



CCK CONSOLIDATED HOLDINGS BERHAD

396692-T



ANNUAL REPORT

2012

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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

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 Liang Kii
Executive Director

Ling Ting Leong @ Ling Chong Seng
Executive Director

Kueh Chung Peng
Executive Director

Wong See Khong
Non-Independent Non-Executive Director

Pemanca Janggu anak Banyang
Independent Director

Douglas Jerukan @ Jarukan ak Kanyan
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

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 8008

COMPANY SECRETARIES

Ling Ting Leong @
Ling Chong Seng
(MACS 00754)

Voon Jan Moi
(MAICSA 7021367)

AUDITORS

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

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
RHB Bank Berhad
Hong Leong Bank Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa
Malaysia Securities Berhad

Stock Name : CCK

Stock Code : 7035

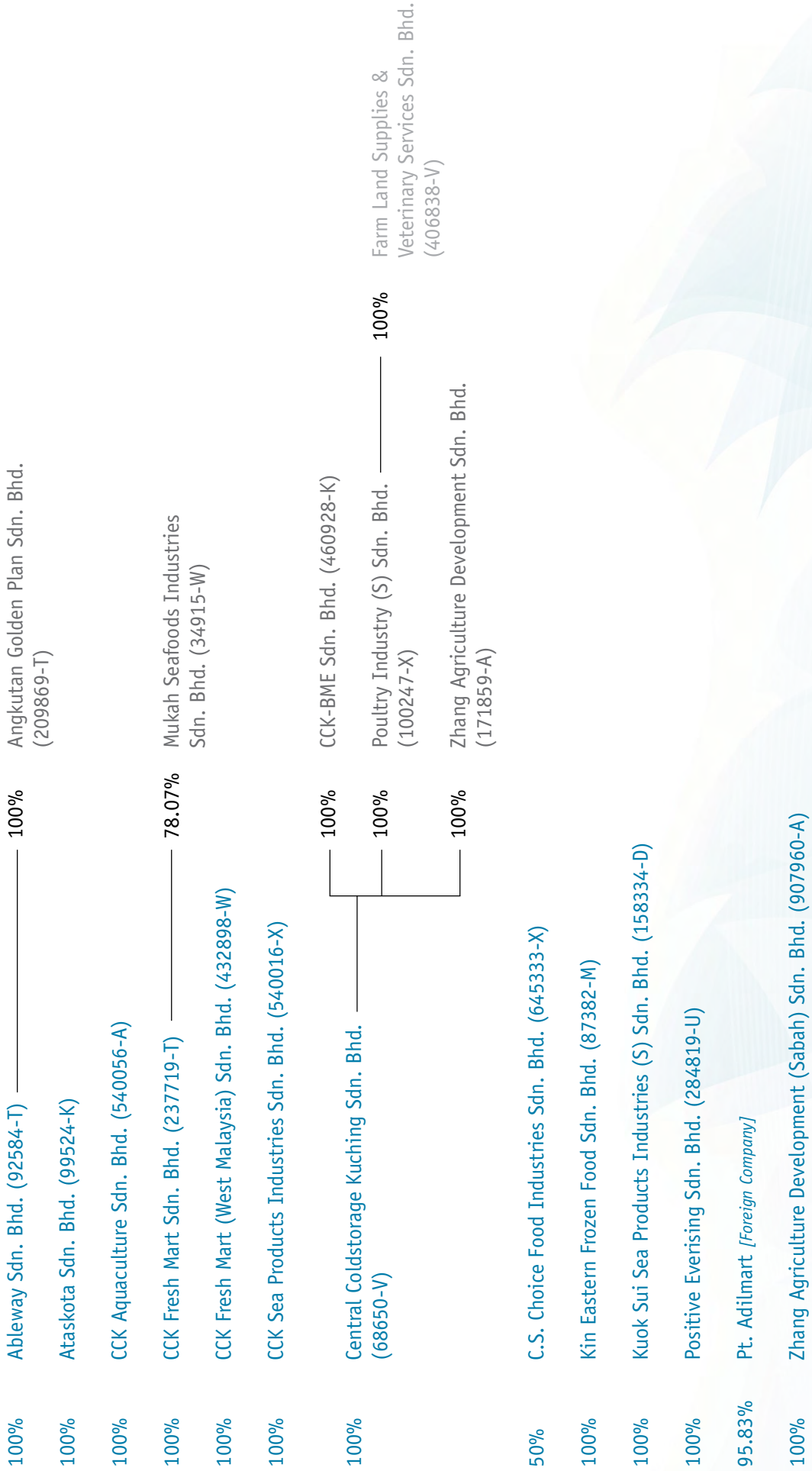
WEBSITE

www.cck.com.my



CCK CONSOLIDATED HOLDINGS BERHAD (396692-T)

CORPORATE STRUCTURE



CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the Annual Report and Audited Financial Statements of CCK Consolidated Holdings Berhad and its Group of Companies for the financial year ended 30 June 2012.

Datuk Tiong Su Kouk
Chairman



FINANCIAL AND OPERATIONS REVIEW

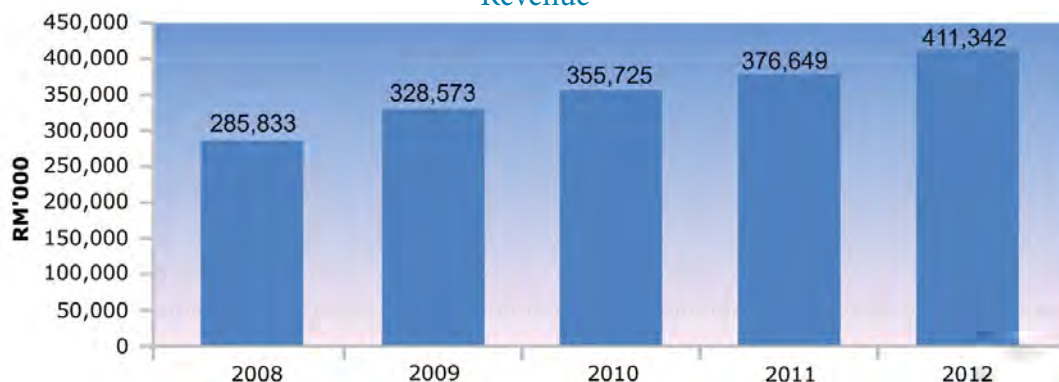
The financial year under review was very challenging with significant increases in chicken feed costs as the global prices of soyabean and corn surged. With the price of raw materials increasing, production costs would inevitably rise. The Malaysian economic growth was largely domestic driven due to uncertainties in the global economy.

The highest grain prices combined with a dip in world economic growth will reduce the world growth in chicken production to 2.0% in 2012. Growth is expected to pick up in late 2013. This should bid well for Malaysian poultry companies as Malaysia is the third largest producer of poultry meat in the Asia Pacific Region.

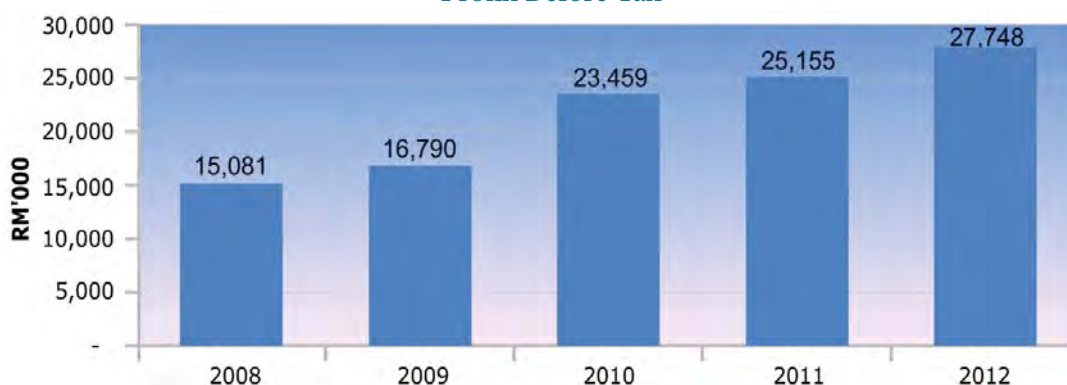
Despite the difficult and challenging economic environment, we are proud of our excellent performance as shown below:

- The Group's revenue increased by 9.2% from RM376.6 million in 2011 to RM411.3 million in 2012;
- Pretax profit increased by 10.31% from RM25.15 million in 2011 to RM27.74 million in 2012;
- Shareholders' funds improved by a commendable 9.57% to RM142.4 million from RM130 million as at 30 June 2011;
- Earnings per share rose from 11.76 sen in 2011 to 13.12 sen for the financial year ended 30 June 2012.

Revenue



Profix Before Tax



CHAIRMAN'S STATEMENT (CONT'D)

Despite the challenging economic environment of higher costs, our retail sector, with strong support from our poultry sector, surged ahead with our expansion programme by opening five (5) new stores during the financial year under review. The encouraging contributions these the new stores coupled with those opened in the previous financial year, provided the impetus for the increase in the retail segment results.

DIVIDEND

The Board has recommended a final single tier dividend of 4 sen per share in respect of the financial year ended 30 June 2012, for the approval of the shareholders at the forthcoming Annual General Meeting.

CORPORATE SOCIAL RESPONSIBILITY

The Group aims to conduct its business in a socially responsible manner, to contribute to the communities in which it operates and to respect the needs of employees, investors, customers, suppliers, regulators and other stakeholders.

CCK Group aims to be a responsible employer and adopt values and standards designed to help and guide our staff in their conduct and business relationships. We recognize that our employees are an essential asset to the Group. As such, the occupational safety and health of all our employees is paramount. Hence, the Group strives to comply with all the standards on health and safety of the Department of Safety and Health Malaysia ("DOSH") and the Ministry of Health.

CCK Group complies with relevant environmental laws and we implement best environmental practice in all our activities. We are aware that our activities have an impact on our earth. In this regard, we continuously monitor and maintain our waste water treatment system to ensure that the discharged water from the Group's processing plants comply with the requirements of the Environmental Quality Act 1974.

CCK Group is committed to supporting our local communities and making an impact on the lives of the needy. One of our programs this year involved donating ten (10) computers to Sekolah Menengah Kebangsaan Kampung Nangka in contribution towards the government's move in encouraging computer literacy amongst Malaysians.



CHAIRMAN'S STATEMENT (CONT'D)

PROSPECTS

With increasing inflation in the food and beverage category of the Consumer Price Index (CPI), the coming financial year will be a challenging one for the average consumer. The strategic initiatives of the 2013 Budget focuses on improving the rakyat's quality of life by ensuring sustainable economic growth, prudent spending and reducing the fiscal deficit. The Malaysian government has announced several measures, including reducing the imports of foodstuff from overseas, to address the issues of inflation as a result of increasing food prices.

Although business conditions are expected to remain bullish, our retail and poultry segments will continue to spearhead CCK's expansion in Sabah, Sarawak and Indonesia.

APPRECIATION

I would like to record my sincere appreciation to my fellow Directors on the Board for their continue support. I would also like to convey my gratitude to the management team and employees for their unwavering loyalty, dedication, hard work and commitment in making this another successful year for the Group.

Finally, our gratitude is also extended to our customers, suppliers, bankers, advisors and various government authorities and business partners for their continued support and confidence in our Group.

DATUK TIONG SU KOUK

Chairman

DIRECTOR'S PROFILE

Datuk Tiong Su Kouk

Non-Independent Non-Executive Chairman

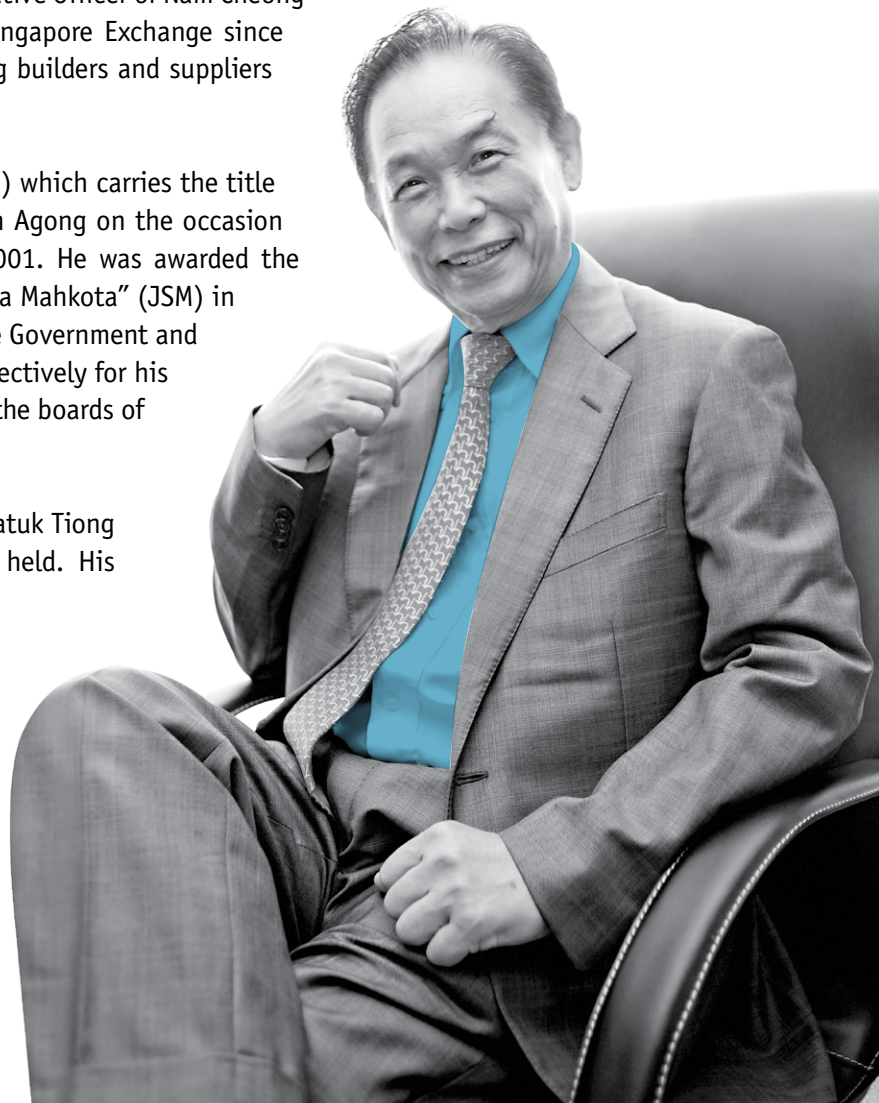
Datuk Tiong Su Kouk, a Malaysian aged 70, is a businessman. He is the founder of CCK Consolidated Holdings Berhad ("CCK") and its subsidiaries ("CCK Group" or "the Group"). He was appointed as Executive Chairman to the Board of CCK on 15 July 1997 and re-designated as Non-Independent Non-Executive Chairman on 20 March 2002. He is also a member of the Audit Committee of CCK and Chairman of the Nomination and Remuneration Committees 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 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 twenty seven years. He is a well-respected member of the industry in Sarawak and brings to the Group his wealth of experience gained in the past. 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 Associated 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 Honorary Life Chairman and Founder of the World Zhang Clan Association in 2011.

He is also the Executive Chairman and Chief Executive Officer of Nam Cheong Limited ("NCL"), a public company listed on Singapore Exchange since April 2011. The NCL Group is one of the leading builders and suppliers of Offshore Support Vessels 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. He also sits on the boards of other private limited companies.

During the financial year ended 30 June 2012, Datuk Tiong has attended all the five (5) Board meetings held. His shareholdings in CCK as at 19 October 2012 are disclosed on page 116 of this annual report.



DIRECTOR'S PROFILE (CONT'D)



Chong Shaw Fui

Executive Vice Chairman

Mr. Chong Shaw Fui, a Malaysian aged 67. He 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 brings to the CCK Group a vast and invaluable experience of over thirty seven years in the poultry industry. He commenced his poultry breeding experience in Singapore in 1972 and he was the founder of the Sarawak Breeding Farm specialising in the production of day-old chicks. He developed this business into a company, namely Zhang Agriculture Development Sdn. Bhd., which is now a wholly-owned subsidiary of CCK. In 1983, Mr. Chong incorporated another company, 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.

