<u>7,892,842</u>	<u>5,969,039</u>	<u>537,365</u>	<u>505,002</u>

**21. PROVISION FOR EMPLOYEE BENEFITS**

	The Group	
	31.12.2013	30.6.2013
	RM	RM
At 1 July	1,002,824	1,773,423
Addition during the financial period/year	806,212	937,411
Utilisation during the financial period/year	(340,000)	(1,542,724)
Reversal during the financial period/year	-	(165,286)
	<u>1,469,036</u>	<u>1,002,824</u>
At 31 December/30 June	<u>1,469,036</u>	<u>1,002,824</u>

The provision for employee benefits is the expected cost of bonus and sales commission payments, which will be payable within one year.

**22. REVENUE**

	The Group		The Company	
	1.7.2013 to	1.7.2012 to	1.7.2013 to	1.7.2012 to
	31.12.2013	30.6.2013	31.12.2013	30.6.2013
	RM	RM	RM	RM
Dividend income	-	-	1,500,000	3,000,000
Management fee	-	-	183,000	366,000
Trading sales	230,761,532	417,820,446	-	-
Transportation income	36,041	133,721	-	-
	<u>230,797,573</u>	<u>417,954,167</u>	<u>1,683,000</u>	<u>3,366,000</u>



**23. FINANCE COSTS**

	The Group		The Company	
	1.7.2013 to 31.12.2013 RM	1.7.2012 to 30.6.2013 RM	1.7.2013 to 31.12.2013 RM	1.7.2012 to 30.6.2013 RM
Interest expense on:-				
Bank overdrafts	13,603	21,985	-	-
Bankers' acceptance	239,513	418,508	-	-
Hire purchase obligations	931	7,152	-	-
Revolving credit	686,535	377,085	686,535	377,085
Term loans	118,005	212,484	-	-
	<u>1,058,587</u>	<u>1,037,214</u>	<u>686,535</u>	<u>377,085</u>

**24. PROFIT BEFORE TAXATION**

	The Group		The Company	
	1.7.2013 to 31.12.2013 RM	1.7.2012 to 30.6.2013 RM	1.7.2013 to 31.12.2013 RM	1.7.2012 to 30.6.2013 RM
Profit before taxation is arrived at after charging/ (crediting):-				
Allowance for impairment losses on receivables	594,132	542,416	-	-
Allowance for impairment losses on receivables no longer required	(189,862)	(318,637)	-	-
Audit fee:-				
- current financial period/year	241,838	289,171	50,000	50,000
- overprovision in the previous financial year	(4,000)	(4,000)	-	-
Bad debts recovered	-	(30,000)	-	-
Bad debts written off	26,979	4,484	-	-
Depreciation of investment properties	6,730	13,461	-	-
Depreciation of property, plant and equipment	6,039,450	9,317,346	7,837	108,600
Directors' fee:-				
- directors of the Company	164,058	318,751	150,198	287,431
- other directors of subsidiaries	600	4,800	-	-
Directors' non-fee emoluments:-				
- directors of the Company	390,644	2,381,222	-	293,440
- other directors of subsidiaries	276,996	844,457	-	-
	<u></u>	<u></u>	<u></u>	<u></u>

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE FINANCIAL PERIOD FROM 1 JULY 2013 TO 31 DECEMBER 2013**

**24. PROFIT BEFORE TAXATION (CONT'D)**

	The Group		The Company	
	1.7.2013 to 31.12.2013 RM	1.7.2012 to 30.6.2013 RM	1.7.2013 to 31.12.2013 RM	1.7.2012 to 30.6.2013 RM
Profit before taxation is arrived at after charging/ (crediting):-				
Gain on disposal of property, plant and equipment	(91,947)	(366,359)	-	-
(Gain)/loss on foreign exchange:-				
- realised	(13,793)	(88,305)	-	-
- unrealised	(8,984)	24,077	-	-
Interest income	(111,796)	(214,508)	(19,055)	(366,640)
Inventories written off	594	60,303	-	-
Loss on disposal of subsidiaries	-	4,716	-	1,953
Provision for employee benefits no longer required	-	(165,286)	-	-
Rental income	(242,928)	(416,103)	-	-
Rental of premises and equipment	1,517,714	3,354,529	-	-
Share of results in an associate	(74,808)	87,034	-	-
Staff costs (excluding directors):-				
- short-term benefits	15,650,700	31,928,645	104,233	363,515
- defined contribution plans	1,198,158	2,675,560	18,106	43,622
	<u>15,650,700</u>	<u>31,928,645</u>	<u>104,233</u>	<u>363,515</u>
	<u>1,198,158</u>	<u>2,675,560</u>	<u>18,106</u>	<u>43,622</u>



**25. INCOME TAX EXPENSE**

	The Group		The Company	
	1.7.2013 to 31.12.2013 RM	1.7.2012 to 30.6.2013 RM	1.7.2013 to 31.12.2013 RM	1.7.2012 to 30.6.2013 RM
Income tax:-				
- Malaysian tax	3,234,691	5,294,907	-	-
- foreign tax	193,653	297,941	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	3,428,344	5,592,848	-	-
Over provision in the previous financial year:-				
- Malaysian tax	(35,560)	(87,082)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	3,392,784	5,505,766	-	-
Deferred tax (Note 9):-				
- origination and reversal of temporary differences	609,045	193,940	-	-
- changes in tax rates	(123,182)	-	-	-
- (over)/under provision in the previous financial year	(35,862)	104,408	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	450,001	298,348	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	3,842,785	5,804,114	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE FINANCIAL PERIOD FROM 1 JULY 2013 TO 31 DECEMBER 2013**

**25. INCOME TAX EXPENSE (CONT'D)**

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	The Group		The Company	
	1.7.2013 to 31.12.2013 RM	1.7.2012 to 30.6.2013 RM	1.7.2013 to 31.12.2013 RM	1.7.2012 to 30.6.2013 RM
Profit before taxation	12,411,469	16,642,198	423,427	1,545,456
Tax at the statutory tax rate of 25%	3,102,867	4,160,550	105,857	386,364
Tax effects of:-				
Changes in statutory tax rates on opening balances of deferred tax	(123,182)	-	-	-
Deferred tax assets recognised at different tax rates	(34,726)	-	-	-
Non-taxable income	(134,967)	(65,131)	(377,404)	(750,000)
Non-deductible expenses	899,510	1,295,163	258,644	363,636
Control transfers	-	18,993	-	-
Deferred tax assets not recognised during the financial period/year	130,002	382,980	12,903	-
Utilisation of previously unrecognised deferred tax assets	(106,552)	(5,767)	-	-
(Over)/under provision in the previous financial year:-				
- current tax	(35,560)	(87,082)	-	-
- deferred tax	(35,862)	104,408	-	-
Others	181,255	-	-	-
Income tax expense for the financial period/year	3,842,785	5,804,114	-	-



**26. EARNINGS PER SHARE**

	The Group	
	1.7.2013 to 31.12.2013	1.7.2012 to 30.6.2013
Profit attributable to owners of the Company (RM)	8,549,692	10,810,260
Weighted average number of ordinary shares:-		
Issued ordinary shares at 1 July	155,311,463	157,167,863
Effect of treasury shares held	(8,424)	(1,078,658)
Weighted average number of ordinary shares at 31 December/30 June	155,303,039	156,089,205
Basic earnings per share (Sen)	5.51	6.93

The diluted earnings per share was not applicable as there were no dilutive potential ordinary shares outstanding at the end of the reporting period.

**27. DIVIDENDS**

	The Group/The Company			
	31.12.2013		30.6.2013	
	Dividend per Share Sen	Amount of Dividend RM	Dividend per Share Sen	Amount of Dividend RM
Dividend paid in respect of financial year ended 30 June 2013:-				
- First and final single tier dividend	2.00	3,106,029	-	-
Dividend paid in respect of financial year ended 30 June 2012:-				
- First and final single tier dividend	-	-	4.00	6,254,863
	2.00	3,106,029	4.00	6,254,863

At the forthcoming Annual General Meeting, a first and final single tier dividend of 1.50 sen per ordinary share in respect of the current financial period will be proposed for shareholders' approval. The financial statements for the current financial period do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for as a liability in the financial year ending 31 December 2014.