During the financial year ended 30 June 2012, Mr. Chong has attended all the five (5) Board meetings held. His shareholdings in CCK as at 19 October 2012 are disclosed on page 116 of this annual report.



Tiong Chiong Hiiung

Group Managing Director

Mr. Tiong Chiong Hiiung, a Malaysian aged 45, is a dynamic entrepreneur with sound business judgement and acumen beyond his years. He was appointed to the Board of CCK on 15 July 1997 and is a member of the Remuneration Committee. He is also the Group Managing Director of CCK.

Mr. Tiong graduated with a Bachelor of Economics from Monash University in Australia in 1989 and joined the Group as a Director of a subsidiary company. 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 virtually every aspect of the Group's operations, including breeding operations, broiler farming, and processing of seafood. Mr Tiong was instrumental in transforming the Group's operations into one of the most modern in the state. 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, Nominating Committee and Remuneration Committee of NCL since April 2011.

During the financial year ended 30 June 2012, Mr. Tiong has attended all the five (5) Board meetings held. His shareholdings in CCK as at 19 October 2012 are disclosed on page 116 of this annual report.



DIRECTOR'S PROFILE (CONT'D)

Tiong Chiong Soon

Executive Director

Mr. Tiong Chiong Soon, a Malaysian aged 42, is a businessman and was appointed as Executive Director of CCK on 15 July 1997. 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 year ended 30 June 2012, Mr. Tiong has attended four (4) out of five (5) Board meetings held. His shareholdings in CCK as at 19 October 2012 are disclosed on page 116 of this annual report.



Lau Liong Kii

Executive Director

Mr. Lau Liong Kii, a Malaysian aged 61. He was appointed as Executive Director to the Board of CCK on 15 July 1997. He is also a member of the Remuneration Committee of CCK. He is principally responsible for the operations of Ableway Sdn. Bhd., and the production and marketing functions of the prawn division. He joined the Group in 1982 and as the Managing Director of Ableway Sdn. Bhd., 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 the various and 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.

During the financial year ended 30 June 2012, Mr. Lau has attended all the five (5) Board meetings held. His shareholdings in CCK as at 19 October 2012 are disclosed on page 116 of this annual report.

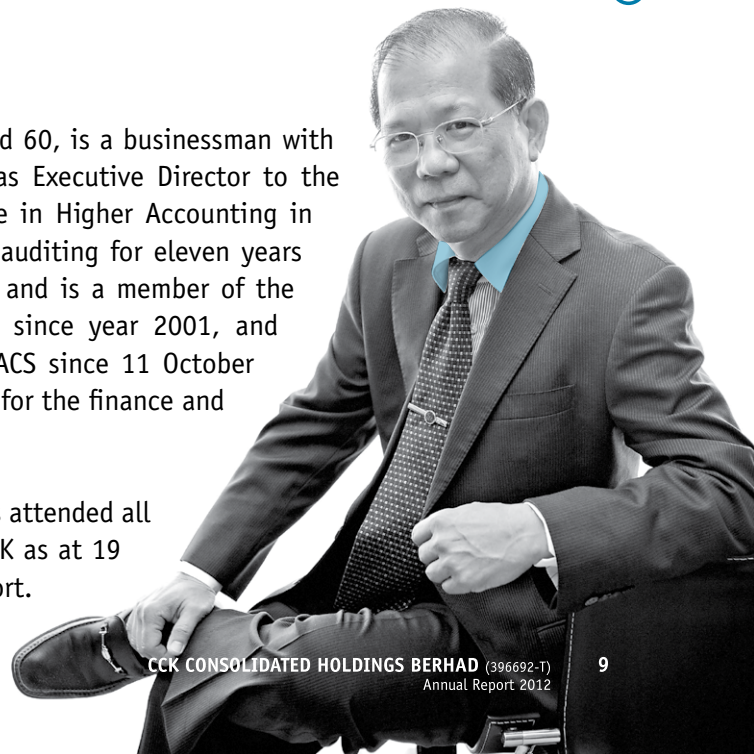


Ling Ting Leong @ Ling Chong Seng

Executive Director

Mr. Ling Ting Leong @ Ling Chong Seng, a Malaysian aged 60, is a businessman with a wealth of experience behind him. He was appointed as Executive Director to the Board of CCK on 15 July 1997. He obtained a Certificate in Higher Accounting in 1971 and has gained vast experience in accounting and auditing for eleven years from 1971 to 1982. He is a Certified Company Secretary and is a member of the Malaysian Association of Company Secretaries ("MACS") since year 2001, and he was appointed as Sarawak Liaison Co-Chairman of MACS since 11 October 2011. He joined the CCK Group in 1983 and is responsible for the finance and corporate secretarial matters of the CCK Group.

During the financial year ended 30 June 2012, Mr. Ling has attended all the five (5) Board meetings held. His shareholdings in CCK as at 19 October 2012 are disclosed on page 116 of this annual report.



DIRECTOR'S PROFILE (CONT'D)

Wong See Khong

Non-Independent Non-Executive Director

Mr. Wong See Khong, a Malaysian aged 56. He was appointed as Executive Director of the Board of CCK on 15 July 1997. He first joined the Group in 1985 as Director to one of the subsidiaries and is one of the pioneers of the Group, having served as Managing Director of Central Coldstorage Kuching Sdn. Bhd. since its incorporation to 1986. He was redesignated as Non-Independent Non-Executive Director on 19 November 2009.

During the financial year ended 30 June 2012, Mr. Wong has attended three (3) out of five (5) Board meetings held. His shareholdings in CCK as at 19 October 2012 are disclosed on page 116 of this annual report.



Kueh Chung Peng

Executive Director

Mr. Kueh Chung Peng, a Malaysian aged 58. He was appointed as Executive Director to the Board of CCK on 15 July 1997. He joined Kin Eastern Frozen Food Sdn. Bhd. in 1982 as its Managing Director and is also 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 and has over thirty years experience in the prawn and coldstorage products industry.

During the financial year ended 30 June 2012, Mr. Kueh has attended all the five (5) Board meetings held. His shareholdings in CCK as at 19 October 2012 are disclosed on page 116 of this annual report.

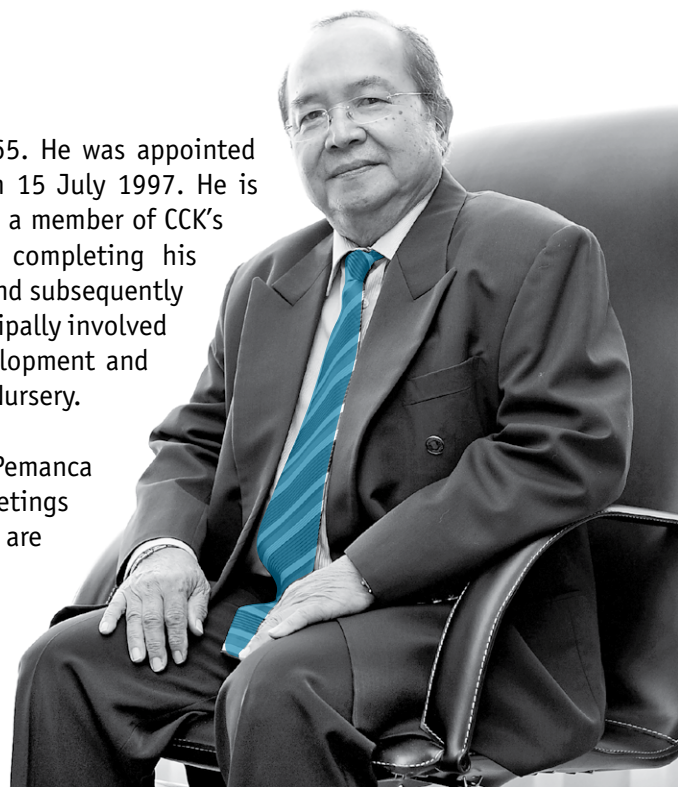


Pemanca Janggu anak Banyang

Independent Director

Pemanca Janggu anak Banyang, a Malaysian aged 65. He was appointed to the Board of CCK as an Independent Director on 15 July 1997. He is also the Chairman of the Audit Committee as well as a member of CCK's Nomination and Remuneration Committees. 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 involves in Agro-base Nursery.

During the financial year ended 30 June 2012, Pemanca Janggu has attended four (4) out of five (5) Board meetings held. His shareholdings in CCK as at 19 October 2012 are disclosed on page 116 of this annual report.



DIRECTOR'S PROFILE (CONT'D)



Douglas Jerukan @ Jarukan ak Kanyan

Independent Director

Mr. Douglas Jerukan @ Jarukan ak Kanyan, a Malaysian aged 73. He was appointed as an Independent Director on 20 March 2002. He is also a member of the Audit, Nomination and Remuneration Committees of CCK. He obtained a Colombo Plan Scholarship (1958-1961) and graduated as a Trade Instructor from Christchurch Technical Institute and Canterbury Teachers College, Canterbury, New Zealand. He joined the Sarawak Education Service from 1962 to 1994 and rose from a teacher to Principal, District Education Officer and Group Supervisor of Schools Gd. 2, Divisional Education Office, Sibiu. Currently, he is a Board member of Rejang Port Authority, Sibiu. Besides this, he holds directorships in various private limited companies.

During the financial year ended 30 June 2012, Mr. Douglas has attended three (3) out of five (5) Board meetings held. He holds no share in CCK.



Datu Haji Putit bin Matzen

Independent Director

Datu Haji Putit bin Matzen, a Malaysian aged 67. He was appointed as an Independent Director 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 has 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 crisis management. Currently, he is the Vice-Chairman of the Sarawak Branch of the Malaysian Red Crescent Society, President of 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 year ended 30 June 2012, Datu Haji Putit has attended four (4) out of five (5) Board meetings held. He holds no share in CCK.



DIRECTOR'S PROFILE (CONT'D)

Bong Wei Leong

Independent Director

Mr. Bong Wei Leong, a Malaysian aged 45, is a businessman and 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 eighteen 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 Senior Independent Director of Rimbunan Sawit Berhad, a public company listed on the Main Market of Bursa Malaysia Securities Berhad.

During the financial year ended 30 June 2012, Mr. Bong has attended all the five (5) 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

STATEMENT ON CORPORATE GOVERNANCE

INTRODUCTION

The Malaysian Code on Corporate Governance (“the Code”) sets out principles and best practices on structures and processes that companies may use in their operations towards achieving optimal governance framework. The Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”) requires listed companies to disclose in their annual report a statement on the application of these principles and best practices as embodied in the Code.

The Board of Directors 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 principles of good governance and the extent to which it has complied with the best practices set out in Part 2 of the Code. These disclosures are contained in this statement, the Statement on Internal Control and the Report of the Audit Committee.

THE BOARD OF DIRECTORS

Composition of the Board

The CCK Group is led and managed by an experienced Board comprising twelve (12) members. The Non-Independent Non-Executive Chairman, the Executive Vice Chairman, the Group Managing Director, the Non-Independent Non-Executive Director, four (4) Executive Directors and four (4) Independent Directors. All the Independent Directors fulfil the criterias of independence as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Together, 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.

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.

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

Pemanca Janggu anak Banyang is the appointed Senior Independent Director to whom concerns or queries concerning the CCK Group may be conveyed to.

Board Procedures

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

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

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.

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 year ended 30 June 2012, five (5) Board meetings were held. The details of attendance of each of the Director at the Board meetings are outlined below:

| Directors | No. of Meetings Attended |
|-------------------------------------|--------------------------|
| Datuk Tiong Su Kouk | 5 out of 5 |
| Chong Shaw Fui | 5 out of 5 |
| Tiong Chiong Hiiung | 5 out of 5 |
| Tiong Chiong Soon | 4 out of 5 |
| Lau Liong Kii | 5 out of 5 |
| Ling Ting Leong @ Ling Chong Seng | 5 out of 5 |
| Wong See Khong | 4 out of 5 |
| Kueh Chung Peng | 5 out of 5 |
| Pemanca Janggu anak Banyang | 4 out of 5 |
| Datu Haji Putit bin Matzen | 4 out of 5 |
| Douglas Jerukan @ Jarukan ak Kanyan | 3 out of 5 |
| Bong Wei Leong | 5 out of 5 |

All proceedings, matters arising, deliberations, in terms of the issue discussed, and resolutions at the Board meetings are recorded in the minutes by the Company Secretaries, confirmed by the Board and, signed by the Chairman. All Board meetings were attended by the Company Secretaries. Upon invitation, Management representatives were present at the Board meetings to provide additional insight into matters to be discussed during the Board meetings.

Supply of and access to Information

Every Director has ready and 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 in a timely manner prior to 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 decisions. All Directors have the right to make further enquiries where they consider necessary prior to Board meetings.

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

Committees of the Board

Where appropriate, matters have been delegated to Board Committees, all of which have written terms of reference which have been defined and approved by the Board and, where applicable, comply with the recommendations of the Code. All Board Committees do not have executive powers but to report to the Board on all matters considered and their recommendations thereon.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

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 at the Board meetings. All committees' meetings were attended by the Company Secretaries. 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.

The following Board Committees have been established to assist the Board in discharging its duties:

(a) Audit Committee

The Audit Committee, formed on 12 July 1997, reviews issues of accounting policy and presentation for external financial reporting, monitors the work of the in-house internal auditor, ensures that an objective and professional relationship is maintained with the external auditors, and that conflicts of interests are avoided.

The Report of the Audit Committee is set out on pages 22 to 26 of this annual report.

(b) 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 Committee, 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 Non-Executive Directors, as well as the Chief Executive Officer and these processes have been properly documented. During the financial year ended 30 June 2012, the Nomination Committee has met once.

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

Chairman : Datuk Tiong Su Kouk (*Non-Independent Non-Executive Director*)
Members : Pemanca Jangu anak Banyang (*Independent Director*)
Datu Haji Putit bin Matzen (*Independent Director*)
Douglas Jerukan @ Jarukan ak Kanyan (*Independent Director*)

(c) 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. During the financial year ended 30 June 2012, the Remuneration Committee met once.

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

Chairman : Datuk Tiong Su Kouk (*Non-Independent Non-Executive Director*)
Members : Tiong Chiong Hiiung (*Group Managing Director*)
Lau Liong Kii (*Executive Director*)
Pemanca Jangu anak Banyang (*Independent Director*)
Datu Haji Putit bin Matzen (*Independent Director*)
Douglas Jerukan @ Jarukan ak Kanyan (*Independent Director*)

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

Appointments to the Board

As indicated above, the Nomination Committee recommends the appointment of new Directors to the Board. Thereafter 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.

Re-election/Re-appointment of Directors

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 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.

Directors' Training and Update Programmes

All the Directors have attended Mandatory Accreditation Programme as required by Bursa Malaysia Securities Berhad ("Bursa Securities").

The Board acknowledges that continuous training is important to broaden the Directors' perspectives and to keep them abreast with regulatory and corporate governance developments. During the financial year ended 30 June 2012, the Directors have attended appropriate training programmes conducted by external experts and the descriptions of the training/seminar are set out below:

Title of Training/Seminar

Number of day(s) spent

| | |
|---|---|
| • Seminar on Broadening the Horizon of Companies Secretaries | 1 |
| • The Two-Day Seminar Essential Tax Planning for an Effective Remuneration Package | 1 |
| • Malaysian Property Taxation & Tax Planning | 1 |
| • 2012 Malaysian Code of Corporate Governance Implementation for PLC Directors & Implementation of Corporate Disclosure Guide for the Year 2012 | 1 |
| • Corporate Directors Training Programme (CDTP) Fundamental | 1 |
| • National Tax Conference 2011 | 2 |
| • Seminar Percukaaian Kebangsaan 2011 | 1 |
| • Technical Briefing for PLCs – updates of New and Revised FRSs 2011 and the impact of IFRS Convergence | 1 |

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

There were also technical briefings/updates on statutory and regulatory requirements from time to time at the Board meetings. All Directors will continue to attend further training as may be required from time to time to equip themselves with the knowledge to discharge their duties more effectively and to keep abreast of developments in the marketplace.

DIRECTORS' REMUNERATION

CCK recognises the need to ensure that remuneration of Directors is appreciative and reflective of the responsibility and commitment that goes with Board membership. The Remuneration Committee recommends to the Board the remuneration package of the Directors. 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 criterias based on the performance of the Directors.