## 28. ACQUISITION OF SUBSIDIARIES

During the financial period, the Group acquired 90% equity interests in Pt. Central Coldstorage Khatulistiwa.

The fair value of the identifiable assets and liabilities of the above company as the date of acquisition is:-

	Carrying Amount RM	Fair value RM
Cash and bank balances	872,100	872,100
Less: Non – controlling interests		(87,210)
Total purchase consideration		784,890
Less: Cash and cash equivalents of the subsidiary acquired		(872,100)
Net cash inflows for acquisition of the subsidiary		(87,210)

The acquired subsidiary had contributed the following results to the Group:-

	31.12.2013 RM
Revenue	-
Loss after taxation	(12,991)

## 29. DISPOSAL OF SUBSIDIARIES

In the previous financial year, CCK Aquaculture Sdn Bhd, a wholly-owned subsidiary of the Group, completed its members' voluntary winding up procedures. The capital distribution of RM163,047 was received by the Group in cash. As a result, CCK Aquaculture Sdn Bhd ceased to be a subsidiary of the Group.

The disposal had the following effects on the financial position of the Group as at the end of the reporting period:-

	30.6.2013 RM
Other receivables	344,108
Cash and bank balance	2,474
Other payables	(178,819)
	167,763
Less: Loss on disposal of subsidiaries	(4,716)
Total disposal proceeds	163,047
Less: Cash and cash equivalents of the subsidiary disposed	(2,474)
Net cash inflows for disposal of the subsidiary	160,573



**30. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT**

	The Group	
	31.12.2013 RM	30.6.2013 RM
Cost of property, plant and equipment purchased	16,598,803	35,431,500
Less: Amount financed by hire purchase	-	(57,000)
	<u>16,598,803</u>	<u>35,374,500</u>
Cost disbursed for purchase of property, plant and equipment	<u>16,598,803</u>	<u>35,374,500</u>

**31. CASH AND CASH EQUIVALENTS**

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	The Group		The Company	
	31.12.2013 RM	30.6.2013 RM	31.12.2013 RM	30.6.2013 RM
Cash and bank balances	26,024,027	13,505,975	313,580	178,291
Bank overdrafts	(2,437,518)	(5,597,095)	-	(1,875,913)
	<u>23,586,509</u>	<u>7,908,880</u>	<u>313,580</u>	<u>(1,697,622)</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE FINANCIAL PERIOD FROM 1 JULY 2013 TO 31 DECEMBER 2013**

**32. DIRECTORS' REMUNERATION**

- (a) The aggregate amounts of emoluments received and receivable by directors of the Group and of the Company during the financial period are as follows:-

	The Group		The Company	
	1.7.2013 to 31.12.2013 RM	1.7.2012 to 30.6.2013 RM	1.7.2013 to 31.12.2013 RM	1.7.2012 to 30.6.2013 RM
<b>Directors of the Company</b>				
Executive directors:-				
- fee	41,620	70,360	37,000	56,000
- non-fee emoluments	390,644	2,381,222	-	293,440
Non-executive directors:-				
- fee	122,438	248,391	113,198	231,431
	<u>554,702</u>	<u>2,699,973</u>	<u>150,198</u>	<u>580,871</u>
<b>Directors of Subsidiaries</b>				
Executive directors:-				
- fee	600	4,800	-	-
- non-fee emoluments	276,996	844,457	-	-
	<u>277,596</u>	<u>849,257</u>	<u>-</u>	<u>-</u>
	<u>832,298</u>	<u>3,549,230</u>	<u>150,198</u>	<u>580,871</u>

- (b) Details of directors' emoluments of the Company received/receivable for the financial period in bands of RM50,000 are as follows:-

	Number of Directors	
	1.7.2013 to 31.12.2013	1.7.2012 to 30.6.2013
Executive directors:-		
RM650,001 – RM700,000	-	1
RM500,001 – RM550,000	-	1
RM300,001 – RM350,000	-	4
RM100,001 – RM150,000	1	-
RM50,001 – RM100,000	4	-
Non-executive directors:-		
RM150,001 – RM200,000	-	1
RM50,001 – RM100,000	1	-
Below RM50,000	5	4
	<u>11</u>	<u>11</u>



**33. SIGNIFICANT RELATED PARTY DISCLOSURES**

(a) Identities of related parties

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel, entities within the same group of companies, and entities controlled, or significantly influenced by the directors or their close family members.

(b) Other than those disclosed elsewhere in the financial statements, the Group and the Company carried out the following significant transactions with the related parties during the financial period:-

	The Group		The Company	
	1.7.2013 to 31.12.2013 RM	1.7.2012 to 30.6.2013 RM	1.7.2013 to 31.12.2013 RM	1.7.2012 to 30.6.2013 RM
Subsidiaries:-				
- Accounting fee	-	-	12,000	60,000
- Dividend income	-	-	1,500,000	3,000,000
- Interest income	-	-	-	312,025
- Management income	-	-	183,000	366,000
Associate:-				
- Purchase of products	1,337,264	2,296,030	-	-
- Sale of products	661,537	1,253,867	-	-
Companies in which the directors and their close family members have substantial financial interests:-				
- Rental of premises	18,000	36,000	-	-
- Sale of products	50,660	330,812	-	-
Key management personnel compensation:-				
- Short-term benefits	602,452	2,911,029	-	262,000
- Defined contribution plans	65,188	314,650	-	31,440

#### **34. OPERATING SEGMENTS**

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Managing Director as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into five (5) main business segments as follows:-

- (a) Poultry segment – involved in rearing and production of poultry products.
- (b) Prawn segment – involved in rearing and production of prawn and seafood products.
- (c) Food ration segment – involved in the supply and trading of food products and related services.
- (d) Retail segment – involved in trading of coldstorage products.
- (e) Corporate segment – involved in the provision of management services.

Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly investments and related income, corporate assets and head office expenses.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE FINANCIAL PERIOD FROM 1 JULY 2013 TO 31 DECEMBER 2013**

**34. OPERATING SEGMENTS (CONT'D)**

BUSINESS SEGMENTS

**31.12.2013**

	Poultry RM	Prawn RM	Food Ration RM	Retail RM	Corporate RM	Group RM
Revenue						
External revenue	46,049,653	11,038,388	3,580,760	170,128,772	-	230,797,573
Inter-segment revenue	65,850,676	9,330,038	257,109	26,978,443	1,683,000	104,099,266
	<u>111,900,329</u>	<u>20,368,426</u>	<u>3,837,869</u>	<u>197,107,215</u>	<u>1,683,000</u>	<u>334,896,839</u>
Adjustments and eliminations						(104,099,266)
Consolidated revenue						<u><u>230,797,573</u></u>



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE FINANCIAL PERIOD FROM 1 JULY 2013 TO 31 DECEMBER 2013**

**34. OPERATING SEGMENTS (CONT'D)**

BUSINESS SEGMENTS (CONT'D)

**31.12.2013**

	Poultry RM	Prawn RM	Food Ration RM	Retail RM	Corporate RM	Group RM
Results						
Segment results	7,211,472	2,107,565	159,251	10,621,041	1,096,644	21,195,973
Interest income	29,903	34,970	2,115	25,803	19,005	111,796
Depreciation of investment properties	-	-	-	(6,730)	-	(6,730)
Depreciation of property, plant and equipment	(1,842,367)	(370,508)	(64,410)	(3,754,328)	(7,837)	(6,039,450)
Other material non-cash items (Note (b))	(18,980)	208,302	30,000	(550,234)	-	(330,912)
	5,380,028	1,980,329	126,956	6,335,552	1,107,812	14,930,677
Share of results in an associate						74,808
Finance costs						(1,058,587)
Income tax expense						(3,842,785)
Adjustments and eliminations						(1,535,429)
Consolidated profit after taxation						8,568,684



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE FINANCIAL PERIOD FROM 1 JULY 2013 TO 31 DECEMBER 2013**

**34. OPERATING SEGMENTS (CONT'D)**

BUSINESS SEGMENTS (CONT'D)