The Board is of the opinion that matters pertaining to Directors' remuneration are of a personal nature. However, in compliance with the Listing Requirements, the fees and remuneration paid to Directors of the CCK Group during the financial year ended 30 June 2012, in aggregate and analysed into bands of RM50,000, were as follows:

| | Executive Directors (RM) | Non-Executive Directors (RM) |
|--------------------------------------|--------------------------|------------------------------|
| Fee | 53,440 | 103,120 |
| Salary | 955,200 | - |
| Bonus | 1,263,130 | - |
| Allowances | 24,000 | - |
| Defined contribution retirement plan | 238,040 | - |
| Benefits-in-kind | - | - |

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

SHAREHOLDERS COMMUNICATION

CCK maintains a regular policy of disseminating information that is material for shareholders' information via announcements made through Bursa LINK. In compliance with the Listing Requirements, the Company also releases timely financial information on a quarterly basis, which includes an overview of the performance and operations of CCK Group.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

The Company uses the general meetings as principal forums for communication and dialogue with shareholders. The general meetings provide the opportunity for interaction amongst shareholders, Directors and Management. Shareholders are encouraged to participate in the questions and answers session. Members of the Board as well as the external auditors and/or advisers of the Company are present to answer queries raised at the general meetings.

In addition, the Company also put in place electronic facility to enable communication with shareholders via its website www.cck.com.my. Shareholders can access to and obtain information on CCK Group by accessing this website. All announcements made by the Company and information that are relevant to the shareholders and investors are available in this website.

ACCOUNTABILITY AND AUDIT

Financial Reporting

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

Internal Control

The Board of Directors 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. In addition, 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.

Further details of the state of the system of internal control of the CCK Group are presented on pages 19 to 21 of this annual report.

Relationship with the Auditors

Through the Audit Committee, the CCK Group has established a formal and transparent relationship with the external auditors and internal auditors. The Audit Committee meets with the external auditors and internal auditors without the presence of the other Directors and employees at least twice a year.

The Audit Committee has been explicitly accorded the power to communicate directly with both external auditors and internal auditors. The auditors may from time to time throughout the financial year, highlight to the Audit Committee and the Board on matters that require their attention.

STATEMENT OF INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance (“Code”) requires listed companies to maintain a sound system of internal control to safeguard shareholders’ investment and the company’s assets. In line with this, Bursa Malaysia Listing Requirements requires the Board of Directors to include a statement in annual reports on the state of internal control of the Company and its group of subsidiary companies and has also issued “Guidance for Directors of Public Listed Companies” (Guidance”) in making this statement accordingly.

The Board of Directors of CCK Consolidated Holdings Bhd (“Board”) is pleased to present this Statement of Internal Control, which has been prepared in accordance with the Guidance.

BOARD OF DIRECTORS’ RESPONSIBILITIES

The Board acknowledges its overall responsibility for the CCK Group’s system of internal controls and risk management practices covering all aspects of the Group’s operations. The Board also recognizes 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.

INTERNAL CONTROL SYSTEM

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 an effective information and communication system, and an ongoing process for monitoring the continuing adequacy and integrity of the system of internal control.

Within CCK and its group of Companies, the Board has implemented an Internal Control Framework which encompasses the following:

(a) The identification of internal controls to manage 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.

(b) 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.

(c) 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 is undertaken by the in-house Internal Auditors.

STATEMENT OF INTERNAL CONTROL (CONT'D)

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 Report of the Audit Committee, which is available on pages 22 to 26 of this annual report.

(d) Standard Operating Procedures

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.

OTHER ELEMENTS OF INTERNAL CONTROL

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

- Monthly Head of Department meeting for the retail segment to review the actual performance against budget and resolve operation issues.
- Regular review of operational reports, including key performance indicators, by the Group Managing Director and Executive Directors of the CCK Group;
- 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;
- Regular inspection visits by Directors, in particular Executive Directors, to operating units to have a firsthand account of the efficiency and effectiveness of the CCK Group's strategy, mode of operation and control;
- Reporting of significant weaknesses, if any, identified by Internal Audit Department during the reviews and appropriate measures for implementation by management to rectify those weaknesses found; and
- Conducting follow-up audits by Internal Audit Department, which ensure proper and approved remedial actions have been implemented.

STATEMENT OF INTERNAL CONTROL (CONT'D)

The CCK Group has put in place an organizational structure which clearly defined 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 CCK 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 affirms its overall responsibility for the CCK Group's system of internal control and for reviewing its adequacy and integrity. It should be noted however that such system is designed to manage rather than eliminate the risk of failure to achieve business objectives. In addition, it should be noted that any system can provide only reasonable, and not absolute assurance against material misstatement or loss.

The Board is pleased to report that there was no material loss realized during the current financial year 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 of the Group to put up with constantly changing and challenging environment.

AUDIT COMMITTEE REPORT

MEMBERS AND ATTENDANCE OF MEETINGS

The Audit Committee comprises the Directors as listed below. During the financial year ended 30 June 2012, five (5) meetings were held and the attendance are outlined below:

| | <u>Number of Meetings Attended</u> |
|---|------------------------------------|
| Chairman: Pemanca Janggu anak Banyang <i>(Independent Director)</i> | 4 out of 5 |
| Members: Datuk Tiong Su Kouk <i>(Non-Independent Non-Executive Director)</i> | 5 out of 5 |
| Bong Wei Leong <i>(Independent Director)</i> | 5 out of 5 |
| Douglas Jerukan @ Jarukan ak Kanyan <i>(Independent Director)</i> | 3 out of 5 |

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. The Chief Internal Auditor, the Internal Audit Manager, the Finance Manager, the Executive Director (Finance) and External Auditors are normally invited to attend the meetings.

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 ("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) fulfils such other requirements as prescribed or approved by 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.

AUDIT COMMITTEE REPORT (CONT'D)

(2) Quorum, Meetings and Minutes

A quorum shall be two (2) members and a majority of members present must be independent directors. A representative of external auditors shall attend as and when required. The Company Secretary shall be the secretary of the Audit Committee. Minutes of each meeting shall be kept and distributed to each member 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 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 a year or whenever deemed necessary.

A resolution in writing signed by all Audit Committee members shall be deemed to have been passed at a meeting held on the date on which it was signed by the last member.

(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 external auditors may request for a meeting if they consider that one is necessary.

(4) Authority

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

- (i) investigate any activity within its terms of reference and shall have unrestricted access to all employees of the Group;
- (ii) have the resources which are required to perform its duties as set out in its terms of reference;
- (iii) seek any information it requires from any employee and all employees are directed to cooperate with any request made by the Audit Committee;
- (iv) have direct communication channels with the external auditors and internal auditors;
- (v) 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;
- (vi) convene meetings of the Audit Committee with external auditors, excluding the attendance of other Directors and employees of the Group, at least twice a year or whenever deemed necessary and to consider any matter the external auditor believes should be brought to the attention of the Board or shareholders; and
- (vii) 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 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.

AUDIT COMMITTEE REPORT (CONT'D)

(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 (1) 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; and
- (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.

(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.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The main function of the Audit Committee is to assist the Board in fulfilling its oversight responsibility relating to the financial matters of the Group. The activities carried out by the Audit Committee during the financial year under review included the followings:

- (a) reviewed and deliberated the quarterly unaudited financial information and audited financial statements

AUDIT COMMITTEE REPORT (CONT'D)

of the Company and the CCK Group with management and external auditors 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 to be entered into by the Company and the CCK Group 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 twice;
- (h) considered and recommended the re-appointment of external auditors and their fees;
- (i) reviewed the Statement on Internal Control, Report of the Audit Committee and relevant statements prior to the Board's consideration and approval;
- (j) reviewed the adequacy of the scope, functions, competency and resources of the internal audit function; and
- (k) reviewed the performance of the CCK Group and made recommendation for appropriate corrective measures to the Board.

INTERNAL AUDIT FUNCTION

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

Functions

The functions of the Internal Audit Division 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.

AUDIT COMMITTEE REPORT (CONT'D)

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 Internal Audit Department reports directly to the Audit Committee, which evaluates the performance of the Chief Internal Auditor.

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.

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. During the financial year ended 30 June 2012, its internal audit activities covered the followings areas:

- Inventory management for warehouse and retail outlets
- Operation management of retail outlets
- Performance review
- Safeguard of properties
- Effectiveness of credit department
- Effectiveness of human resources department
- Other areas as and when requested by the Board and management

A total cost of RM545,400 was incurred by the Internal Audit Department in respect of the financial year under review.

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 annual 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 year end and of the results and cash flows of the Group and of the Company for the financial year then ended.

As required by the Act and the Listing Requirements, the financial statements have been prepared in accordance with the provisions of the Act and the Financial Reporting Standards in Malaysia. In preparing these financial statements, the Directors have:

- adopted and consistently applied the appropriate and relevant accounting policies;
- made reasonable and prudent judgements and estimates; and
- prepared the financial statements 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 at any time, 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.

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FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2012.

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 year.

RESULTS

| | THE GROUP RM | THE COMPANY RM |
|--|-----------------|-------------------|
| Profit after taxation for the financial year | 19,838,726 | 10,317,002 |
| Attributable to:- | | |
| Owners of the Company | 19,722,840 | 10,317,002 |
| Non-controlling interests | 115,886 | - |
| | 19,838,726 | 10,317,002 |

DIVIDENDS

A first and final single tier dividend of 3.5 sen per ordinary share amounting to RM5,210,763 for the financial year ended 30 June 2011 was approved by the shareholders at the Annual General Meeting held on 22 November 2011 and paid on 20 December 2011.

At the forthcoming Annual General Meeting, a final single tier dividend of 4.0 sen per ordinary share in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year 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 30 June 2013.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (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.

DIRECTORS' REPORT (CONT'D)

TREASURY SHARES

During the financial year, the Company purchased 1,778,500 of its issued ordinary shares from the open market at an average price of RM0.83 per ordinary share. The total consideration paid for the purchase was RM1,478,657 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 30 June 2012, the Company held as treasury shares a total of 511,837 out of its 157,679,700 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM422,276. Relevant details on the treasury shares are disclosed in Note 14 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, 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 that 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 33 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 year which secures the liabilities of any other person; or

DIRECTORS' REPORT (CONT'D)

- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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 year 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 year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

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

DIRECTORS

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

Datuk Tiong Su Kouk
Chong Shaw Fui
Tiong Chiong Hiiung
Tiong Chiong Soon
Lau Liong Kii
Ling Ting Leong @ Ling Chong Seng
Kueh Chung Peng
Wong See Khong
Pemanca Jangu anak Banyang
Douglas Jerukan @ Jarukan ak Kanyan
Datu Haji Putit bin Matzen
Bong Wei Leong

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS

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

| | Number of Ordinary Shares of RM0.50 Each | | | At 30.6.2012 |
|-------------------------------------|--|-----------|-------------|-----------------|
| | At 1.7.2011 | Bought | Sold | |
| <i>Direct Interests</i> | | | | |
| Datuk Tiong Su Kouk | 4,296,509 | 2,511,513 | - | 6,808,022 |
| Tiong Chiong Hiiung | 398,350 | 26,556 | - | 424,906 |
| Tiong Chiong Soon | 251,100 | 127,740 | - | 378,840 |
| Lau Liong Kii | 5,527,630 | 368,508 | - | 5,896,138 |
| Ling Ting Leong @ Ling Chong Seng | 278,070 | 18,537 | - | 296,607 |
| Kueh Chung Peng | 3,169,539 | 211,302 | - | 3,380,841 |
| Wong See Khong | 1,899,438 | 126,629 | - | 2,026,067 |
| Pemanca Janggu anak Banyang | 46,500 | 3,100 | - | 49,600 |
| Douglas Jerukan @ Jarukan ak Kanyan | 1,176,450 | - | (1,176,450) | - |
| <i>Indirect Interests</i> | | | | |
| Datuk Tiong Su Kouk | 54,512,201 | 3,815,477 | - | 58,327,678 |
| Chong Shaw Fui | 10,634,314 | 708,954 | - | 11,343,268 |
| Tiong Chiong Hiiung | 54,508,101 | 3,633,871 | - | 58,141,972 |
| Tiong Chiong Soon | 53,867,401 | 3,689,078 | - | 57,556,479 |
| Lau Liong Kii | 7,004,723 | 747,513 | - | 7,752,236 |
| Ling Ting Leong @ Ling Chong Seng | 1,059,207 | 70,613 | - | 1,129,820 |
| Wong See Khong | 6,820 | 454 | - | 7,274 |

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 year 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 year had no interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director 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 30(b) to the financial statements.

Neither during nor at the end of the financial year 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.

DIRECTORS' REPORT (CONT'D)

SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 36 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 23 OCTOBER 2012

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 38 to 111 are drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 30 June 2012 and of its results and cash flows for the financial year ended on that date.

The supplementary information set out in Note 37, 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 23 October 2012**

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 38 to 111 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 Sibul
on this 23 October 2012

Before me

Tiong Chiong Hiiung

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CCK CONSOLIDATED HOLDINGS BERHAD (396692-T)



Crowe Horwath AF 1018
Chartered Accountants
Member Crowe Horwath International

Sibu Office
1st Floor, No. 1, Lorong Pahlawan 7A2
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96000 Sibu, Sarawak, Malaysia
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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 30 June 2012 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 38 to 111.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the 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 have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2012 and of its financial performance and cash flows for the financial year then ended.

INDEPENDENT AUDITORS' REPORT (CONT'D) TO THE MEMBERS OF CCK CONSOLIDATED HOLDINGS BERHAD (396692-T)



Crowe Horwath AF 1018
Chartered Accountants
Member Crowe Horwath International

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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' reports of all the subsidiaries of which we have not acted as auditors, which are 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; and
- (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.

The supplementary information set out in Note 37 on page 112 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: 1580/02/13(J)
Chartered Accountant

Sibu, Sarawak

**STATEMENTS OF FINANCIAL POSITION
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012**

| | NOTE | THE GROUP | | THE COMPANY | |
|------------------------------------|------|---------------------------|---------------------------|---------------------------|--------------------------|
| | | 2012 RM | 2011 RM | 2012 RM | 2011 RM |
| ASSETS | | | | | |
| NON-CURRENT ASSETS | | | | | |
| Investments in subsidiaries | 5 | - | - | 70,876,899 | 53,749,149 |
| Investments in associates | 6 | 985,483 | 913,783 | 450,000 | 450,000 |
| Property, plant and equipment | 7 | 91,880,836 | 67,424,548 | 719,584 | 860,608 |
| Deferred tax assets | 8 | 84,256 | - | - | - |
| | | <u>92,950,575</u> | <u>68,338,331</u> | <u>72,046,483</u> | <u>55,059,757</u> |
| CURRENT ASSETS | | | | | |
| Inventories | 9 | 38,263,297 | 33,638,522 | - | - |
| Trade receivables | 10 | 34,592,908 | 30,132,580 | - | - |
| Other receivables and deposits | 11 | 8,503,493 | 6,624,891 | 987,510 | 377,278 |
| Amount owing by subsidiaries | 12 | - | - | 26,966,303 | 28,968,019 |
| Tax refundable | | 1,289,684 | 321,386 | 79,625 | 10,100 |
| Fixed deposits with licensed banks | | - | 2,000,000 | - | 2,000,000 |
| Cash and bank balances | | 23,003,658 | 25,060,491 | 373,927 | 272,477 |
| | | <u>105,653,040</u> | <u>97,777,870</u> | <u>28,407,365</u> | <u>31,627,874</u> |
| TOTAL ASSETS | | <u><u>198,603,615</u></u> | <u><u>166,116,201</u></u> | <u><u>100,453,848</u></u> | <u><u>86,687,631</u></u> |

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

STATEMENTS OF FINANCIAL POSITION (CONT'D)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

| | NOTE | THE GROUP | | THE COMPANY | |
|---|------|--------------------|--------------------|--------------------|-------------------|
| | | 2012 RM | 2011 RM | 2012 RM | 2011 RM |
| EQUITY AND LIABILITIES | | | | | |
| EQUITY | | | | | |
| Share capital | 13 | 78,839,850 | 78,839,850 | 78,839,850 | 78,839,850 |
| Treasury shares | 14 | (422,276) | (6,243,300) | (422,276) | (6,243,300) |
| Reserves | 15 | 64,055,625 | 57,431,740 | 9,596,913 | 11,790,355 |
| TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY | | 142,473,199 | 130,028,290 | 88,014,487 | 84,386,905 |
| NON-CONTROLLING INTERESTS | | 1,053,565 | 1,261,855 | - | - |
| TOTAL EQUITY | | 143,526,764 | 131,290,145 | 88,014,487 | 84,386,905 |
| NON-CURRENT LIABILITIES | | | | | |
| Bank borrowings | 16 | 3,512,306 | 4,177,023 | - | - |
| Deferred tax liabilities | 8 | 2,827,680 | 2,531,923 | - | - |
| | | 6,339,986 | 6,708,946 | - | - |
| CURRENT LIABILITIES | | | | | |
| Trade payables | 18 | 16,392,794 | 13,625,795 | - | - |
| Other payables, deposits and accruals | | 5,201,196 | 3,353,407 | 412,065 | 205,905 |
| Amount owing to subsidiaries | 12 | - | - | 2,027,296 | 2,094,821 |
| Bank borrowings:- | 16 | | | | |
| - bank overdrafts | | 1,661,445 | 747,918 | - | - |
| - other borrowings | | 21,789,816 | 7,338,457 | 10,000,000 | - |
| Provision for employee benefits | 19 | 1,693,321 | 1,503,971 | - | - |
| Provision for taxation | | 1,998,293 | 1,547,562 | - | - |
| | | 48,736,865 | 28,117,110 | 12,439,361 | 2,300,726 |
| TOTAL LIABILITIES | | 55,076,851 | 34,826,056 | 12,439,361 | 2,300,726 |
| TOTAL EQUITY AND LIABILITIES | | 198,603,615 | 166,116,201 | 100,453,848 | 86,687,631 |

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

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

| | NOTE | THE GROUP | | THE COMPANY | |
|--|------|---------------|---------------|-------------|-------------|
| | | 2012 RM | 2011 RM | 2012 RM | 2011 RM |
| REVENUE | 20 | 411,342,194 | 376,649,137 | 12,366,000 | 11,586,597 |
| COST OF SALES | | (342,475,409) | (317,498,484) | - | - |
| GROSS PROFIT | | 68,866,785 | 59,150,653 | 12,366,000 | 11,586,597 |
| OTHER INCOME | | 3,038,949 | 2,339,700 | 307,269 | 158,185 |
| SELLING AND DISTRIBUTION EXPENSES | | (4,982,675) | (4,972,311) | - | - |
| ADMINISTRATIVE EXPENSES | | (20,971,621) | (16,896,208) | (2,279,959) | (1,498,173) |
| OTHER OPERATING EXPENSES | | (17,554,002) | (14,110,665) | - | - |
| SHARE OF RESULTS IN ASSOCIATES | | 71,700 | 43,953 | - | - |
| FINANCE COSTS | 21 | (720,718) | (400,497) | (145,833) | - |
| PROFIT BEFORE TAXATION | 22 | 27,748,418 | 25,154,625 | 10,247,477 | 10,246,609 |
| INCOME TAX EXPENSE | 23 | (7,909,692) | (6,942,336) | 69,525 | (463,017) |
| PROFIT AFTER TAXATION | | 19,838,726 | 18,212,289 | 10,317,002 | 9,783,592 |
| OTHER COMPREHENSIVE INCOME, NET OF TAX | | | | | |
| - Foreign currency translation | | (691,087) | (695) | - | - |
| TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR | | 19,147,639 | 18,211,594 | 10,317,002 | 9,783,592 |

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

STATEMENTS OF COMPREHENSIVE INCOME (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

| | NOTE | THE GROUP | | THE COMPANY | |
|--|------|-------------------|-------------------|-------------------|------------------|
| | | 2012 RM | 2011 RM | 2012 RM | 2011 RM |
| PROFIT AFTER TAXATION ATTRIBUTABLE TO:- | | | | | |
| - Owners of the Company | | 19,722,840 | 17,937,569 | 10,317,002 | 9,783,592 |
| - Non-controlling interests | | 115,886 | 274,720 | - | - |
| | | <u>19,838,726</u> | <u>18,212,289</u> | <u>10,317,002</u> | <u>9,783,592</u> |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:- | | | | | |
| - Owners of the Company | | 19,076,026 | 17,936,943 | 10,317,002 | 9,783,592 |
| - Non-controlling interests | | 71,613 | 274,651 | - | - |
| | | <u>19,147,639</u> | <u>18,211,594</u> | <u>10,317,002</u> | <u>9,783,592</u> |
| EARNINGS PER SHARE (SEN):- | 24 | | | | |
| - Basic | | 13.12 | 11.76 | | |
| - Diluted | | not applicable | not applicable | | |

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

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

| | ← NON-DISTRIBUTABLE | | ← FOREIGN EXCHANGE TRANSLATION RESERVE | | ← ATTRIBUTABLE TO OWNERS OF THE COMPANY | | ← NON-CONTROLLING INTERESTS | | TOTAL EQUITY RM |
|---|---------------------|--------------------|--|--------|---|-------------|-----------------------------|-------------|-----------------|
| | SHARE CAPITAL RM | TREASURY SHARES RM | SHARE PREMIUM RM | RM | DISTRIBUTABLE RETAINED PROFITS RM | RM | RM | RM | |
| THE GROUP | | | | | | | | | |
| Balance at 1.7.2010 | 78,839,850 | | 157,800 | 17,975 | 44,090,443 | 122,179,570 | 1,088,804 | 123,268,374 | |
| - as previously reported | - | (926,498) | - | - | (217,783) | (217,783) | - | (217,783) | |
| - effect of adopting FRS 139 | | | | | | | | | |
| - as restated | 78,839,850 | (926,498) | 157,800 | 17,975 | 43,872,660 | 121,961,787 | 1,088,804 | 123,050,591 | |
| Profit after taxation for the financial year | - | - | - | - | 17,937,569 | 17,937,569 | 274,720 | 18,212,289 | |
| Other comprehensive income for the financial year, net of tax:- | | | | | | | | | |
| - Foreign currency translation | - | - | - | (626) | - | (626) | (69) | (695) | |
| Total comprehensive income for the financial year | - | - | - | (626) | 17,937,569 | 17,936,943 | 274,651 | 18,211,594 | |
| Balance carried forward | 78,839,850 | (926,498) | 157,800 | 17,349 | 61,810,229 | 139,898,730 | 1,363,455 | 141,262,185 | |

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

STATEMENTS OF CHANGES IN EQUITY (CONT'D)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

| THE GROUP | NOTE | NON-DISTRIBUTABLE | | FOREIGN EXCHANGE TRANSLATION RESERVE | | DISTRIBUTABLE TO OWNERS OF THE COMPANY | | NON-CONTROLLING INTERESTS | | TOTAL EQUITY |
|---|------|-------------------|--------------------|--------------------------------------|--------|--|---------------------|---------------------------|-------------|--------------|
| | | SHARE CAPITAL RM | TREASURY SHARES RM | SHARE PREMIUM RM | RM | RM | RETAINED PROFITS RM | RM | RM | |
| Balance brought forward | | 78,839,850 | (926,498) | 157,800 | 17,349 | 61,810,229 | 139,898,730 | 1,363,455 | 141,262,185 | |
| Contributions by and distributions to owners of the Company:- | | | | | | | | | | |
| - Purchase of treasury shares | | - | (5,316,802) | - | - | - | (5,316,802) | - | (5,316,802) | |
| - Dividends:- | | | | | | | | | | |
| - by the Company | 25 | - | - | - | - | (4,553,638) | (4,553,638) | - | (4,553,638) | |
| - by subsidiaries to non controlling interests | | - | - | - | - | - | - | (101,600) | (101,600) | |
| Balance at 30.6.2011 | | 78,839,850 | (6,243,300) | 157,800 | 17,349 | 57,256,591 | 130,028,290 | 1,261,855 | 131,290,145 | |

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

STATEMENTS OF CHANGES IN EQUITY (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

| | ← NON-DISTRIBUTABLE | | ← FOREIGN EXCHANGE TRANSLATION RESERVE | | ← ATTRIBUTABLE TO OWNERS OF THE COMPANY | | ← NON-CONTROLLING INTERESTS | | TOTAL EQUITY RM |
|---|---------------------|-----------------------|--|---------------------------------|---|----------------------|---------------------------------|--------------------|--------------------|
| | SHARE CAPITAL RM | TREASURY SHARES RM | SHARE PREMIUM RM | SHARE TRANSLATION RESERVE RM | DISTRIBUTABLE RETAINED PROFITS RM | OF THE COMPANY RM | NON-CONTROLLING INTERESTS RM | TOTAL EQUITY RM | |
| THE GROUP | | | | | | | | | |
| Balance at 30.6.2011/1.7.2011 | 78,839,850 | (6,243,300) | 157,800 | 17,349 | 57,256,591 | 130,028,290 | 1,261,855 | 131,290,145 | |
| Profit after taxation for the financial year | - | - | - | - | 19,722,840 | 19,722,840 | 115,886 | 19,838,726 | |
| Other comprehensive income for the financial year, net of tax:- | | | | | | | | | |
| - Foreign currency translation | - | - | - | (646,814) | - | (646,814) | (44,273) | (691,087) | |
| Total comprehensive income for the financial year | - | - | - | (646,814) | 19,722,840 | 19,076,026 | 71,613 | 19,147,639 | |
| Balance carried forward | 78,839,850 | (6,243,300) | 157,800 | (629,465) | 76,979,431 | 149,104,316 | 1,333,468 | 150,437,784 | |

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

STATEMENTS OF CHANGES IN EQUITY (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

| THE GROUP | NOTE | NON-DISTRIBUTABLE | | FOREIGN EXCHANGE TRANSLATION RESERVE | | DISTRIBUTABLE TO OWNERS OF THE COMPANY | | NON-CONTROLLING INTERESTS | | TOTAL EQUITY RM |
|---|------|-------------------|--------------------|--------------------------------------|------------|--|-------------|---------------------------|-------------|-----------------|
| | | SHARE CAPITAL RM | TREASURY SHARES RM | SHARE PREMIUM RM | RESERVE RM | RETAINED PROFITS RM | RM | RM | RM | |
| Balance brought forward | | 78,839,850 | (6,243,300) | 157,800 | (629,465) | 76,979,431 | 149,104,316 | 1,333,468 | 150,437,784 | |
| Contributions by and distributions to owners of the Company:- | | | | | | | | | | |
| - Purchase of treasury shares | 25 | - | (1,478,657) | - | - | - | (1,478,657) | - | (1,478,657) | |
| - Share dividends | | - | 7,299,681 | - | - | (7,299,681) | - | - | - | |
| - Dividends:- | | | | | | | | | | |
| - by the Company | 25 | - | - | - | - | (5,210,763) | (5,210,763) | - | (5,210,763) | |
| - by subsidiaries to non-controlling interests | | - | - | - | - | - | - | (221,600) | (221,600) | |
| Changes in ownership interests in a subsidiary:- | | | | | | | | | | |
| - Acquisition of additional equity interests in a subsidiary | | - | - | - | (39,545) | 97,848 | 58,303 | (58,303) | - | |
| Balance at 30.6.2012 | | 78,839,850 | (422,276) | 157,800 | (669,010) | 64,566,835 | 142,473,199 | 1,053,565 | 143,526,764 | |

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

STATEMENTS OF CHANGES IN EQUITY (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

| THE COMPANY | NOTE | ← NON-DISTRIBUTABLE → | | | DISTRIBUTABLE | |
|---|------|------------------------|--------------------------|------------------------|---------------------------|-----------------------|
| | | SHARE CAPITAL RM | TREASURY SHARES RM | SHARE PREMIUM RM | RETAINED PROFITS RM | TOTAL EQUITY RM |
| Balance at 1.7.2010 | | 78,839,850 | (926,498) | 157,800 | 6,402,601 | 84,473,753 |
| Profit after taxation/Total comprehensive income for the financial year | | - | - | - | 9,783,592 | 9,783,592 |
| Contributions by and distributions to owners of the Company:- | | | | | | |
| - Purchase of treasury shares | | - | (5,316,802) | - | - | (5,316,802) |
| - Dividends | 25 | - | - | - | (4,553,638) | (4,553,638) |
| Balance at 30.6.2011/ 1.7.2011 | | 78,839,850 | (6,243,300) | 157,800 | 11,632,555 | 84,386,905 |
| Profit after taxation/Total comprehensive income for the financial year | | - | - | - | 10,317,002 | 10,317,002 |
| Contributions by and distributions to owners of the Company:- | | | | | | |
| - Purchase of treasury shares | | - | (1,478,657) | - | - | (1,478,657) |
| - Share dividends | 25 | - | 7,299,681 | - | (7,299,681) | - |
| - Dividends | 25 | - | - | - | (5,210,763) | (5,210,763) |
| Balance at 30.6.2012 | | 78,839,850 | (422,276) | 157,800 | 9,439,113 | 88,014,487 |

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

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

| | THE GROUP | | THE COMPANY | |
|---|------------|------------|--------------|--------------|
| | 2012 RM | 2011 RM | 2012 RM | 2011 RM |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Profit before taxation | 27,748,418 | 25,154,625 | 10,247,477 | 10,246,609 |
| Adjustments for:- | | | | |
| Allowance for impairment losses on investments | - | - | 335,000 | - |
| Allowance for impairment losses on receivables | 657,996 | 281,844 | - | - |
| Allowance for impairment losses on receivables no longer required | (129,281) | (103,526) | - | - |
| Bad debts written off | 76,542 | 246,912 | - | - |
| Depreciation of property, plant and equipment | 8,067,828 | 6,140,544 | 171,297 | 163,248 |
| Dividend income | - | - | (12,000,000) | (11,220,597) |
| Interest expense | 720,718 | 400,497 | 145,833 | - |
| Interest income | (446,603) | (373,822) | (228,394) | (83,485) |
| Inventories written off | 10,343 | - | - | - |
| Loss on disposal of a subsidiary | 12,941 | - | - | - |
| Loss on disposal of investments | - | 49,500 | - | - |
| Loss on disposal of property, plant and equipment | 45,332 | 105,766 | - | - |
| Provision for employee benefits | 1,455,038 | 1,503,971 | - | - |
| Share of results in associates | (71,700) | (43,953) | - | - |
| Unrealised gain on foreign exchange | (27,905) | - | - | - |
| Operating profit/(loss) before working capital changes | 38,119,667 | 33,362,358 | (1,328,787) | (894,225) |
| BALANCE CARRIED FORWARD | 38,119,667 | 33,362,358 | (1,328,787) | (894,225) |

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

STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

| | THE GROUP | | THE COMPANY | |
|--|-------------------|-------------------|--------------------|-------------------|
| | 2012 RM | 2011 RM | 2012 RM | 2011 RM |
| BALANCE BROUGHT FORWARD | 38,119,667 | 33,362,358 | (1,328,787) | (894,225) |
| Increase in inventories | (4,713,255) | (589,314) | - | - |
| (Increase)/decrease in trade and other receivables | (7,797,878) | 1,634,846 | (610,232) | (94,666) |
| Increase in trade and other payables | 4,881,165 | 1,953,111 | 206,160 | 23,780 |
| Employee benefits paid | (1,265,688) | (1,130,929) | - | - |
| CASH FROM/(FOR) OPERATIONS | 29,224,011 | 35,230,072 | (1,732,859) | (965,111) |
| Dividend received:- | | | | |
| - from subsidiaries | - | - | 12,000,000 | 10,883,097 |
| - from an associate | - | 313 | - | - |
| Income tax paid | (8,230,765) | (8,779,160) | - | - |
| Income tax refunded | - | 275,332 | - | 74,072 |
| Interest paid | (720,718) | (400,497) | (145,833) | - |
| Interest received | 446,603 | 373,822 | 228,394 | 83,485 |
| NET CASH FROM OPERATING ACTIVITIES/ CARRIED FORWARD | 20,719,131 | 26,699,882 | 10,349,702 | 10,075,543 |