**31.12.2013**

Assets	Poultry RM	Prawn RM	Food Ration RM	Retail RM	Corporate RM	Group RM
Segment assets	54,813,639	13,994,561	4,559,194	150,929,462	1,170,239	225,467,095
Investment in an associate						973,257
Deferred tax assets						138,353
Tax refundable						839,472
Consolidated total assets						<u>227,418,177</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE FINANCIAL PERIOD FROM 1 JULY 2013 TO 31 DECEMBER 2013**

**34. OPERATING SEGMENTS (CONT'D)**

BUSINESS SEGMENTS (CONT'D)

**31.12.2013**

	Poultry RM	Prawn RM	Food Ration RM	Retail RM	Corporate RM	Group RM
Liabilities						
Segment liabilities	16,286,265	723,167	548,842	27,748,511	30,400,796	75,707,581
Deferred tax liabilities						3,637,557
Provision for taxation						1,612,436
Consolidated total liabilities						<u>80,957,574</u>
Other Segment Items						
Additions to non-current assets other than financial instruments:-						
- property, plant and equipment	3,801,622	88,480	-	12,708,701	-	16,598,803



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE FINANCIAL PERIOD FROM 1 JULY 2013 TO 31 DECEMBER 2013**

**34. OPERATING SEGMENTS (CONT'D)**

BUSINESS SEGMENTS (CONT'D)

**30.6.2013**

	Poultry RM	Prawn RM	Food Ration RM	Retail RM	Corporate RM	Group RM
Revenue						
External revenue	90,016,602	13,109,717	16,902,480	297,925,368	-	417,954,167
Inter-segment revenue	111,589,354	13,274,730	650,562	52,676,588	3,366,000	181,557,234
	<u>201,605,956</u>	<u>26,384,447</u>	<u>17,553,042</u>	<u>350,601,956</u>	<u>3,366,000</u>	<u>599,511,401</u>
Adjustments and eliminations						(181,557,234)
Consolidated revenue						<u><u>417,954,167</u></u>

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE FINANCIAL PERIOD FROM 1 JULY 2013 TO 31 DECEMBER 2013**

**34. OPERATING SEGMENTS (CONT'D)**

BUSINESS SEGMENTS (CONT'D)

**30.6.2013**

Results	Poultry RM	Prawn RM	Food Ration RM	Retail RM	Corporate RM	Group RM
Segment results	9,461,240	(92,170)	628,874	18,172,047	1,661,801	29,831,792
Interest income	1,425	69,940	6,241	82,287	54,615	214,508
Depreciation of investment properties	-	-	-	(13,461)	-	(13,461)
Depreciation of property, plant and equipment	(2,010,028)	(801,556)	(187,592)	(6,209,570)	(108,600)	(9,317,346)
Other material non-cash items (Note (b))	338,486	102,890	3,100	(390,760)	-	53,716
	<u>7,791,123</u>	<u>(720,896)</u>	<u>450,623</u>	<u>11,640,543</u>	<u>1,607,816</u>	<u>20,769,209</u>
Share of results in an associate						(87,034)
Finance costs						(1,037,214)
Income tax expense						(5,804,114)
Adjustments and eliminations						(3,002,763)
Consolidated profit after taxation						<u><u>10,838,084</u></u>



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE FINANCIAL PERIOD FROM 1 JULY 2013 TO 31 DECEMBER 2013**

**34. OPERATING SEGMENTS (CONT'D)**

BUSINESS SEGMENTS (CONT'D)

**30.6.2013**

	Poultry RM	Prawn RM	Food Ration RM	Retail RM	Corporate RM	Group RM
Assets						
Segment assets	47,867,539	14,700,999	5,854,760	144,162,921	1,170,233	213,756,452
Investment in an associate						898,449
Deferred tax assets						123,004
Tax refundable						1,305,089
Consolidated total assets						<u>216,082,994</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE FINANCIAL PERIOD FROM 1 JULY 2013 TO 31 DECEMBER 2013**

**34. OPERATING SEGMENTS (CONT'D)**

BUSINESS SEGMENTS (CONT'D)

**30.6.2013**

	Poultry RM	Prawn RM	Food Ration RM	Retail RM	Corporate RM	Group RM
Liabilities						
Segment liabilities	12,417,995	1,269,570	1,330,784	32,536,664	19,842,443	67,397,456
Deferred tax liabilities						3,165,513
Provision for taxation						996,435
Consolidated total liabilities						<u>71,559,404</u>
Other Segment Items						
Additions to non-current assets other than financial instruments:-						
- property, plant and equipment	14,269,148	65,802	65,400	21,031,150	-	35,431,500



**34. OPERATING SEGMENTS (CONT'D)**

BUSINESS SEGMENTS (CONT'D)

- (a) Inter-segment revenue is eliminated on consolidation.  
 (b) Other material non-cash items consist of the following:-

	The Group	
	1.7.2013 to 31.12.2013 RM	1.7.2012 to 30.6.2013 RM
Allowance for impairment losses on receivables	594,132	542,416
Allowance for impairment losses on receivables no longer required	(189,862)	(318,637)
Bad debts written off	26,979	4,484
Inventories written off	594	60,303
Gain on disposal of property, plant and equipment	(91,947)	(366,359)
Unrealised (gain)/loss on foreign exchange	(8,984)	24,077
	<u>330,912</u>	<u>(53,716)</u>

GEOGRAPHICAL INFORMATION

	Revenue		Non-current Assets	
	31.12.2013 RM	30.6.2013 RM	31.12.2013 RM	30.6.2013 RM
Australia	587,567	931,916	-	-
Indonesia	16,220,382	25,562,759	22,884,152	19,889,935
Japan	4,604,309	4,936,669	-	-
Korea	1,289,468	-	-	-
Peoples' Republic of China	460,669	-	-	-
United Kingdom	-	76,268	-	-
Vietnam	404,651	-	-	-
Malaysia	207,230,527	386,446,555	101,706,747	97,748,121
	<u>230,797,573</u>	<u>417,954,167</u>	<u>124,590,899</u>	<u>117,638,056</u>

**35. CAPITAL COMMITMENTS**

	The Group	
	31.12.2013 RM	30.6.2013 RM
Property, plant and equipment:-		
- contracted but not provided for	-	259,625
- authorised but not contracted for	395,000	474,659
	<u>395,000</u>	<u>734,284</u>



### 36. CONTINGENT LIABILITIES

	The Group		The Company	
	31.12.2013 RM	30.6.2013 RM	31.12.2013 RM	30.6.2013 RM
Unsecured:-				
Corporate guarantee given to licensed banks for credit facilities granted to subsidiaries	-	-	40,000,000	107,992,000
Performance guarantee extended by a subsidiary to third parties	522,043	522,043	-	-
	<u>522,043</u>	<u>522,043</u>	<u>40,000,000</u>	<u>107,992,000</u>

The performance guarantee was supported by a corporate guarantee from the Company.

### 37. FOREIGN EXCHANGE RATES

The principal closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to RM equivalent) for the translation of the foreign currency balances at the end of the reporting period are as follows:-

	31.12.2013 RM	30.6.2013 RM
100 Indonesian Rupiah	0.0269	0.0320
1 United States Dollar	<u>3.2815</u>	<u>3.1600</u>

### 38. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

#### 38.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

##### (a) Market Risk

###### (i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily Indonesian Rupiah and United States Dollar. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.