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

STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

| | NOTE | THE GROUP | | THE COMPANY | |
|---|------|--------------|--------------|--------------|--------------|
| | | 2012 RM | 2011 RM | 2012 RM | 2011 RM |
| NET CASH FROM OPERATING ACTIVITIES/BROUGHT FORWARD | | 20,719,131 | 26,699,882 | 10,349,702 | 10,075,543 |
| CASH FLOWS FOR INVESTING ACTIVITIES | | | | | |
| Disposal of a subsidiary, net of cash and cash equivalents disposed | 26 | 564,439 | - | - | - |
| Proceeds from disposal of investments | | - | 500 | - | - |
| Proceeds from disposal of property, plant and equipment | | 418,435 | 382,671 | - | - |
| Purchase of investments in subsidiaries | | - | - | (17,462,750) | (12,000,000) |
| Purchase of property, plant and equipment | 27 | (33,241,174) | (16,886,409) | (30,273) | (619,360) |
| NET CASH FOR INVESTING ACTIVITIES | | (32,258,300) | (16,503,238) | (17,493,023) | (12,619,360) |
| CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES | | | | | |
| Net decrease in amount owing by subsidiaries | | - | - | 1,934,191 | 11,364,700 |
| Dividend paid:- | | | | | |
| - by the Company | | (5,210,763) | (4,553,638) | (5,210,763) | (4,553,638) |
| - by subsidiaries to non- controlling interests | | (221,600) | (101,600) | - | - |
| Drawdown of revolving credit | | 10,000,000 | - | 10,000,000 | - |
| Net of drawdown/(repayment) of bankers' acceptance | | 4,420,000 | (2,117,000) | - | - |
| Purchase of treasury shares | | (1,478,657) | (5,316,802) | (1,478,657) | (5,316,802) |
| Repayment of hire purchase obligations | | (84,398) | (35,326) | - | - |
| Repayment of term loans | | (668,858) | (462,704) | - | - |
| NET CASH FROM/(FOR) FINANCING ACTIVITIES | | 6,755,724 | (12,587,070) | 5,244,771 | 1,494,260 |

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

STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

| | NOTE | THE GROUP | | THE COMPANY | |
|---|------|-------------------|-------------------|----------------|------------------|
| | | 2012 RM | 2011 RM | 2012 RM | 2011 RM |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | | (4,783,445) | (2,390,426) | (1,898,550) | (1,049,557) |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS | | (186,915) | 19,699 | - | - |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR | | 26,312,573 | 28,683,300 | 2,272,477 | 3,322,034 |
| CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR | 28 | <u>21,342,213</u> | <u>26,312,573</u> | <u>373,927</u> | <u>2,272,477</u> |

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

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 23 October 2012.

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 year.

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 Companies Act 1965 in Malaysia.

- (a) During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments):-

FRSs and IC Interpretations (including the Consequential Amendments)

Amendments to FRS 1 (Revised): Limited Exemption from Comparative FRS 7
Disclosures for First-time Adopters

Amendments to FRS 1 (Revised): Additional Exemptions for First-time Adopters

Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions

Amendments to FRS 7: Improving Disclosures about Financial Instruments

IC Interpretation 4 Determining Whether an Arrangement Contains a Lease

IC Interpretation 18 Transfers of Assets from Customers

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

3. BASIS OF PREPARATION (CONT'D)

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

IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments

Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement

Annual Improvements to FRSs (2010)

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, other than the following:-

- (i) Amendments to FRS 7 expand the disclosure requirements in respect of fair value measurement and liquidity risk. In particular, the amendments require additional disclosure of fair value measurement by level of a fair value measurement hierarchy, as shown in Note 35(e) to the financial statements.
- (ii) Annual Improvements to FRSs (2010) contain amendments to 11 accounting standards that result in accounting changes for presentation, recognition or measurement purposes.

The amendments to FRS 101 (Revised) clarify that an entity may choose to present the analysis of the items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The Group has chosen to present the items of other comprehensive income in the statement of changes in equity.

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

| FRSs and IC Interpretations (including the Consequential Amendments) | Effective date |
|--|-----------------------|
| FRS 9 Financial Instruments | 1 January 2015 |
| FRS 10 Consolidated Financial Statements | 1 January 2013 |
| FRS 11 Joint Arrangements | 1 January 2013 |
| FRS 12 Disclosure of Interests in Other Entities | 1 January 2013 |
| FRS 13 Fair Value Measurement | 1 January 2013 |
| FRS 119 (Revised) Employee Benefits | 1 January 2013 |
| FRS 124 (Revised) Related Party Disclosures | 1 January 2012 |
| FRS 127 (2011) Separate Financial Statements | 1 January 2013 |
| FRS 128 (2011) Investments in Associates and Joint Ventures | 1 January 2013 |
| Amendments to FRS 1 (Revised): Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters | 1 January 2012 |
| Amendments to FRS 1 (Revised): Government Loans | 1 January 2013 |
| Amendments to FRS 7: Disclosures – Transfers of Financial Assets | 1 January 2012 |
| Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities | 1 January 2013 |
| Amendments to FRS 9: Mandatory Effective Date of FRS 9 and Transition Disclosures | 1 January 2015 |
| Amendments to FRS 10, FRS 11 and FRS 12: Transition Guidance | 1 January 2013 |
| Amendments to FRS 101 (Revised): Presentation of Items of Other Comprehensive Income | 1 July 2012 |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

3. BASIS OF PREPARATION (CONT'D)

- (b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year (cont'd):-

| FRSs and IC Interpretations (including the Consequential Amendments) | Effective date |
|--|-------------------------------|
| Amendments to FRS 112: Recovery of Underlying Assets | 1 January 2012 |
| Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities | 1 January 2014 |
| IC Interpretation 15 Agreements for the Construction of Real Estate | Withdrawn on 19 November 2011 |
| IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine | 1 January 2013 |
| Annual Improvements to FRSs (2012) | 1 January 2013 |

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

- (i) 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 two 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. The effective date of this standard has been deferred from 1 January 2013 to 1 January 2014. Transitional provisions in FRS 9 were also amended to provide certain relief from retrospective adjustments.
- (ii) FRS 10 replaces the consolidation guidance in FRS 127 and IC Interpretation 112 *Consolidation – Special Purpose Entities*. Under FRS 10, there is only one basis for consolidation, which is control. Extensive guidance has been provided in the standard to assist in the determination of control.
- (iii) 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 the disclosure requirements in this standard are more extensive than those in the current standards. Accordingly, there will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.
- (iv) FRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurement. The scope of FRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other FRSs require or permit fair value measurement and disclosures about fair value measurement, except in specified circumstances. In general, the disclosure requirements in FRS 13 are more extensive than those required in the current standards and therefore there will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

3. BASIS OF PREPARATION (CONT'D)

- (b) The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations, except as follows (cont'd):-
 - (v) The amendments to FRS 101 (Revised) retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. In addition, items presented in other comprehensive income section are to be grouped based on whether they are potentially re-classifiable to profit or loss subsequently, i.e. those that might be reclassified and those that will not be reclassified. Income tax on items of other comprehensive income is required to be allocated on the same basis. There will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.
- (c) 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").

On 30 June 2012, MASB announced that the Transitioning Entities are allowed to defer the adoption of the MFRSs to annual periods beginning on or after 1 January 2014 after which the MFRSs will become mandatory. The Group falls within the definition of Transitioning Entities and has opted to prepare its first MFRSs financial statements for the financial year ending 30 June 2015.

In representing its first MFRSs financial statements, the Group will quantify the financial effects of the differences between the current FRSs and MFRSs. The Group has commenced transitioning its accounting policies and financial reporting from the current FRSs to MFRSs. However, the Group has not completed its quantification of the financial effects of the differences between FRSs and MFRSs due to the ongoing assessment by the management. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group expects to be in a position to fully comply with the requirements of MFRSs for the financial year ending 30 June 2015.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) 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:-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Critical Accounting Estimates and Judgements (Cont'd)

(i) *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.

(ii) *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.

(iii) *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.

(iv) *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.

(v) *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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Critical Accounting Estimates and Judgements (Cont'd)

(vi) *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.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 30 June 2012.

A subsidiary is defined as a company in which the parent company has the power, directly or indirectly, to exercise control over its financial and operating policies so as to obtain benefits from its activities.

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.

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 Company's shareholders' equity, and are separately disclosed in the consolidated statement of comprehensive income. Transactions with non-controlling interests are accounted for as transactions with owners and are recognised directly in equity. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent 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 value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

Upon loss of control of a subsidiary, the profit or loss on disposal 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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Consolidation (Cont'd)

- (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 (i.e. reclassified to profit or loss or transferred directly to retained profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. 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 127.

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.

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.

(c) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Goodwill (Cont'd)

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.

(d) Functional and Foreign Currencies

(i) *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, which is the Company's functional and presentation currency.

(ii) *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.

(iii) *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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Functional and Foreign Currencies (Cont'd)

(iii) Foreign Operations (cont'd)

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.

(e) 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.

(i) 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.

- *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.

- *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 revenue recognised on an effective yield basis.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments (Cont'd)

(i) Financial Assets (cont'd)

- *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.

- *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.

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

(ii) 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.

(iii) Equity Instruments

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments (Cont'd)

(iv) *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.

(v) *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.

(f) 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.

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.

(g) Investments in Associates

An associate is an entity in which the Group and the Company have 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 investment in an associate is accounted for under the equity method, based on the financial statements of the associate made up to 30 June 2012. The Group's share of the post-acquisition profits of the associate is included in the consolidated statement of comprehensive income and 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Investments in Associates (Cont'd)

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

(h) 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 calculated under 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Impairment

(i) *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.

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 investment 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.

(ii) *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 immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

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, unless the asset is

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Impairment (Cont'd)

(ii) *Impairment of Non-financial Assets (cont'd)*

carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the statements of comprehensive income, a reversal of that impairment loss is recognised as income in the statements of comprehensive income.

(j) Assets under Hire Purchase

Assets acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 4(h) 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.

(k) 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 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 necessary to make the sale.

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items. The Group writes down its obsolete or slow-moving inventories based on assessment of the condition and the future demand for the inventories. These inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recovered.

(l) 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 year 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Income Taxes (Cont'd)

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.

(m) 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.

(n) 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.

(o) Employee Benefits

(i) Short-term Benefits

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

(ii) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Related Parties

A party is related to an entity if:-

- (i) directly, or indirectly through one or more intermediaries, the party:-
 - controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
 - has an interest in the entity that gives it significant influence over the entity; or
 - has joint control over the entity;
- (ii) the party is an associate of the entity;
- (iii) the party is a joint venture in which the entity is a venturer;
- (iv) the party is a member of the key management personnel of the entity or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

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

(q) 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.

(r) Revenue and Other Income

(i) *Sale of Goods*

Revenue is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Revenue and Other Income (Cont'd)

(ii) *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.

(iii) *Interest income*

Interest income is recognised on an accrual basis.

(iv) *Dividend income*

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

(v) *Rental income*

Rental income is recognised on an accrual basis.

(s) 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.

(t) Borrowing Costs

Borrowing costs directly attributable to the acquisition and construction of property, plant and equipment 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

5. INVESTMENTS IN SUBSIDIARIES

| | THE COMPANY | |
|---------------------------------------|-------------------|-------------------|
| | 2012 RM | 2011 RM |
| Unquoted shares, at cost | | |
| - in Malaysia | 53,012,229 | 53,012,229 |
| - outside Malaysia | 18,199,670 | 736,920 |
| | <hr/> | <hr/> |
| | 71,211,899 | 53,749,149 |
| Less: Allowance for impairment losses | (335,000) | - |
| | <hr/> | <hr/> |
| | <u>70,876,899</u> | <u>53,749,149</u> |

The details of the subsidiaries are as follows:-

| Name of Company | Country of Incorporation | Effective Equity Interest | | Principal Activities |
|--|--------------------------|---------------------------|-----------|---|
| | | 2012 % | 2011 % | |
| 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 Aquaculture Sdn Bhd | Malaysia | 100.0 | 100.0 | In liquidation |
| 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 |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

| Name of Company | Country of Incorporation | Effective Equity Interest | | Principal Activities |
|---|--------------------------|---------------------------|-----------|---|
| | | 2012 % | 2011 % | |
| Pt. Adilmart [^] | Indonesia | 99.6 | - | Retailing in coldstorage products and fish farming |
| Zhang Agriculture Development (Sabah) Sdn Bhd | Malaysia | 100.0 | 100.0 | Poultry breeding and trading |
| SUBSIDIARY OF ABLEWAY SDN BHD:- | | | | |
| Angkutan Golden Plan Sdn Bhd | Malaysia | 100.0 | 100.0 | Provision of transportation services |
| SUBSIDIARIES OF CCK FRESH MART SDN BHD:- | | | | |
| Mukah Seafoods Industries Sdn Bhd | Malaysia | 78.1 | 78.1 | Trading of seafood and coldstorage products |
| Pt. Adilmart [^] | Indonesia | - | 90.0 | Retailing in coldstorage products and fish farming |
| SUBSIDIARY OF CENTRAL COLDSTORAGE KUCHING SDN BHD:- | | | | |
| CCK-BME Sdn Bhd | Malaysia | 60.0 | 60.0 | Dormant |
| Poultry Industry (S) Sdn Bhd | Malaysia | 100.0 | 100.0 | Livestock breeding and trading |
| Vibrant Team Sdn Bhd [^] | Malaysia | - | 100.0 | Liquidated |
| Zhang Agriculture Development Sdn Bhd | Malaysia | 100.0 | 100.0 | Poultry breeding and trading |
| SUBSIDIARY OF POULTRY INDUSTRY (S) SDN BHD:- | | | | |
| Farm Land Supplies & Veterinary Services Sdn Bhd | Malaysia | 60.0 | 60.0 | Fish farming, and provision of veterinary supplies and related services |

[^] These subsidiaries were audited by other firms of chartered accountants

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

6. INVESTMENTS IN ASSOCIATES

| | THE GROUP | | THE COMPANY | |
|-----------------------------------|----------------|----------------|----------------|----------------|
| | 2012 RM | 2011 RM | 2012 RM | 2011 RM |
| Unquoted shares, at cost | 450,000 | 450,001 | 450,000 | 450,000 |
| Share of post-acquisition profits | 535,483 | 463,782 | - | - |
| | <u>985,483</u> | <u>913,783</u> | <u>450,000</u> | <u>450,000</u> |

(a) The details of the associates are as follows:-

| Name of Company | Country of Incorporation | Effective Equity Interest | | Principal Activities |
|---|-----------------------------|------------------------------|-----------|--|
| | | 2012 % | 2011 % | |
| C. S. Choice Food Industries Sdn Bhd | Malaysia | 50.0 | 50.0 | Manufacturing, processing, packing and distribution of meat and other food products |

ASSOCIATE OF CCK FRESH MART SDN BHD:-

| | | | | |
|---|----------|---|------|------------|
| Fishmart Marketing (Sarawak) Sdn Bhd | Malaysia | - | 50.0 | Struck off |
|---|----------|---|------|------------|

(b) The summarised financial information of the associates is as follows:-

| | THE GROUP | |
|-------------------------------|-----------------------------|-----------------------------|
| | 2012 RM | 2011 RM |
| Assets and liabilities | | |
| Total assets | 5,606,311 | 4,627,624 |
| Total liabilities | 3,635,348 | 2,800,060 |
| | <u> </u> | <u> </u> |
| Results | | |
| Revenue | 9,569,449 | 8,197,496 |
| Profit after taxation | 143,399 | 87,906 |
| | <u> </u> | <u> </u> |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