**38. FINANCIAL INSTRUMENTS (CONT'D)**

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(a) Market Risk (Cont'd)**

(i) Foreign Currency Risk (Cont'd)

*Foreign currency exposure*

<b>The Group</b>	Indonesian Rupiah RM	United States Dollar RM	Ringgit Malaysia RM	Total RM
<b>31.12.2013</b>				
<b>Financial assets</b>				
Trade receivables	3,370,618	626,958	17,330,547	21,328,123
Other receivables and deposits	193,538	28,690	2,671,233	2,893,461
Cash and bank balances	3,848,397	-	22,175,630	26,024,027
	<u>7,412,553</u>	<u>655,648</u>	<u>42,177,410</u>	<u>50,245,611</u>
<b>Financial liabilities</b>				
Trade payables	1,254,022	-	13,259,971	14,513,993
Other payables, deposits and accruals	627,510	636,466	6,628,866	7,892,842
Bank borrowings:-				
- bank overdrafts	-	-	2,437,518	2,437,518
- other borrowings	-	-	49,394,192	49,394,192
	<u>1,881,532</u>	<u>636,466</u>	<u>71,720,547</u>	<u>74,238,545</u>
Net financial assets/ (liabilities)	5,531,021	19,182	(29,543,137)	(23,992,934)
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currencies	<u>(5,531,021)</u>	<u>-</u>	<u>29,543,137</u>	<u>24,012,116</u>
<b>Currency exposure</b>	<u>-</u>	<u>19,182</u>	<u>-</u>	<u>19,182</u>

**38. FINANCIAL INSTRUMENTS (CONT'D)**

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(a) Market Risk (Cont'd)**

(i) Foreign Currency Risk (Cont'd)

*Foreign currency exposure (cont'd)*

<b>The Group</b>	Indonesian Rupiah RM	United States Dollar RM	Ringgit Malaysia RM	Total RM
<b>30.6.2013</b>				
<b>Financial assets</b>				
Trade receivables	3,062,570	115,205	26,000,901	29,178,676
Other receivables and deposits	95,001	3	3,842,724	3,937,728
Cash and bank balances	3,998,575	-	9,507,400	13,505,975
	<u>7,156,146</u>	<u>115,208</u>	<u>39,351,025</u>	<u>46,622,379</u>
<b>Financial liabilities</b>				
Trade payables	1,540,017	-	11,714,058	13,254,075
Other payables, deposits and accruals	564,923	757,135	4,646,981	5,969,039
Bank borrowings:-				
- bank overdrafts	-	-	5,597,095	5,597,095
- other borrowings	-	-	41,574,423	41,574,423
	<u>2,104,940</u>	<u>757,135</u>	<u>63,532,557</u>	<u>66,394,632</u>
Net financial assets/ (liabilities)	5,051,206	(641,927)	(24,181,532)	(19,772,253)
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currencies	<u>(5,051,206)</u>	<u>-</u>	<u>24,181,532</u>	<u>19,130,326</u>
<b>Currency exposure</b>	<u>-</u>	<u>(641,927)</u>	<u>-</u>	<u>(641,927)</u>



**38. FINANCIAL INSTRUMENTS (CONT'D)**

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(a) Market Risk (Cont'd)**

(i) Foreign Currency Risk (Cont'd)

*Foreign currency risk sensitivity analysis*

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

	The Group	
	31.12.2013	30.6.2013
	Increase/ (Decrease)	Increase/ (Decrease)
	RM	RM
<b>Effects on Profit After Taxation</b>		
United States Dollar:-		
- strengthened by 10%	(1,900)	64,000
- weakened by 10%	1,900	(64,000)
<b>Effects on Equity</b>		
Indonesian Rupiah:-		
- strengthened by 10%	(557,000)	(1,797,000)
- weakened by 10%	557,000	1,797,000
United States Dollar:-		
- strengthened by 10%	(1,900)	64,000
- weakened by 10%	1,900	(64,000)
	<u>          </u>	<u>          </u>

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from its interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 38.1(c) to the financial statements.

**38. FINANCIAL INSTRUMENTS (CONT'D)**

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(a) Market Risk (Cont'd)**

(ii) Interest Rate Risk (Cont'd)

*Interest rate risk sensitivity analysis*

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	The Group	
	31.12.2013 Increase/ (Decrease) RM	30.6.2013 Increase/ (Decrease) RM
<b>Effects on Profit After Taxation</b>		
Increase in 25 basis points	(73,000)	(58,000)
Decrease in 25 basis points	73,000	58,000
<b>Effects on Equity</b>		
Increase in 25 basis points	(73,000)	(58,000)
Decrease in 25 basis points	73,000	58,000

(iii) Equity Price Risk

The Group does not have any quoted investments and hence is not exposed to equity price risk.

**(b) Credit Risk**

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from its trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

(i) Credit risk concentration profile

The Group does not have any major concentration of credit risk related to any individual customer or counterparty.



**38. FINANCIAL INSTRUMENTS (CONT'D)**

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(b) Credit Risk (Cont'd)**

(ii) Exposure to credit risk

As at the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of the financial assets in the statements of financial position.

The exposure of credit risk for trade receivables by geographical region is as follows:-

	The Group	
	31.12.2013 RM	30.6.2013 RM
Indonesia	3,370,618	3,062,570
Japan	-	364,049
Korea	626,958	-
Malaysia	17,330,547	25,752,057
	<u>21,328,123</u>	<u>29,178,676</u>

(iii) Ageing analysis

The ageing analysis of the Group's trade receivables at the end of the reporting period is as follows:-

<b>The Group</b>	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Value RM
<b>31.12.2013</b>				
Not past due	15,324,345	-	-	15,324,345
Past due:-				
- less than 3 months	4,182,732	-	-	4,182,732
- 3 to 6 months	745,812	(10,120)	-	735,692
- over 6 months	2,750,039	(1,155,408)	(509,277)	1,085,354
	<u>23,002,928</u>	<u>(1,165,528)</u>	<u>(509,277)</u>	<u>21,328,123</u>

**38. FINANCIAL INSTRUMENTS (CONT'D)**

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(b) Credit Risk (Cont'd)**

(iii) Ageing analysis

The ageing analysis of the Group's trade receivables at the end of the reporting period is as follows (cont'd):-

<b>The Group</b>	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Value RM
<b>30.6.2013</b>				
Not past due	18,288,298	-	-	18,288,298
Past due:-				
- less than 3 months	7,915,128	-	-	7,915,128
- 3 to 6 months	1,101,788	-	-	1,101,788
- over 6 months	3,151,969	(683,699)	(594,808)	1,873,462
	<u>30,457,183</u>	<u>(683,699)</u>	<u>(594,808)</u>	<u>29,178,676</u>

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The collective impairment allowance is determined based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

*Trade receivables that are past due but not impaired*

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

*Trade receivables that are neither past due nor impaired*

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 365 days, which are deemed to have higher credit risk, are monitored individually.

**(c) Liquidity Risk**

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE FINANCIAL PERIOD FROM 1 JULY 2013 TO 31 DECEMBER 2013**

**38. FINANCIAL INSTRUMENTS (CONT'D)**

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(c) Liquidity Risk (Cont'd)**

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates, or if floating, based on the rates at the end of the reporting period):-

<b>The Group</b>	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On Demand or Within 1 Year RM	Within	
					1 – 2 Years RM	2 – 5 Years RM
<b>31.12.2013</b>						
Trade payables	-	14,513,993	14,513,993	14,513,993	-	-
Other payables, deposits and accruals	-	7,892,842	7,892,842	7,892,842	-	-
Borrowings:-						
- bank overdrafts	8.08	2,437,518	2,437,518	2,437,518	-	-
- bankers' acceptance	5.91	12,967,000	12,967,000	12,967,000	-	-
- hire purchase obligations	2.68	39,589	42,772	20,528	22,244	-
- revolving credit	5.00	32,500,000	32,500,000	32,500,000	-	-
- term loans	6.08	3,887,603	4,297,000	1,693,000	823,000	1,781,000
		<u>74,238,545</u>	<u>74,651,125</u>	<u>72,024,881</u>	<u>845,244</u>	<u>1,781,000</u>



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE FINANCIAL PERIOD FROM 1 JULY 2013 TO 31 DECEMBER 2013**

**38. FINANCIAL INSTRUMENTS (CONT'D)**

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(c) Liquidity Risk (Cont'd)**

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates, or if floating, based on the rates at the end of the reporting period) (cont'd):-

The Group	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On Demand or Within 1 Year RM	Within	
					1 – 2 Years RM	2 – 5 Years RM
<b>30.6.2013</b>						
Trade payables	-	13,254,075	13,254,075	13,254,075	-	-
Other payables, deposits and accruals	-	5,969,039	5,969,039	5,969,039	-	-
Borrowings:-						
- bank overdrafts	7.58	5,597,095	5,597,095	5,597,095	-	-
- bankers' acceptance	5.19	13,672,000	13,672,000	13,672,000	-	-
- hire purchase obligations	4.43	67,717	71,805	39,299	32,506	-
- revolving credit	5.00	23,500,000	23,500,000	23,500,000	-	-
- term loans	6.08	4,334,706	4,708,000	1,693,000	823,000	2,192,000
		<u>66,394,632</u>	<u>66,772,014</u>	<u>63,724,508</u>	<u>855,506</u>	<u>2,192,000</u>