7. PROPERTY, PLANT AND EQUIPMENT

| THE GROUP | At | Exchange Differences | Additions | Disposals | Reclassification | Depreciation Charge | At |
|-----------------------------------|-------------------|----------------------|-------------------|------------------|------------------|---------------------|-------------------|
| | 1.7.2011 | | | | | | 30.6.2012 |
| | RM | RM | RM | RM | RM | RM | RM |
| NET BOOK VALUE | | | | | | | |
| Freehold land | 2,418,884 | - | - | - | - | - | 2,418,884 |
| Leasehold land | 13,643,426 | (118,120) | 5,155,826 | - | - | (607,368) | 18,073,764 |
| Buildings | 23,794,516 | - | 3,006,060 | (242,218) | 4,782,980 | (1,638,520) | 29,702,818 |
| Furniture, fittings and equipment | 3,666,062 | (11,043) | 2,077,351 | (16,029) | (5,900) | (1,019,577) | 4,690,864 |
| Coldroom, plant and machinery | 12,761,368 | (116,636) | 5,384,032 | (145,269) | 2,000,430 | (2,905,313) | 16,978,612 |
| Motor vehicles | 2,255,327 | (4,494) | 2,222,834 | (60,251) | 31,200 | (1,121,899) | 3,322,717 |
| Renovation | 2,641,171 | (13,428) | 1,483,665 | - | 290,803 | (775,151) | 3,627,060 |
| Capital work-in-progress | 6,243,794 | (109,468) | 14,031,304 | - | (7,099,513) | - | 13,066,117 |
| | 67,424,548 | (373,189) | 33,361,072 | (463,767) | - | (8,067,828) | 91,880,836 |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

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

| THE GROUP | At | Exchange | Additions | Disposals | Reclassification | Depreciation | At |
|-----------------------------------|----------------|-------------------|------------|-----------|------------------|--------------|-----------------|
| | 1.7.2010 RM | Differences RM | RM | RM | RM | Charge RM | 30.6.2011 RM |
| NET BOOK VALUES | | | | | | | |
| Freehold land | 2,418,884 | - | - | - | - | - | 2,418,884 |
| Leasehold land | 7,853,926 | - | 6,285,559 | - | - | (496,059) | 13,643,426 |
| Buildings | 23,346,126 | - | 1,799,911 | (34,956) | - | (1,316,565) | 23,794,516 |
| Furniture, fittings and equipment | 3,288,469 | (5,467) | 1,210,703 | (9,254) | (15,745) | (802,644) | 3,666,062 |
| Coldroom, plant and machinery | 9,794,050 | (7,126) | 3,056,533 | (439,150) | 2,462,989 | (2,105,928) | 12,761,368 |
| Motor vehicles | 1,762,019 | (1,862) | 1,427,996 | (5,076) | (34,228) | (893,522) | 2,255,327 |
| Renovation | 2,001,981 | (1,538) | 997,272 | (1) | 169,283 | (525,826) | 2,641,171 |
| Capital work-in-progress | 1,572,499 | (4,841) | 7,258,435 | - | (2,582,299) | - | 6,243,794 |
| | 52,037,954 | (20,834) | 22,036,409 | (488,437) | - | (6,140,544) | 67,424,548 |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

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

| THE GROUP | AT COST RM | ACCUMULATED DEPRECIATION RM | NET BOOK VALUE RM |
|-----------------------------------|--------------------|-----------------------------------|-------------------------|
| At 30.6.2012 | | | |
| Freehold land | 2,418,884 | - | 2,418,884 |
| Leasehold land | 23,196,669 | (5,122,905) | 18,073,764 |
| Buildings | 46,332,907 | (16,630,089) | 29,702,818 |
| Furniture, fittings and equipment | 15,647,372 | (10,956,508) | 4,690,864 |
| Coldroom, plant and machinery | 48,479,711 | (31,501,099) | 16,978,612 |
| Motor vehicles | 12,880,953 | (9,558,236) | 3,322,717 |
| Renovation | 7,774,250 | (4,147,190) | 3,627,060 |
| Capital work-in-progress | 13,066,117 | - | 13,066,117 |
| | 169,796,863 | (77,916,027) | 91,880,836 |

| THE GROUP | AT COST RM | ACCUMULATED DEPRECIATION RM | NET BOOK VALUE RM |
|-----------------------------------|--------------------|-----------------------------------|-------------------------|
| At 30.6.2011 | | | |
| Freehold land | 2,418,884 | - | 2,418,884 |
| Leasehold land | 18,160,392 | (4,516,966) | 13,643,426 |
| Buildings | 38,776,304 | (14,981,788) | 23,794,516 |
| Furniture, fittings and equipment | 13,703,090 | (10,037,028) | 3,666,062 |
| Coldroom, plant and machinery | 41,705,263 | (28,943,895) | 12,761,368 |
| Motor vehicles | 11,438,756 | (9,183,429) | 2,255,327 |
| Renovation | 6,039,438 | (3,398,267) | 2,641,171 |
| Capital work-in-progress | 6,243,794 | - | 6,243,794 |
| | 138,485,921 | (71,061,373) | 67,424,548 |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

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

| THE COMPANY | AT 1.7.2011 RM | ADDITIONS RM | DEPRECIATION CHARGE RM | AT 30.6.2012 RM |
|----------------|----------------------|-----------------|------------------------------|-----------------------|
| NET BOOK VALUE | | | | |
| Leasehold land | 860,607 | - | (166,099) | 694,508 |
| Equipment | 1 | 30,273 | (5,198) | 25,076 |
| | <u>860,608</u> | <u>30,273</u> | <u>(171,297)</u> | <u>719,584</u> |

| THE COMPANY | AT 1.7.2010 RM | ADDITIONS RM | DEPRECIATION CHARGE RM | AT 30.6.2011 RM |
|----------------|----------------------|-----------------|------------------------------|-----------------------|
| NET BOOK VALUE | | | | |
| Leasehold land | 403,815 | 619,360 | (162,568) | 860,607 |
| Equipment | 681 | - | (680) | 1 |
| | <u>404,496</u> | <u>619,360</u> | <u>(163,248)</u> | <u>860,608</u> |

| THE COMPANY | AT COST RM | ACCUMULATED DEPRECIATION RM | NET BOOK VALUE RM |
|----------------|------------------|-----------------------------------|-------------------------|
| AT 30.6.2012 | | | |
| Leasehold land | 2,565,445 | (1,870,937) | 694,508 |
| Equipment | 45,373 | (20,297) | 25,076 |
| | <u>2,610,818</u> | <u>(1,891,234)</u> | <u>719,584</u> |

| THE COMPANY | AT COST RM | ACCUMULATED DEPRECIATION RM | NET BOOK VALUE RM |
|----------------|------------------|-----------------------------------|-------------------------|
| AT 30.6.2011 | | | |
| Leasehold land | 2,565,445 | (1,704,838) | 860,607 |
| Equipment | 15,100 | (15,099) | 1 |
| | <u>2,580,545</u> | <u>(1,719,937)</u> | <u>860,608</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

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

- (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 RM339,081 (2011: RM224,570), 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 | |
|----------------|-------------------|-------------------|
| | 2012 RM | 2011 RM |
| Leasehold land | 4,816,654 | 4,983,879 |
| Buildings | 9,354,606 | 9,820,942 |
| | <u>14,171,260</u> | <u>14,804,821</u> |

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

| | THE GROUP | | THE COMPANY | |
|--|-------------------|-------------------|----------------|----------------|
| | 2012 RM | 2011 RM | 2012 RM | 2011 RM |
| Unexpired period of less than 50 years | 7,557,079 | 8,055,499 | 694,508 | 860,607 |
| Unexpired period of more than 50 years | 10,516,685 | 5,587,927 | - | - |
| | <u>18,073,764</u> | <u>13,643,426</u> | <u>694,508</u> | <u>860,607</u> |

8. DEFERRED TAX

| | THE GROUP | |
|--|------------------|------------------|
| | 2012 RM | 2011 RM |
| At 1 July | 2,531,923 | 2,704,081 |
| Effect of adopting FRS 139 | - | (42,690) |
| Recognised in profit or loss (Note 23) | 212,225 | (129,028) |
| Exchange differences | (724) | (440) |
| At 30 June | <u>2,743,424</u> | <u>2,531,923</u> |

The deferred tax is attributable to the following:-

| | THE GROUP | |
|--|------------------|------------------|
| | 2012 RM | 2011 RM |
| Property, plant and equipment | 3,346,544 | 3,063,996 |
| Provision for employee benefits | (401,919) | (166,750) |
| Receivables | (27,466) | (94,401) |
| Unused tax losses and unabsorbed capital allowance | (188,100) | (257,247) |
| Others | 14,365 | (13,675) |
| At 30 June | <u>2,743,424</u> | <u>2,531,923</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

8. DEFERRED TAX (CONT'D)

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 | |
|--------------------------|------------------|------------------|
| | 2012 RM | 2011 RM |
| Deferred tax liabilities | 2,827,680 | 2,531,923 |
| Deferred tax assets | (84,256) | - |
| | <u>2,743,424</u> | <u>2,531,923</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 | |
|--|------------------|------------------|
| | 2012 RM | 2011 RM |
| Unused tax losses and unabsorbed capital allowance | 2,920,612 | 3,344,610 |
| Other deductible temporary differences | 124,400 | - |
| | <u>3,045,012</u> | <u>3,344,610</u> |

9. INVENTORIES

| | THE GROUP | |
|----------------------|-------------------|-------------------|
| | 2012 RM | 2011 RM |
| At Cost:- | | |
| Trading goods | 34,057,709 | 29,650,426 |
| Raw materials | 1,058,583 | 866,618 |
| Aquaculture products | 1,360,748 | 1,473,379 |
| Consumable stores | 1,786,257 | 1,648,099 |
| | <u>38,263,297</u> | <u>33,638,522</u> |

None of the inventories is carried at net realisable value.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

10. TRADE RECEIVABLES

| | THE GROUP | |
|---------------------------------------|-------------------|-------------------|
| | 2012 RM | 2011 RM |
| Trade receivables | 35,777,900 | 30,895,640 |
| Less: Allowance for impairment losses | (1,184,992) | (763,060) |
| | <u>34,592,908</u> | <u>30,132,580</u> |
| Allowance for impairment losses:- | | |
| At 1 July | 763,060 | 2,220,866 |
| Effect of adopting FRS 139 | - | 219,712 |
| Addition during the financial year | 657,996 | 281,844 |
| Reversal during the financial year | (119,281) | (103,526) |
| Write-off during the financial year | (116,783) | (1,855,836) |
| At 30 June | <u>1,184,992</u> | <u>763,060</u> |

The Group's normal trade credit terms range from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

11. OTHER RECEIVABLES AND DEPOSITS

| | THE GROUP | | THE COMPANY | |
|---------------------------------------|------------------|------------------|----------------|----------------|
| | 2012 RM | 2011 RM | 2012 RM | 2011 RM |
| Other receivables and deposits | 8,551,847 | 6,683,245 | 987,510 | 377,278 |
| Less: Allowance for impairment losses | (48,354) | (58,354) | - | - |
| | <u>8,503,493</u> | <u>6,624,891</u> | <u>987,510</u> | <u>377,278</u> |
| Allowance for impairment losses:- | | | | |
| At 1 July | 58,354 | 17,593 | - | - |
| Effect of adopting FRS 139 | - | 40,761 | - | - |
| Reversal during the financial year | (10,000) | - | - | - |
| At 30 June | <u>48,354</u> | <u>58,354</u> | <u>-</u> | <u>-</u> |

12. AMOUNT OWING BY/(TO) SUBSIDIARIES

Included in amount owing by subsidiaries is an amount of RM10,000,000 (2011: NIL), which is unsecured advances granted to two subsidiaries. The advances carry interest at rate of 5.0% (2011: NIL) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

13. SHARE CAPITAL

| | THE GROUP/THE COMPANY | | | |
|----------------------------------|--------------------------|-------------|-------------|-------------|
| | 2012 NUMBER OF SHARES | 2011 | 2012 RM | 2011 RM |
| Ordinary Shares of RM0.50 Each:- | | | | |
| Authorised | 200,000,000 | 200,000,000 | 100,000,000 | 100,000,000 |
| Issued and fully paid-up | 157,679,700 | 157,679,700 | 78,839,850 | 78,839,850 |

14. TREASURY SHARES

During the financial year, the Company purchased 1,778,500 of its issued ordinary shares from the open market at an average price of RM0.83 per ordinary share. The total consideration paid for the purchase was RM1,478,657 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, 511,837 ordinary shares are held as treasury shares by the Company. None of the treasury shares were resold or cancelled during the financial year.

15. RESERVES

| | THE GROUP | | THE COMPANY | |
|--------------------------------------|------------|------------|-------------|------------|
| | 2012 RM | 2011 RM | 2012 RM | 2011 RM |
| Non-distributable:- | | | | |
| Share premium | 157,800 | 157,800 | 157,800 | 157,800 |
| Foreign exchange translation reserve | (669,010) | 17,349 | - | - |
| | (511,210) | 175,149 | 157,800 | 157,800 |
| Distributable:- | | | | |
| Retained profits | 64,566,835 | 57,256,591 | 9,439,113 | 11,632,555 |
| | 64,055,625 | 57,431,740 | 9,596,913 | 11,790,355 |

- 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 a foreign subsidiary and is not distributable by way of dividends.
- As at the end of the reporting period, the Company will be able to distribute dividends out of its entire retained profits under the single tier tax system without incurring additional tax liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

16. BANK BORROWINGS

| | THE GROUP | | THE COMPANY | |
|-------------------------------------|-------------------|-------------------|-------------------|------------|
| | 2012 RM | 2011 RM | 2012 RM | 2011 RM |
| Long-term borrowings:- | | | | |
| Hire purchase obligations (Note 17) | 48,165 | 65,318 | - | - |
| Term loans, secured | 3,464,141 | 4,111,705 | - | - |
| | <u>3,512,306</u> | <u>4,177,023</u> | <u>-</u> | <u>-</u> |
| Short-term borrowings:- | | | | |
| Bank overdrafts, secured | 1,661,445 | 747,918 | - | - |
| Bankers' acceptance, secured | 11,023,000 | 6,603,000 | - | - |
| Hire purchase obligations (Note 17) | 102,009 | 49,356 | - | - |
| Revolving credit, unsecured | 10,000,000 | - | 10,000,000 | - |
| Term loans, secured | 664,807 | 686,101 | - | - |
| | <u>23,451,261</u> | <u>8,086,375</u> | <u>10,000,000</u> | <u>-</u> |
| Total borrowings | <u>26,963,567</u> | <u>12,263,398</u> | <u>10,000,000</u> | <u>-</u> |

The term loans are repayable as follows:-

| | THE GROUP | |
|--|------------------|------------------|
| | 2012 RM | 2011 RM |
| Current portion:- | | |
| - not later than one year | 664,807 | 686,101 |
| Non-current portion:- | | |
| - later than one year and not later than two years | 684,165 | 667,136 |
| - later than two years and not later than five years | 2,242,383 | 2,148,786 |
| - later than five years | 537,593 | 1,295,783 |
| | <u>3,464,141</u> | <u>4,111,705</u> |
| | <u>4,128,948</u> | <u>4,797,806</u> |

The bank borrowings of the Group are supported by:-

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

16. BANK BORROWINGS (CONT'D)

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

| | |
|--|--|
| Term loan 1 [at BLR + 0.20% per annum] | Repayable in 60 monthly instalments of RM3,758 each, effective from January 2008. |
| Term loan 2 [at BLR - 2.20% per annum] | Repayable in 84 monthly instalments of RM68,575 each, effective from January 2011. |

17. HIRE PURCHASE OBLIGATIONS

| | THE GROUP | |
|--|-------------|-------------|
| | 2012 RM | 2011 RM |
| Minimum hire purchase payments:- | | |
| - not later than one year | 107,376 | 53,976 |
| - later than one year and not later than two years | 49,457 | 53,976 |
| - later than two years and not later than five years | - | 13,491 |
| | <hr/> | <hr/> |
| | 156,833 | 121,443 |
| Less: Future finance charges | (6,659) | (6,769) |
| | <hr/> | <hr/> |
| Present value of hire purchase obligations | 150,174 | 114,674 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Current portion:- | | |
| - not later than one year | 102,009 | 49,356 |
| Non-current portion:- | | |
| - later than one year and not later than two years | 48,165 | 51,934 |
| - later than two years and not later than five years | - | 13,384 |
| | <hr/> | <hr/> |
| | 48,165 | 65,318 |
| | <hr/> <hr/> | <hr/> <hr/> |
| | 150,174 | 114,674 |
| | <hr/> <hr/> | <hr/> <hr/> |

18. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 60 to 90 days.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