**38. FINANCIAL INSTRUMENTS (CONT'D)**

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(c) Liquidity Risk (Cont'd)**

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates, or if floating, based on the rates at the end of the reporting period) (cont'd):-

<b>The Company</b>	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On Demand or Within 1 Year RM
<b>31.12.2013</b>				
Other payables, deposits and accruals	-	537,365	537,365	537,365
Amount owing to subsidiaries	-	1,965,267	1,965,267	1,965,267
Bank borrowings:- - revolving credit	5.00	32,500,000	32,500,000	32,500,000
		<u>35,002,632</u>	<u>35,002,632</u>	<u>35,002,632</u>
<b>30.6.2013</b>				
Other payables, deposits and accruals	-	505,002	505,002	505,002
Amount owing to subsidiaries	-	2,021,967	2,021,967	2,021,967
Bank borrowings:- - bank overdrafts - revolving credit	- 5.00	1,875,913 23,500,000	1,875,913 23,500,000	1,875,913 23,500,000
		<u>27,902,882</u>	<u>27,902,882</u>	<u>27,902,882</u>

38.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholder(s) value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenant and regulatory, if any. The debt-to-equity ratio is calculated as total borrowings from financial institutions divided by total equity.

**38. FINANCIAL INSTRUMENTS (CONT'D)**

38.2 CAPITAL RISK MANAGEMENT (CONT'D)

There was no change in the Group's approach to capital management during the financial period.

The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	The Group	
	31.12.2013 RM	30.6.2013 RM
Bank borrowings:-		
- bank overdrafts	2,437,518	5,597,095
- other borrowings	49,394,192	41,574,423
	<hr/>	<hr/>
	51,831,710	47,171,518
Less: Cash and bank balances	(26,024,027)	(13,505,975)
	<hr/>	<hr/>
Net debt	25,807,683	33,665,543
	<hr/>	<hr/>
Total equity	146,058,660	144,137,491
	<hr/>	<hr/>
Debt-to-equity ratio	0.18	0.23
	<hr/>	<hr/>

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) equal to or not less than the 25% of the issued and paid-up share capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

38.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	31.12.2013 RM	30.6.2013 RM	31.12.2013 RM	30.6.2013 RM
<b>Financial Assets</b>				
<u>Loans and receivables</u> <u>financial assets</u>				
Trade receivables	21,328,123	29,178,676	-	-
Other receivables and deposits	2,893,461	3,939,728	156,654	380,017
Amount owing by subsidiaries	-	-	33,164,033	29,401,756
Cash and bank balances	26,024,027	13,505,975	313,580	178,291
	<hr/>	<hr/>	<hr/>	<hr/>
	50,245,611	46,624,379	33,634,267	29,960,064
	<hr/>	<hr/>	<hr/>	<hr/>



**38. FINANCIAL INSTRUMENTS (CONT'D)**

38.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	The Group		The Company	
	31.12.2013 RM	30.6.2013 RM	31.12.2013 RM	30.6.2013 RM
<b>Financial Liabilities</b>				
<u>Other financial liabilities</u>				
Trade payables	14,513,993	13,254,075	-	-
Other payables, deposits and accruals	7,892,842	5,969,039	537,365	505,002
Amount owing to subsidiaries	-	-	1,965,267	2,021,967
Bank borrowings:-				
- bank overdrafts	2,437,518	5,597,095	-	1,875,913
- other borrowings	49,394,192	41,574,423	32,500,000	23,500,000
	<u>74,238,545</u>	<u>66,394,632</u>	<u>35,002,632</u>	<u>27,902,882</u>

38.4 FAIR VALUE MEASUREMENTS

At the end of the reporting period, there were no financial instruments carried at fair values.

The fair values of the financial assets and financial liabilities approximated their carrying amounts due to the relatively short-term maturity of the financial instruments (maturing within the next 12 months). The fair values are included in level 2 of the fair value hierarchy.

The fair values of the term loans approximated their carrying amounts as they bear interest at variable rates.

**39. SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD**

On 16 April 2014, the Company acquired the remaining 450,000 ordinary shares of RM1 each in the share capital of its 50%-owned associate, C.S. Choice Food Industries Sdn Bhd ("C.S. Choice") for a cash consideration of RM1,350,000. Subsequent to the acquisition, C.S.Choice became a wholly-owned subsidiary of the Company.

**40. COMPARATIVE FIGURES**

The Company changed its accounting year end from 30 June to 31 December to facilitate the efficiency in financial reporting and corporate administration of the Group. As a result, the financial statements are presented covering a period of six months from 1 July 2013 to 31 December 2013. Accordingly, the comparative figures (which cover a period of twelve months from 1 July 2012 to 30 June 2013) for statements of profit or loss and other comprehensive income, statements of changes in equity, statements of cash flows and the related notes to the financial statements are not comparable with those of the current financial period.

The following figures have been reclassified to conform with the presentation of the current financial period:-

	As Restated RM	As Previously Reported RM
Consolidated Statement of Financial Position (Extract):-		
Other payables, deposits and accruals	5,969,039	6,067,863
Provision for employee benefits	1,002,824	904,000
	<u>                    </u>	<u>                    </u>



**41. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES**

The breakdown of the retained profits of the Group and of the Company at the end of the reporting period into realised and unrealised profits/(losses) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

	The Group		The Company	
	31.12.2013 RM	30.6.2013 RM	31.12.2013 RM	30.6.2013 RM
Total retained profits of the Company and its subsidiaries:-				
-realised	94,179,289	88,379,648	2,047,104	4,729,706
-unrealised	(3,490,220)	(3,066,586)	-	-
	<u>90,689,069</u>	<u>85,313,062</u>	<u>2,047,104</u>	<u>4,729,706</u>
Total share of retained profits of associate:-				
-realised	523,257	448,449	-	-
	<u>91,212,326</u>	<u>85,761,511</u>	<u>2,047,104</u>	<u>4,729,706</u>
Less: Consolidation adjustments	(17,449,771)	(16,867,969)	-	-
At 31 December/30 June	<u><u>73,762,555</u></u>	<u><u>68,893,542</u></u>	<u><u>2,047,104</u></u>	<u><u>4,729,706</u></u>

## ADDITIONAL COMPLIANCE INFORMATION

The following information is presented in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

### SHARE BUY-BACKS

At the Seventeenth Annual General Meeting of the Company held on 27 November 2013, the shareholders renewed the authority for the Company to purchase and/or hold its own shares up to 15,767,970 ordinary shares of RM0.50 each, representing ten percent (10%) of the total issued and paid-up share capital of the Company.

As at the end of the financial period ended 31 December 2013, a total of 10,000 ordinary shares of RM0.50 each of the Company were purchased from the open market and retained as treasury shares pursuant to the share buy-back authority. None of the treasury shares purchased were resold or cancelled during the financial period ended 31 December 2013.

Below is the monthly breakdown of the shares bought back during the financial period ended 31 December 2013:

Month	No. of shares purchased	Price		Total Consideration (RM)	Average Cost (RM)
		Highest (RM)	Lowest (RM)		
<b>Year 2013</b>					
July	10,000	0.86	0.86	8,663.18	8,663.18
August	-	-	-	-	-
September	-	-	-	-	-
October	-	-	-	-	-
November	-	-	-	-	-
December	-	-	-	-	-

### MATERIAL CONTRACTS

There was no material contract (not being contracts entered into during the ordinary course of business) entered into by the Company or its subsidiaries involving interests of directors and major shareholders, either subsisting at the end of the financial period ended 31 December 2013 or entered into since the end of the previous financial year.

### NON-AUDIT FEES

The non-audit fees paid to the external auditors, Messrs. Crowe Horwath ("CH") or a firm or company affiliated to CH by the Company and its subsidiaries for the financial period ended 31 December 2013 amounted to RM15,700 and RM31,500 respectively.

### DISCLOSURE OF REALISED AND UNREALISED PROFIT OR LOSSES

The breakdown of the realised and unrealised profits as at 31 December 2013 are disclosed in note 41 to the financial statement for the financial period ended 31 December 2013, as outlined on page 125 of this annual report.

# LIST OF TOP 10 PROPERTIES AS AT 31 DECEMBER 2013



Location	Description/ Existing Use	Tenure	Date of Acquisition / Last Revaluation	Age of Building (Year)	Land Area	Net Book Value (RM)
<b>CCK Fresh Mart Sdn. Bhd.</b>						
Country Lease No. 025339753 & 025339762 Lok Kawi, District of Papar Sabah	Factory, Office and Warehouse	Leasehold (28 years remaining) Expiring on 31.12.2042	29.03.2011	-	1.084 Hectares	6,116,842
<b>CCK Fresh Mart Sdn. Bhd.</b>						
Lot 4147, Block 19 Seduan Land District Upper Lanang Road 96000 Sibul, Sarawak	Corporate Office, Coldroom and Store	Leasehold (57 years remaining) Expiring on 10.01.2071	01.04.2007	7	1.445 Hectares	4,915,422
<b>Central Coldstorage Kuching Sdn. Bhd.</b>						
Lot 999, Section 66 Jalan Keluli Bintawa Industrial Estate Kuching, Sarawak	Industrial Land, Corporate Office, Coldroom and Abattoir	Leasehold (21 years remaining) Expiring on 06.04.2035	23.06.1992	18	2.295 Hectares	4,226,740
<b>CCK Fresh Mart (West Malaysia) Sdn. Bhd.</b>						
H.S.(D.) No.:19776 P.T. No.:22244 Mukim Batu Daerah Gombak State of Selangor	3 Storey Detached Industrial Factory	Freehold	28.09.1999	17.5	22,557 Sq. Metres	3,653,280
<b>CCK Sea Products Industries Sdn. Bhd.</b>						
Lot 999, Section 66 Jalan Keluli Bintawa Industrial Estate Kuching, Sarawak	Factory, Office, Coldroom, Worker Quarters, Farm Building and Guard House	Leasehold (21 years remaining) Expiring on 06.04.2035	2002	12	-	1,666,962
<b>CCK Fresh Mart (West Malaysia) Sdn. Bhd.</b>						
H.S.(D.) No.:24157 P.T. No.:19461 Bandar Kajang Daerah Ulu Langat State of Selangor	3 Storey Corner Terraced Shophouse	Leasehold (75 years remaining) Expiring on 26.06.2089	15.02.2001	18	235.32 Sq. Metres	1,638,270
<b>CCK Fresh Mart Sdn. Bhd.</b>						
Country Lease No. 025346945 Lok Kawi District of Papar, Sabah	Agriculture Land	Leasehold (901 years remaining) Expiring on 31.12.2915	31.03.2009	-	0.673 Hectares	1,374,050
<b>Kuok Sui Sea Products Industries (S) Sdn. Bhd.</b>						
Lot 22, Block 9 Sibu Town District Sarawak	3 Storey Detached Factory	Freehold	12.06.1999	15	890.90 Sq. Metres	1,134,617
<b>CCK Fresh Mart Sdn. Bhd.</b>						
Lot 1032, Block 5 Miri Concession Land District, Sarawak	5 Units of 3 Storey Shophouse, Office	Leasehold (35 years remaining) Expiring on 04.12.2049	07.12.1996	19	2,456 Sq. Metres	1,136,062
<b>Central Coldstorage Kuching Sdn. Bhd.</b>						
Survey Lot 14935, Block 11 Muara Tebas Land District Kuching, Sarawak	4 Storey Intermediate Terraced Shophouse	Leasehold (51 years remaining) Expiring on 27.05.2065	15.02.2007	8	146.60 Sq. Metres	993,194



# ANALYSIS OF SHAREHOLDINGS

## AS AT 7 APRIL 2014

### SHARE CAPITAL

Authorised share capital : RM100,000,000  
 Issued and paid-up share capital : RM78,839,850 comprising 157,679,700 ordinary shares of RM0.50 each  
 Class of shares : Ordinary shares of RM0.50 each  
 Voting rights : One vote per ordinary share

No. of holders	Size of shareholdings	% of holders	No. of shares	% of issued capital <sup>#</sup>
159	less than 100 shares	9.06	6,567	0.00*
367	100 - 1,000 shares	20.91	129,121	0.08
800	1,001 - 10,000 shares	45.58	4,301,131	2.77
351	10,001 - 100,000 shares	20.00	10,845,049	6.98
75	100,001 - less than 5% of issued shares	4.27	74,925,142	48.25
3	5% and above of issued shares	0.17	65,064,453	41.90
<b>1,755</b>	<b>-</b>	<b>100.00</b>	<b>155,271,463</b>	<b>100.00</b>

#### Notes:

<sup>#</sup> : excluding 2,408,237 ordinary shares of RM0.50 each bought back and retained as treasury shares based on the Record of Depositors as at 7 April 2014.

\* : less than 0.01%

### SUBSTANTIAL SHAREHOLDERS

(As per the Register of Substantial Shareholders as at 7 April 2014)

No.	Name	No. of shares held			
		Direct Interest	% <sup>#</sup>	Indirect Interest	% <sup>#</sup>
1.	Central Coldstorage Sarawak Sdn. Bhd.	34,542,519	22.25	-	-
2.	S.K. Tiong Enterprise Sdn. Bhd.	22,856,520 <sup>(a)</sup>	14.72	34,542,519 <sup>(b)</sup>	22.25
3.	Chong Nyuk Kiong Enterprise Sdn. Bhd.	11,343,268	7.31	-	-
4.	Datuk Tiong Su Kouk	8,870,022	5.71	57,399,039 <sup>(c)</sup>	36.97
5.	Lau Liong Kii	6,658,938 <sup>(d)</sup>	4.29	6,760,771 <sup>(e)</sup>	4.35
6.	Datin Wong Bak Hee	928,639	0.60	57,399,039 <sup>(c)</sup>	36.97
7.	Tiong Chiong Hiiung	424,906	0.27	57,399,039 <sup>(f)</sup>	36.97
8.	Tiong Chiong Soon	378,840	0.24	57,399,039 <sup>(f)</sup>	36.97
9.	Chong Shaw Fui	-	-	11,343,268 <sup>(g)</sup>	7.31
10.	Chong Min Fui	-	-	11,343,268 <sup>(g)</sup>	7.31
11.	Chong Kong Fui	-	-	11,343,268 <sup>(g)</sup>	7.31

#### Notes:

<sup>#</sup> : excluding 2,408,237 ordinary shares of RM0.50 each bought back and retained as treasury shares as at 7 April 2014.

<sup>(a)</sup> 19,178,666 shares are held through EB Nominees (Tempatan) Sdn. Bhd.

<sup>(b)</sup> Deemed interested through its wholly-owned subsidiary, Central Coldstorage Sarawak Sdn. Bhd.

<sup>(c)</sup> Deemed interested by virtue of their substantial shareholdings in S.K. Tiong Enterprise Sdn. Bhd. and Central Coldstorage Sarawak Sdn. Bhd.

<sup>(d)</sup> 741,024 shares are held through Mayban Nominees (Tempatan) Sdn. Bhd. and 4,004,474 shares are held through CIMSEC Nominees (Tempatan) Sdn. Bhd.

<sup>(e)</sup> Deemed interested by virtue of his substantial shareholdings in Unione Enterprise Sdn. Bhd.

<sup>(f)</sup> Deemed interested by virtue of their directorships in S.K. Tiong Enterprise Sdn. Bhd. and Central Coldstorage Sarawak Sdn. Bhd.

<sup>(g)</sup> Deemed interested by virtue of their substantial shareholdings in Chong Nyuk Kiong Enterprise Sdn. Bhd.



**DIRECTORS' INTERESTS**

(As per the Register of Directors' Shareholdings as at 7 April 2014)

No.	Name	No. of shares held			
		Direct Interest	%#	Indirect Interest	%#
1.	Datuk Tiong Su Kouk	8,870,022	5.71	58,327,678 <sup>(a)</sup>	37.56
2.	Chong Shaw Fui	-	-	11,343,268 <sup>(b)</sup>	7.31
3.	Tiong Chiong Hiiung	424,906	0.27	58,141,972 <sup>(c)</sup>	37.45
4.	Tiong Chiong Soon	378,840	0.24	57,399,039 <sup>(c)</sup>	36.97
5.	Lau Liong Kii	6,658,938 <sup>(d)</sup>	4.29	7,946,236 <sup>(e)</sup>	5.12
6.	Ling Ting Leong @ Ling Chong Seng	296,607	0.19	1,129,820 <sup>(f)</sup>	0.73
7.	Kueh Chung Peng	3,380,841 <sup>(g)</sup>	2.18	-	-
8.	Pemanca Janggu anak Banyang	49,600	0.03	-	-
9.	Datu Haji Putit bin Matzen	-	-	-	-
10.	Bong Wei Leong	-	-	-	-

The Directors by virtue of their interests in shares in the Company are also deemed to have interests in shares in all of its related corporations to the extent the Company has an interest, pursuant to Section 6A of the Companies Act, 1965.

**Notes:**

- # : excluding 2,408,237 ordinary shares of RM0.50 each bought back and retained as treasury shares based on the Record of Depositors as at 7 April 2014.
- (a) Deemed interested by virtue of his substantial shareholdings in Central Coldstorage Sarawak Sdn. Bhd. and S.K. Tiong Enterprise Sdn. Bhd., and the interest of his spouse in the Company.
- (b) Deemed interested by virtue of his substantial shareholdings in Chong Nyuk Kiong Enterprise Sdn. Bhd.
- (c) Deemed interested by virtue of their directorships in Central Coldstorage Sarawak Sdn. Bhd. and S.K. Tiong Enterprise Sdn. Bhd., and the interests of their spouses in the Company.
- (d) 741,024 shares are held through Mayban Nominees (Tempatan) Sdn. Bhd. and 4,004,474 shares are held through CIMSEC Nominees (Tempatan) Sdn. Bhd.
- (e) Deemed interested by virtue of his substantial shareholdings in Unione Enterprise (S) Sdn. Bhd., and the interests of his spouse and children in the Company.
- (f) Deemed interested by virtue of his substantial shareholdings in Tseng Tseng Enterprise Sdn. Bhd. and De Supreme Sdn. Bhd.
- (g) 3,012,148 shares are held through CIMSEC Nominees (Tempatan) Sdn. Bhd. and 368,693 shares are held through OSK Nominees (Tempatan) Sdn. Bhd.

## ANALYSIS OF SHAREHOLDINGS (CONT'D)

### AS AT 7 APRIL 2014

#### THIRTY LARGEST SECURITIES ACCOUNTS HOLDERS

No.	Name	No. of shares	%#
1.	Central Coldstorage Sarawak Sdn. Bhd.	34,542,519	22.25
2.	EB Nominees (Tempatan) Sendirian Berhad - Pledged securities account for S.K. Tiong Enterprise Sdn. Bhd. (SBW-SFC)	19,178,666	12.35
3.	Chong Nyuk Kiong Enterprise Sdn. Bhd.	11,343,268	7.31
4.	Unione Enterprise (S) Sdn. Bhd.	6,760,771	4.35
5.	Public Invest Nominees (Asing) Sdn. Bhd. - Exempt an for UOB Kay Hian Pte Ltd (A/C Clients)	6,311,633	4.06
6.	Datuk Tiong Su Kouk	6,028,916	3.88
7.	CIMSEC Nominees (Tempatan) Sdn. Bhd. - CIMB Bank for Lau Liong Kii (MQ0348)	4,004,474	2.58
8.	S.K. Tiong Enterprise Sdn. Bhd.	3,677,854	2.37
9.	HLB Nominees (Asing) Sdn. Bhd. - Crystal Victory Group Ltd (Cust. Sin5579702)	3,613,120	2.33
10.	CIMSEC Nominees (Tempatan) Sdn. Bhd. - CIMB Bank for Kueh Chung Peng (MQ0352)	3,012,148	1.94
11.	Datuk Tiong Su Kouk	2,841,106	1.83
12.	TA Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Lau Pek Kii	2,699,691	1.74
13.	Wong See Khong	2,026,067	1.30
14.	Lau Liong Kii	1,913,440	1.23
15.	Lau Pek Kii	1,608,586	1.04
16.	CIMSEC Nominees (Tempatan) Sdn. Bhd. - CIMB Bank for Yong Pei Ling (MQ0361)	1,533,113	0.99
17.	Lim Kian Huat	1,394,735	0.90
18.	CIMSEC Nominees (Tempatan) Sdn. Bhd. - CIMB Bank for Hii Leh Ming (MQ0333)	1,200,842	0.77
19.	Wong Poh Hwa	1,192,397	0.77
20.	Public Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Kueh Tiong Ching (E-SRK)	1,183,991	0.76
21.	UOB Kay Hian Nominees (Asing) Sdn. Bhd. - Exempt an for UOB Kay Hian Pte Ltd (A/C Clients)	1,152,433	0.74
22.	Maybank Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Yii Ching Yii	1,071,971	0.69
23.	Tiong Su Sing	1,056,500	0.68
24.	Chen Sien Ngo	1,032,366	0.66
25.	CIMSEC Nominees (Tempatan) Sdn. Bhd. - CIMB Bank for Goh Sung Hien @ Goh Soon Hien (MQ0136)	974,608	0.63
26.	CIMSEC Nominees (Tempatan) Sdn. Bhd. - CIMB Bank for Tiong Sie Mew (MQ0172)	774,333	0.50
27.	Datin Wong Bak Hee	747,306	0.48
28.	Maybank Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Lau Liong Kii	741,024	0.48
29.	HLB Nominees (Asing) Sdn. Bhd. - Pledge securities account for Wismont Limited (SIN 7517)	736,666	0.47
30.	De Supreme Sdn. Bhd.	725,848	0.47

#### **Note:**

# : excluding 2,408,237 ordinary shares of RM0.50 each bought back and retained as treasury shares based on the Record of Depositors as at 7 April 2014.

# NOTICE OF ANNUAL GENERAL MEETING



**NOTICE IS HEREBY GIVEN** that the Eighteenth Annual General Meeting of CCK Consolidated Holdings Berhad ("CCK" or "the Company") will be held at the Conference Room, CCK Fresh Mart Sdn. Bhd., Lot 4147, Block 19, Seduan Land District, Upper Lanang Road, 96000 Sibul, Sarawak on Tuesday, 27 May 2014 at 12.00 noon to transact the following businesses:

## AGENDA

### AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial period ended 31 December 2013 together with the Reports of the Directors and Auditors thereon.
2. To declare and approve the payment of a first and final single-tier dividend of 1.50 sen per share in respect of the financial period ended 31 December 2013. Resolution 1
3. To approve the payment of directors' fees for the financial period ended 31 December 2013. Resolution 2
4. To re-elect the following Directors retiring pursuant to Article 81 of the Company's Articles of Association and being eligible, offer themselves for re-election:
  - 4.1 Datu Haji Putit bin Matzen Resolution 3
  - 4.2 Chong Shaw Fui Resolution 4
  - 4.3 Lau Liong Kii Resolution 5
  - 4.4 Kueh Chung Peng Resolution 6
5. To consider and if thought fit, to pass the following resolution: Resolution 7

"THAT pursuant to Section 129(6) of the Companies Act, 1965, Datuk Tiong Su Kouk be and is hereby re-appointed as a director of the Company to hold office until the conclusion of the next annual general meeting."
6. To re-appoint Messrs. Crowe Horwath as auditors for the ensuing year and to authorise the Directors to fix their remuneration. Resolution 8

### AS SPECIAL BUSINESS:

7. To consider and, if thought fit, pass the following ordinary resolutions pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012 to retain the following directors:

#### **Continuation in office as Independent Non-Executive Directors**

- (i) "THAT approval be and is hereby given to Pemanca Janggu anak Banyang who has served as an Independent Non-Executive Director of the Company for a consecutive term of more than nine (9) years, to continue in office as an Independent Non-Executive Director of the Company." Resolution 9

- (ii) "THAT, subject to passing of Resolution 3, approval be and is hereby given to Datu Haji Putit bin Matzen who has served as an Independent Non-Executive Director of the Company for a consecutive term of more than nine (9) years, to continue in office as an Independent Non-Executive Director of the Company." Resolution 10

8. To consider and if thought fit, pass the following ordinary resolution:

**Proposed renewal of authority for the Company to purchase its own shares** Resolution 11

"THAT subject always to the Companies Act, 1965 ("the Act"), rules, regulations and orders made pursuant to the Act, the provisions of the Company's Memorandum and Articles of Association and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authority, approval and authority be and is hereby given to the Company to purchase and hold on the market of Bursa Securities such number of ordinary shares of RM0.50 each ("Shares") in the Company ("Proposed Share Buy-Back") as may be determined by the Directors from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company provided that the total aggregate number of Shares purchased and/ or held or to be purchased and/or held pursuant to this resolution shall not exceed ten percent (10%) of the total issued and paid-up share capital of the Company for the time being and an amount not exceeding the Company's latest audited retained profit reserve and/or share premium reserve at the time of purchase, be allocated by the Company for the Proposed Share Buy-Back AND THAT such Shares purchased are to be retained as treasury shares and distributed as dividends and/ or resold on the market of Bursa Securities, or subsequently may be cancelled;

AND THAT approval and authority be and are hereby given to the Directors to do all acts and things and to take all such steps and to enter into and execute all commitments, transactions, deeds, agreements, arrangement, undertakings, indemnities, transfers, assignments and/or guarantees as they may deem fit, necessary, expedient and/or appropriate in order to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments, as may be required or imposed by any relevant authorities;

AND FURTHER THAT the authority hereby given will commence immediately upon passing of this resolution and will continue to be in force until:

- (a) the conclusion of the next annual general meeting of the Company, at which time it will lapse, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next annual general meeting after that date is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the shareholders in general meeting.

whichever occurs first, in accordance with the provisions of the guidelines issued by Bursa Securities or any other relevant authorities."

# NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT



**NOTICE IS ALSO HEREBY GIVEN** that a first and final single tier dividend of 1.50 sen per share in respect of the financial period ended 31 December 2013, if approved at the Eighteenth Annual General Meeting, will be payable on 27 June 2014 to depositors whose names appear in the Record of Depositors on 30 May 2014.

A depositor shall qualify for entitlement only in respect of:

- (a) shares transferred into the depositor's securities account before 4.00 p.m. on 30 May 2014 in respect of transfers; and
- (b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

## By Order of the Board of Directors

**Ling Ting Leong @ Ling Chong Seng (MACS 00754)**

**Voon Jan Moi (MAICSA 7021367)**

Joint Company Secretaries

Dated: 5 May 2014

Kuching, Sarawak

### **Notes:**

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. To be valid, the form of proxy, duly completed must be deposited at the registered office at Lot 999, Section 66, Jalan Keluli, Bintawa Industrial Estate, 93450 Kuching, Sarawak not less than 48 hours before the time for holding the meeting or at any adjournment thereof.
3. If the appointor is a corporation, the form of proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised in writing.
4. A Member shall not be entitled to appoint more than two (2) proxies to attend and vote at a meeting of the Company. Where a Member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

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 authorised nominee may appoint in respect of each omnibus account it holds.

An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

5. For the purpose of determining members who shall be entitled to attend the Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 21 May 2014. Only depositors whose names appear on the Record of Depositors as at 21 May 2014 shall be regarded as a member of the Company and entitled to attend this Annual General Meeting or appoint proxies to attend and vote on their behalf.

6. Explanatory note on special business:

**Resolutions 9 and 10 - Continuation in office as Independent Non-Executive Directors pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012**

The Nomination Committee and the Board of Directors had assessed the independence of Pemanca Janggu anak Banyang and Datu Haji Putit bin Matzen who have served as Independent Non-Executive Directors of the Company for a consecutive term of more than nine (9) years, and recommended them to continue to act as Independent Non-Executive Directors of the Company, based on the following justifications:

- (a) They met the definition of "independent director" as set out in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and therefore can be entrusted to discharge their duties and responsibilities independently and constructively.
- (b) Their experience, knowledge, objectivity and networking have contributed to the sound management, good performance and sustainable growth of the Group.
- (c) They are familiar with the Company's business operations which allows them to participate effectively during the deliberations while exercise independent judgment and decision making at the Board and its Committees' meetings notwithstanding their tenure on the Board.
- (d) They have performed and will continue to perform their roles diligently and in the best interest of the Company and shareholders as a whole.

**Resolution 11 - proposed renewal of authority for purchase of own shares by the Company**

The proposed Resolution 11 if passed, will renew the authority for the Company to purchase its own shares up to ten per cent (10%) of the issued and paid-up ordinary share capital of the Company through Bursa Malaysia Securities Berhad. The authority to purchase share will expire at the conclusion of the next annual general meeting of the Company, unless revoked or varied by ordinary resolution passed by shareholders at general meeting.

Please refer to the Statement to Shareholders dated 5 May 2014 for further information, which is dispatched together with the Company's 2013 Annual Report.

**CCK CONSOLIDATED HOLDINGS BERHAD**

396692-T

**FORM OF PROXY**

No. of shares represented by:

Proxy 1

Proxy 2


I/We \_\_\_\_\_ NRIC/Co. No. \_\_\_\_\_  
(full name)of \_\_\_\_\_  
(full address)being a member(s) of CCK Consolidated Holdings Berhad hereby appoint \_\_\_\_\_  
(full name)

\_\_\_\_\_ NRIC No. \_\_\_\_\_

of \_\_\_\_\_  
(full address)or failing him/her, \_\_\_\_\_ NRIC No. \_\_\_\_\_  
(full name)of \_\_\_\_\_  
(full address)

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Eighteenth Annual General Meeting of the Company to be held at Conference Room, CCK Fresh Mart Sdn. Bhd., Lot 4147, Block 19, Seduan Land District, Upper Lanang Road, 96000 Sibu, Sarawak on Tuesday, 27 May 2014 at 12.00 noon and at any adjournment thereof for/against the resolutions to be proposed thereat.

My/our proxy shall vote as indicated with an "X" below. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion:

Resolutions		For	Against
1.	To declare and approve the payment of a first and final single-tier dividend.		
2.	To approve the payment of directors' fees for the financial period ended 31 December 2013.		
3.	To re-elect Datu Haji Putit bin Matzen as Director.		
4.	To re-elect Chong Shaw Fui as Director.		
5.	To re-elect Lau Liong Kii as Director.		
6.	To re-elect Kueh Chung Peng as Director.		
7.	To re-appoint Datuk Tiong Su Kouk as Director pursuant to Section 129(6) of the Companies Act, 1965.		
8.	To re-appoint Messrs. Crowe Horwath as auditors for the ensuing year.		
9.	To retain Pemanca Janggu anak Banyang as an Independent Non-Executive Director.		
10.	To retain Datu Haji Putit bin Matzen as an Independent Non-Executive Director.		
11.	To approve the proposed renewal of authority for purchase of own shares by the Company.		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2014

\_\_\_\_\_  
Signature / common seal of shareholder(s)**Notes :**

- A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- To be valid, the form of proxy, duly completed must be deposited at the registered office at Lot 999, Section 66, Jalan Keluli, Bintawa Industrial Estate, 93450 Kuching, Sarawak not less than 48 hours before the time for holding the meeting or at any adjournment thereof.
- If the appointor is a corporation, the form of proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised in writing.
- A Member shall not be entitled to appoint more than two (2) proxies to attend and vote at a meeting of the Company. Where a Member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.  
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 authorised nominee may appoint in respect of each omnibus account it holds.  
An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
- For the purpose of determining members who shall be entitled to attend the Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 21 May 2014. Only depositors whose names appear on the Record of Depositors as at 21 May 2014 shall be regarded as a member of the Company and entitled to attend this Annual General Meeting or appoint proxies to attend and vote on their behalf.



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STAMP

**The Company Secretary**  
**CCK CONSOLIDATED HOLDINGS BERHAD** (396692-T)  
Lot 999, Section 66, JalanKeluli  
Bintawa Industrial Estate  
93450 Kuching  
Sarawak, Malaysia

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**CCK CONSOLIDATED HOLDINGS BERHAD**

(396692-T)

(Incorporated in Malaysia)

Lot 999, Section 66, Jalan Keluli, Bintawa Industrial Estate  
93450, Kuching, Sarawak, Malaysia

Tel : 082-336520 Fax : 082-331479