19. PROVISION FOR EMPLOYEE BENEFITS

| | THE GROUP | |
|---------------------------------------|-------------|-------------|
| | 2012 RM | 2011 RM |
| At 1 July | 1,503,971 | 1,130,929 |
| Addition during the financial year | 1,530,219 | 1,503,971 |
| Utilisation during the financial year | (1,265,688) | (1,130,929) |
| Reversal during the financial year | (75,181) | - |
| | <hr/> | <hr/> |
| At 30 June | 1,693,321 | 1,503,971 |
| | <hr/> <hr/> | <hr/> <hr/> |

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

20. REVENUE

| | THE GROUP | | THE COMPANY | |
|-----------------------|-------------|-------------|-------------|-------------|
| | 2012 RM | 2011 RM | 2012 RM | 2011 RM |
| Dividend income | - | - | 12,000,000 | 11,220,597 |
| Management fee | - | - | 366,000 | 366,000 |
| Trading sales | 410,985,793 | 376,248,362 | - | - |
| Transportation income | 356,401 | 400,775 | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 411,342,194 | 376,649,137 | 12,366,000 | 11,586,597 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

21. FINANCE COSTS

| | THE GROUP | | THE COMPANY | |
|---------------------------|-------------|-------------|-------------|-------------|
| | 2012 RM | 2011 RM | 2012 RM | 2011 RM |
| Interest expense on:- | | | | |
| Bank overdrafts | 43,234 | 9,204 | - | - |
| Bankers' acceptance | 340,622 | 287,231 | - | - |
| Hire purchase obligations | 8,661 | 5,157 | - | - |
| Revolving credit | 145,833 | - | 145,833 | - |
| Term loans | 182,368 | 98,905 | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 720,718 | 400,497 | 145,833 | - |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

22. PROFIT BEFORE TAXATION

| | THE GROUP | | THE COMPANY | |
|--|------------|------------|-------------|------------|
| | 2012 RM | 2011 RM | 2012 RM | 2011 RM |
| Profit before taxation is arrived at after charging/ (crediting):- | | | | |
| Allowance for impairment losses on investments | - | - | 335,000 | - |
| Allowance for impairment losses on receivables | 657,996 | 281,844 | - | - |
| Allowance for impairment losses on receivables no longer required | (129,281) | (103,526) | - | - |
| Audit fee:- | | | | |
| - current financial year | 283,740 | 169,175 | 50,000 | 20,000 |
| - overprovision in the previous financial year | (5,450) | (6,500) | - | (500) |
| Bad debts recovered | (242,880) | - | - | - |
| Bad debts written off | 76,542 | 246,912 | - | - |
| Depreciation of property, plant and equipment | 8,067,828 | 6,140,544 | 171,297 | 163,248 |
| Directors' fee:- | | | | |
| - directors of the Company | 355,670 | 351,740 | 318,650 | 316,400 |
| - other directors of subsidiaries | 10,400 | 10,440 | - | - |
| Directors' non-fee emoluments:- | | | | |
| - directors of the Company | 2,372,330 | 2,345,220 | 296,123 | 293,440 |
| - other directors of subsidiaries | 957,341 | 973,740 | - | - |
| Finance costs (Note 21) | 720,718 | 400,497 | 145,833 | - |
| Gain on foreign exchange:- | | | | |
| - realised | (651,168) | (35,845) | - | - |
| - unrealised | (27,905) | - | - | - |
| Interest income | (446,603) | (373,822) | (228,394) | (83,485) |
| Inventories written off | 10,343 | - | - | - |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

22. PROFIT BEFORE TAXATION (CONT'D)

| | THE GROUP | | THE COMPANY | |
|--|-------------------|-------------------|----------------|----------------|
| | 2012 RM | 2011 RM | 2012 RM | 2011 RM |
| Profit before taxation is arrived at after charging/ (crediting):- | | | | |
| Loss on disposal of a subsidiary | 12,941 | - | - | - |
| Loss on disposal of investments | - | 49,500 | - | - |
| Loss on disposal of property, plant and equipment | 45,332 | 105,766 | - | - |
| Provision for employee benefits no longer required | (75,181) | - | - | - |
| Rental income | (361,510) | (380,225) | - | - |
| Rental of premises and equipment | 2,920,484 | 2,481,877 | 7,700 | - |
| Share of results in associates | (71,700) | (43,953) | - | - |
| Staff costs (excluding directors):- | | | | |
| - short-term benefits | 23,510,853 | 20,139,104 | 472,789 | 310,957 |
| - defined contribution plans | 2,078,073 | 1,792,006 | 51,503 | 35,678 |
| | <u>23,510,853</u> | <u>20,139,104</u> | <u>472,789</u> | <u>310,957</u> |
| | <u>2,078,073</u> | <u>1,792,006</u> | <u>51,503</u> | <u>35,678</u> |

23. INCOME TAX EXPENSE

| | THE GROUP | | THE COMPANY | |
|---|------------------|------------------|-----------------|----------------|
| | 2012 RM | 2011 RM | 2012 RM | 2011 RM |
| Income tax:- | | | | |
| - Malaysian tax | 7,378,490 | 6,743,852 | - | 344,033 |
| - foreign tax | 210,841 | 191,466 | - | - |
| | <u>7,589,331</u> | <u>6,935,318</u> | <u>-</u> | <u>344,033</u> |
| Under/(over) provision in the previous financial year:- | | | | |
| - Malaysian tax | 108,136 | 126,366 | (69,525) | 118,984 |
| - foreign tax | - | 9,680 | - | - |
| | <u>108,136</u> | <u>136,046</u> | <u>(69,525)</u> | <u>118,984</u> |
| | <u>7,697,467</u> | <u>7,071,364</u> | <u>(69,525)</u> | <u>463,017</u> |
| Deferred tax (Note 8):- | | | | |
| - origination and reversal of temporary differences | 106,888 | (151,583) | - | - |
| - under provision in the previous financial year | 105,337 | 22,555 | - | - |
| | <u>212,225</u> | <u>(129,028)</u> | <u>-</u> | <u>-</u> |
| | <u>7,909,692</u> | <u>6,942,336</u> | <u>(69,525)</u> | <u>463,017</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

23. 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 | |
|--|------------|------------|-------------|-------------|
| | 2012 RM | 2011 RM | 2012 RM | 2011 RM |
| Profit before taxation | 27,748,418 | 25,154,625 | 10,247,477 | 10,246,609 |
| Tax at the statutory tax rate of 25% | 6,937,105 | 6,288,656 | 2,561,869 | 2,561,652 |
| Tax effects of:- | | | | |
| Different tax rates in a foreign subsidiary | - | (13,507) | - | - |
| Non-taxable income | (8,445) | (181,346) | (3,000,000) | (2,368,921) |
| Non-deductible expenses | 1,132,703 | 1,126,269 | 354,381 | 151,302 |
| Control transfers | (2,999) | - | - | - |
| Double deduction | - | (249) | - | - |
| Deferred tax assets not recognised during the financial year | 126,822 | - | 83,750 | - |
| Utilisation of previously unrecognised deferred tax assets | (426,420) | (253,705) | - | - |
| Under/(over) provision in the previous financial year:- | | | | |
| - current tax | 108,136 | 136,046 | (69,525) | 118,984 |
| - deferred tax | 105,337 | 22,555 | - | - |
| Others (62,547) | (182,383) | - | - | - |
| Income tax expense for the financial year | 7,909,692 | 6,942,336 | (69,525) | 463,017 |

24. EARNINGS PER SHARE

| | THE GROUP | |
|---|-------------|-------------|
| | 2012 RM | 2011 RM |
| Profit after taxation (RM) | 19,722,840 | 17,937,569 |
| Weighted average number of ordinary shares:- | | |
| Issued ordinary shares at 1 July | 149,098,140 | 156,323,640 |
| Effect of treasury shares held | (845,908) | (3,806,173) |
| Effect of treasury shares distributed | 2,125,709 | - |
| Weighted average number of ordinary shares at 30 June | 150,377,941 | 152,517,467 |
| Basic earnings per share (Sen) | 13.12 | 11.76 |

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

25. DIVIDENDS

| | THE GROUP/THE COMPANY | | | |
|--|------------------------------|-----------------------------|------------------------------|-----------------------------|
| | 2012 | | 2011 | |
| | 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 2011:- | | | | |
| - First and final single tier dividend | 3.50 | 5,210,763 | - | - |
| Dividend paid in respect of financial year ended 30 June 2010:- | | | | |
| - First and final single tier dividend | - | - | 3.00 | 4,553,638 |
| | <u>3.50</u> | <u>5,210,763</u> | <u>3.00</u> | <u>4,553,638</u> |

On 13 April 2012, the Company distributed 9,848,223 treasury shares amounting to RM7,299,681 as share dividends to its shareholders on the basis of one (1) treasury share for every fifteen (15) existing ordinary shares of RM0.50 each held in the Company.

At the forthcoming Annual General Meeting, a final single tier dividend of 4.0 sen per ordinary share in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year 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 30 June 2013.

26. DISPOSAL OF A SUBSIDIARY

During the financial year, Vibrant Team Sdn Bhd, a wholly-owned subsidiary of the Group, completed its members' voluntary winding up procedures. The capital distribution of RM579,550 was received by the Group in cash. As a result, Vibrant Team 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:-

| | RM |
|--|----------------|
| Other receivables | 580,380 |
| Cash and bank balances | 15,111 |
| Other payables | (3,000) |
| | <u>592,491</u> |
| Less: Loss on disposal of a subsidiary | (12,941) |
| | <u>579,550</u> |
| Less: Cash and cash equivalents of a subsidiary disposed | (15,111) |
| | <u>564,439</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

27. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

| | THE GROUP | | THE COMPANY | |
|---|-------------------|-------------------|---------------|----------------|
| | 2012 RM | 2011 RM | 2012 RM | 2011 RM |
| Cost of property, plant and equipment purchased | 33,361,072 | 22,036,409 | 30,273 | 619,360 |
| Less:- | | | | |
| Amount financed by hire purchase | (119,898) | (150,000) | - | - |
| Amount financed by term loan | - | (5,000,000) | - | - |
| | <u>33,241,174</u> | <u>16,886,409</u> | <u>30,273</u> | <u>619,360</u> |

28. CASH AND CASH EQUIVALENTS

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

| | THE GROUP | | THE COMPANY | |
|------------------------------------|-------------------|-------------------|----------------|------------------|
| | 2012 RM | 2011 RM | 2012 RM | 2011 RM |
| Fixed deposits with licensed banks | - | 2,000,000 | - | 2,000,000 |
| Cash and bank balances | 23,003,658 | 25,060,491 | 373,927 | 272,477 |
| Bank overdrafts | (1,661,445) | (747,918) | - | - |
| | <u>21,342,213</u> | <u>26,312,573</u> | <u>373,927</u> | <u>2,272,477</u> |

29. DIRECTORS' REMUNERATION

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

| | THE GROUP | | THE COMPANY | |
|---------------------------|------------------|------------------|----------------|----------------|
| | 2012 RM | 2011 RM | 2012 RM | 2011 RM |
| DIRECTORS OF THE COMPANY | | | | |
| Executive directors:- | | | | |
| - fee | 66,540 | 72,500 | 48,000 | 56,000 |
| - non-fee emoluments | 2,372,330 | 2,345,220 | 296,123 | 293,440 |
| Non-executive directors:- | | | | |
| - fee | 289,130 | 279,240 | 270,650 | 260,400 |
| | <u>2,728,000</u> | <u>2,696,960</u> | <u>614,773</u> | <u>609,840</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

29. DIRECTORS' REMUNERATION (CONT'D)

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

| | THE GROUP | | THE COMPANY | |
|---------------------------|------------------|------------------|----------------|----------------|
| | 2012 RM | 2011 RM | 2012 RM | 2011 RM |
| DIRECTORS OF SUBSIDIARIES | | | | |
| Executive directors:- | | | | |
| - fee | 10,400 | 10,440 | - | - |
| - non-fee emoluments | 957,341 | 973,740 | - | - |
| | <u>967,741</u> | <u>984,180</u> | <u>-</u> | <u>-</u> |
| | <u>3,695,741</u> | <u>3,681,140</u> | <u>614,773</u> | <u>609,840</u> |

- (b) The number of directors of the Company whose total remuneration during the financial year that fell within the following bands of RM50,000 is analysed below:-

| | NUMBER OF DIRECTORS | |
|---------------------------|---------------------|-----------|
| | 2012 | 2011 |
| Executive directors:- | | |
| RM650,001 – RM700,000 | 1 | - |
| RM600,001 – RM650,000 | - | 1 |
| RM500,001 – RM550,000 | 1 | - |
| RM450,001 – RM500,000 | - | 1 |
| RM300,001 – RM350,000 | 4 | - |
| RM250,001 – RM300,000 | - | 4 |
| Non-executive directors:- | | |
| RM150,001 – RM200,000 | 1 | 1 |
| Below RM50,000 | 5 | 5 |
| | <u>12</u> | <u>12</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

30. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of related parties

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) In addition to the information detailed elsewhere in the financial statements, the Group carried out the following significant transactions with the related parties during the financial year:-

| | THE GROUP | | THE COMPANY | |
|--|------------|------------|-------------|------------|
| | 2012 RM | 2011 RM | 2012 RM | 2011 RM |
| Subsidiaries:- | | | | |
| - Accounting fee | - | - | 24,000 | 24,000 |
| - Dividend income | - | - | 12,000,000 | 11,220,597 |
| - Interest income | - | - | 145,833 | - |
| - Management income | - | - | 366,000 | 366,000 |
| Associates:- | | | | |
| - Purchase of products | 2,426,203 | 1,751,626 | - | - |
| - Sale of products | 1,178,932 | 665,101 | - | - |
| Companies in which the directors and their close family members have substantial financial interests:- | | | | |
| - Rental of premises | 36,000 | 36,000 | - | - |
| - Sale of products | 717,275 | 511,388 | - | - |
| Key management personnel compensation:- | | | | |
| - Short-term benefits | 3,004,520 | 2,864,576 | 264,443 | 262,000 |
| - Defined benefit plans | 325,151 | 454,384 | 31,680 | 31,440 |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

31. 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:-

- (i) Poultry segment – involved in rearing and production of poultry products.
- (ii) Prawn segment – involved in rearing and production of prawn and seafood products.
- (iii) Food ration segment – involved in the supply and trading of food products and related services.
- (iv) Retail segment – involved in trading of coldstorage products.
- (v) 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 YEAR ENDED 30 JUNE 2012

31. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (Cont'd)

2012

Revenue

| | POULTRY RM | PRAWN RM | FOOD RATION RM | RETAIL RM | CORPORATE RM | GROUP RM |
|------------------------------|--------------------|-------------------|-------------------|--------------------|-------------------|---------------------------|
| External revenue | 76,786,525 | 21,362,390 | 30,720,361 | 282,472,918 | - | 411,342,194 |
| Inter-segment revenue | 92,962,311 | 23,707,310 | 1,262,591 | 63,868,488 | 12,366,000 | 194,166,700 |
| | <u>169,748,836</u> | <u>45,069,700</u> | <u>31,982,952</u> | <u>346,341,406</u> | <u>12,366,000</u> | <u>605,508,894</u> |
| Adjustments and eliminations | | | | | | (194,166,700) |
| Consolidated revenue | | | | | | <u><u>411,342,194</u></u> |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

31. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (Cont'd)

2012

Results

| | POULTRY RM | PRAWN RM | FOOD RATION RM | RETAIL RM | CORPORATE RM | GROUP RM |
|---|------------------|------------------|-------------------|-------------------|-------------------|-------------------|
| Segment results | 10,991,132 | 2,791,657 | 2,658,246 | 28,027,052 | 10,333,492 | 54,801,579 |
| Interest income | 11,709 | 69,941 | 7,771 | 128,787 | 228,395 | 446,603 |
| Depreciation of property, plant and equipment | (1,609,430) | (945,478) | (289,196) | (5,052,427) | (171,297) | (8,067,828) |
| Other material non-cash items (Note (b)) | 17,745 | (272,438) | 10,500 | (388,834) | - | (633,027) |
| | <u>9,411,156</u> | <u>1,643,682</u> | <u>2,387,321</u> | <u>22,714,578</u> | <u>10,390,590</u> | <u>46,547,327</u> |
| Share of results in associates | | | | | | 71,700 |
| Finance costs | | | | | | (720,718) |
| Income tax expense | | | | | | (7,909,692) |
| Adjustments and eliminations | | | | | | (18,149,891) |
| Consolidated profit after taxation | | | | | | <u>19,838,726</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

31. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (Cont'd)

2012

Assets

Segment assets

Investments in associates
 Deferred tax assets
 Tax refundable

Consolidated total assets

| | POULTRY RM | PRAWN RM | FOOD RATION RM | RETAIL RM | CORPORATE RM | GROUP RM |
|--|---------------|-------------|-------------------|--------------|-----------------|--------------------|
| | 34,401,400 | 18,555,710 | 16,179,775 | 125,026,286 | 2,081,021 | 196,244,192 |
| | | | | | | 985,483 |
| | | | | | | 84,256 |
| | | | | | | 1,289,684 |
| | | | | | | <u>198,603,615</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

31. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (Cont'd)

2012

Liabilities

Segment liabilities

Deferred tax liabilities

Provision for taxation

Consolidated total liabilities

Other segment items

Additions to non-current assets other than
 financial instruments:-

- property, plant and equipment

| | POULTRY RM | PRAWN RM | FOOD RATION RM | RETAIL RM | CORPORATE RM | GROUP RM |
|---|---------------|-------------|-------------------|--------------|-----------------|-------------|
| Segment liabilities | 9,641,539 | 1,747,958 | 3,253,563 | 25,484,756 | 10,123,062 | 50,250,878 |
| Deferred tax liabilities | | | | | | 2,827,680 |
| Provision for taxation | | | | | | 1,998,293 |
| Consolidated total liabilities | | | | | | 55,076,851 |
| Other segment items | | | | | | |
| Additions to non-current assets other than financial instruments:- | | | | | | |
| - property, plant and equipment | 8,194,014 | 444,647 | 162,417 | 24,529,721 | 30,273 | 33,361,072 |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

31. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (Cont'd)

2011

Revenue

| | POULTRY RM | PRAWN RM | FOOD RATION RM | RETAIL RM | CORPORATE RM | GROUP RM |
|------------------------------|--------------------|-------------------|-------------------|--------------------|-------------------|---------------------------|
| External revenue | 66,242,141 | 19,589,900 | 34,812,011 | 256,005,085 | - | 376,649,137 |
| Inter-segment revenue | 90,537,550 | 20,445,596 | 1,906,813 | 61,444,751 | 11,586,597 | 185,921,307 |
| | <u>156,779,691</u> | <u>40,035,496</u> | <u>36,718,824</u> | <u>317,449,836</u> | <u>11,586,597</u> | <u>562,570,444</u> |
| Adjustments and eliminations | | | | | | (185,921,307) |
| Consolidated revenue | | | | | | <u><u>376,649,137</u></u> |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

31. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (Cont'd)

2011

Results

| | POULTRY RM | PRAWN RM | FOOD RATION RM | RETAIL RM | CORPORATE RM | GROUP RM |
|---|------------------|----------------|-------------------|-------------------|-------------------|-------------------|
| Segment results | 8,311,415 | 1,816,972 | 4,200,092 | 19,124,615 | 10,322,502 | 43,775,596 |
| Interest income | 39,462 | - | 20,843 | 230,032 | 83,485 | 373,822 |
| Depreciation of property, plant and equipment | (1,351,197) | (957,332) | (275,295) | (3,393,472) | (163,248) | (6,140,544) |
| Other material non-cash items (Note (b)) | (361,176) | (120,985) | - | (98,335) | - | (580,496) |
| | <u>6,638,504</u> | <u>738,655</u> | <u>3,945,640</u> | <u>15,862,840</u> | <u>10,242,739</u> | <u>37,428,378</u> |
| Share of results in associates | | | | | | 43,953 |
| Finance costs | | | | | | (400,497) |
| Income tax expense | | | | | | (6,942,336) |
| Adjustments and eliminations | | | | | | (11,917,209) |
| Consolidated profit after taxation | | | | | | <u>18,212,289</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

31. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (Cont'd)

2011

Assets

| | POULTRY RM | PRAWN RM | FOOD RATION RM | RETAIL RM | CORPORATE RM | GROUP RM |
|---------------------------|---------------|-------------|-------------------|--------------|-----------------|--------------------|
| Segment assets | 27,579,228 | 18,933,138 | 16,493,953 | 98,364,350 | 3,510,363 | 164,881,032 |
| Investments in associates | | | | | | 913,783 |
| Tax refundable | | | | | | 321,386 |
| Consolidated total assets | | | | | | <u>166,116,201</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

31. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (Cont'd)

2011

Liabilities

Segment liabilities

Deferred tax liabilities

Provision for taxation

Consolidated total liabilities

Other segment items

Additions to non-current assets other than
financial instruments:-

- property, plant and equipment

| | POULTRY RM | PRAWN RM | FOOD RATION RM | RETAIL RM | CORPORATE RM | GROUP RM |
|---|---------------|-------------|-------------------|--------------|-----------------|-------------|
| Segment liabilities | 5,900,499 | 1,690,556 | 3,162,430 | 19,768,262 | 224,824 | 30,746,571 |
| Deferred tax liabilities | | | | | | 2,531,923 |
| Provision for taxation | | | | | | 1,547,562 |
| Consolidated total liabilities | | | | | | 34,826,056 |
| Other segment items | | | | | | |
| Additions to non-current assets other than financial instruments:- | | | | | | |
| - property, plant and equipment | 2,127,027 | 703,650 | 233,999 | 18,352,373 | 619,360 | 22,036,409 |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

31. 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 | |
|---|----------------|----------------|
| | 2012 RM | 2011 RM |
| Allowance for impairment losses on receivables | 657,996 | 281,844 |
| Allowance for impairment losses on receivables no longer required | (129,281) | (103,526) |
| Bad debts written off | 76,542 | 246,912 |
| Inventories written off | 10,343 | - |
| Loss on disposal of investments | - | 49,500 |
| Loss on disposal of property, plant and equipment | 45,332 | 105,766 |
| Unrealised gain on foreign exchange | (27,905) | - |
| | <u>633,027</u> | <u>580,496</u> |

GEOGRAPHICAL INFORMATION

| | REVENUE | | NON-CURRENT ASSETS | |
|----------------|--------------------|--------------------|--------------------|-------------------|
| | 2012 RM | 2011 RM | 2012 RM | 2011 RM |
| Australia | 1,910,935 | 187,087 | - | - |
| Indonesia | 18,731,467 | 16,240,192 | 13,343,213 | 4,448,038 |
| Japan | 11,530,980 | 8,973,440 | - | - |
| United Kingdom | 273,233 | 859,183 | - | - |
| Malaysia | 378,895,579 | 350,389,235 | 79,607,362 | 63,890,293 |
| | <u>411,342,194</u> | <u>376,649,137</u> | <u>92,950,575</u> | <u>68,338,331</u> |

32. CAPITAL COMMITMENTS

| | THE GROUP | |
|-----------------------------------|------------------|------------------|
| | 2012 RM | 2011 RM |
| Property, plant and equipment:- | | |
| - approved and contracted for | 1,024,828 | 2,675,618 |
| - approved but not contracted for | 2,862,728 | 2,840,000 |
| | <u>3,887,556</u> | <u>5,515,618</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

33. CONTINGENT LIABILITIES

| | THE GROUP | | THE COMPANY | |
|---|------------------|------------------|-------------------|-------------------|
| | 2012 RM | 2011 RM | 2012 RM | 2011 RM |
| Unsecured:- | | | | |
| Corporate guarantee given to licensed banks for credit facilities granted to subsidiaries | - | - | 85,892,000 | 78,992,000 |
| Performance guarantee extended by a subsidiary to third parties | 4,732,288 | 4,717,458 | - | - |
| | <u>4,732,288</u> | <u>4,717,458</u> | <u>85,892,000</u> | <u>78,992,000</u> |

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

34. 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:-

| | 2012 RM | 2011 RM |
|------------------------|------------|------------|
| 100 Indonesian Rupiah | 0.0337 | 0.0352 |
| 1 United States Dollar | 3.1700 | 3.0185 |

35. 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.

(a) Financial Risk Management Policies

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

(i) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

35. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency is as follows:-

| THE GROUP | INDONESIAN RUPIAH RM | UNITED STATES DOLLAR RM | RINGGIT MALAYSIA RM | TOTAL RM |
|--|----------------------------|----------------------------------|---------------------------|-------------------|
| 2012 | | | | |
| Financial assets | | | | |
| Trade receivables | 1,334,510 | 1,165,863 | 32,092,535 | 34,592,908 |
| Other receivables and deposits | 1,557,867 | 28 | 6,945,598 | 8,503,493 |
| Cash and bank balances | 7,653,318 | - | 15,350,340 | 23,003,658 |
| | <u>10,545,695</u> | <u>1,165,891</u> | <u>54,388,473</u> | <u>66,100,059</u> |
| Financial liabilities | | | | |
| Trade payables | 122,329 | - | 16,270,465 | 16,392,794 |
| Other payables, deposits and accruals | 221,914 | 66,448 | 4,912,834 | 5,201,196 |
| Bank borrowings:- | | | | |
| - bank overdrafts | - | - | 1,661,445 | 1,661,445 |
| - other borrowings | - | - | 25,302,122 | 25,302,122 |
| | <u>344,243</u> | <u>66,448</u> | <u>48,146,866</u> | <u>48,557,557</u> |
| Net financial assets/ (liabilities) | 10,201,452 | 1,099,443 | 6,241,607 | 17,542,502 |
| Less: Net financial (assets)/liabilities denominated in the respective entities' functional currencies | (10,201,452) | - | (6,266,399) | (16,467,851) |
| Currency exposure | <u>-</u> | <u>1,099,443</u> | <u>(24,792)</u> | <u>1,074,651</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

35. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency is as follows (cont'd):-

| THE GROUP | INDONESIAN RUPIAH RM | UNITED STATES DOLLAR RM | RINGGIT MALAYSIA RM | TOTAL RM |
|--|----------------------------|----------------------------------|---------------------------|-------------------|
| 2011 | | | | |
| Financial assets | | | | |
| Trade receivables | 686,682 | 600,907 | 28,844,991 | 30,132,580 |
| Other receivables and deposits | 187,446 | - | 6,437,445 | 6,624,891 |
| Fixed deposits with licensed banks | - | - | 2,000,000 | 2,000,000 |
| Cash and bank balances | 263,184 | - | 24,797,307 | 25,060,491 |
| | <u>1,137,312</u> | <u>600,907</u> | <u>62,079,743</u> | <u>63,817,962</u> |
| Financial liabilities | | | | |
| Trade payables | 745,989 | 116,152 | 12,763,654 | 13,625,795 |
| Other payables, deposits and accruals | 142,730 | - | 3,210,677 | 3,353,407 |
| Bank borrowings:- | | | | |
| - bank overdrafts | - | - | 747,918 | 747,918 |
| - other borrowings | - | - | 11,515,480 | 11,515,480 |
| | <u>888,719</u> | <u>116,152</u> | <u>28,237,729</u> | <u>29,242,600</u> |
| Net financial assets/ (liabilities) | 248,593 | 484,755 | 33,842,014 | 34,575,362 |
| Less: Net financial (assets)/liabilities denominated in the respective entities' functional currencies | (248,593) | - | (33,842,014) | (34,090,607) |
| Currency exposure | <u>-</u> | <u>484,755</u> | <u>-</u> | <u>484,755</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

35. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) 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 as at the end of the reporting period, with all other variables held constant:-

| | THE GROUP | |
|---|-------------------------|-------------------------|
| | 2012 | 2011 |
| | INCREASE/ (DECREASE) | INCREASE/ (DECREASE) |
| | RM | RM |
| Effects on profit after taxation | | |
| Indonesian Rupiah:- | | |
| - strengthened by 10% | - | - |
| - weakened by 10% | - | - |
| United States Dollar:- | | |
| - strengthened by 10% | 110,000 | 48,000 |
| - weakened by 10% | (110,000) | (48,000) |
| Effects on equity | | |
| Indonesian Rupiah:- | | |
| - strengthened by 10% | 1,860,000 | 139,000 |
| - weakened by 10% | (1,860,000) | (139,000) |
| United States Dollar:- | | |
| - strengthened by 10% | 110,000 | 48,000 |
| - weakened by 10% | (110,000) | (48,000) |

(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 35(a)(iii) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

35. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) 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 as at the end of the reporting period, with all other variables held constant:-

| | THE GROUP | |
|---|---------------------------------|---------------------------------|
| | 2012 INCREASE/ (DECREASE) | 2011 INCREASE/ (DECREASE) |
| Effects on profit after taxation | | |
| Increase in 25 basis points | (10,000) | (12,000) |
| Decrease in 25 basis points | 10,000 | 12,000 |
| Effects on equity | | |
| Increase in 25 basis points | (10,000) | (12,000) |
| Decrease in 25 basis points | 10,000 | 12,000 |

(iii) Equity Price Risk

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

(ii) 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.

Credit risk concentration profile

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

35. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Credit Risk (Cont'd)

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 | |
|----------------|-------------------|-------------------|
| | 2012 RM | 2011 RM |
| Australia | 488,702 | - |
| Indonesia | 1,334,510 | 686,682 |
| Japan | 585,985 | 600,907 |
| United Kingdom | 91,176 | - |
| Malaysia | 32,092,535 | 28,844,991 |
| | <u>34,592,908</u> | <u>30,132,580</u> |

Ageing analysis

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

| | GROSS AMOUNT RM | INDIVIDUAL IMPAIRMENT RM | COLLECTIVE IMPAIRMENT RM | CARRYING VALUE RM |
|----------------------|-----------------------|--------------------------------|--------------------------------|-------------------------|
| THE GROUP 2012 | | | | |
| Not past due | 16,650,463 | - | - | 16,650,463 |
| Past due:- | | | | |
| - less than 3 months | 8,973,201 | - | - | 8,973,201 |
| - 3 to 6 months | 7,521,190 | (33,039) | - | 7,488,151 |
| - over 6 months | 2,633,046 | (788,090) | (363,863) | 1,481,093 |
| | <u>35,777,900</u> | <u>(821,129)</u> | <u>(363,863)</u> | <u>34,592,908</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

35. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Credit Risk (Cont'd)

Aging analysis (Cont'd)

| THE GROUP 2011 | GROSS AMOUNT RM | INDIVIDUAL IMPAIRMENT RM | COLLECTIVE IMPAIRMENT RM | CARRYING VALUE RM |
|----------------------|-----------------------|--------------------------------|--------------------------------|-------------------------|
| Not past due | 17,674,187 | - | - | 17,674,187 |
| Past due:- | | | | |
| - less than 3 months | 7,955,009 | - | - | 7,955,009 |
| - 3 to 6 months | 4,273,806 | (192,353) | (295,000) | 3,786,453 |
| - over 6 months | 992,638 | (275,707) | - | 716,931 |
| | <u>30,895,640</u> | <u>(468,060)</u> | <u>(295,000)</u> | <u>30,132,580</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.

(iii) 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 YEAR ENDED 30 JUNE 2012

35. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk (Cont'd)

The following table sets out the maturity profile of the financial liabilities as 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):-

| | WEIGHTED AVERAGE EFFECTIVE RATE % | CARRYING AMOUNT RM | CONTRACTUAL UNDISCOUNTED CASH FLOWS RM | | | | | MORE THAN 5 YEARS RM |
|---------------------------------------|---|--------------------------|---|---------------------------|---------------------------|-------------------------|---|----------------------------|
| | | | ON DEMAND OR WITHIN 1 YEAR RM | WITHIN 1-2 YEARS RM | WITHIN 2-5 YEARS RM | WITHIN 5 YEARS RM | | |
| THE GROUP | | | | | | | | |
| 2012 | | | | | | | | |
| Trade payables | - | 16,392,794 | 16,392,794 | - | - | - | - | |
| Other payables, deposits and accruals | - | 5,201,196 | 5,201,196 | - | - | - | - | |
| Borrowings:- | | | | | | | | |
| - bank overdrafts | 8.00 | 1,661,445 | 1,661,445 | - | - | - | - | |
| - bankers' acceptance | 3.71 | 11,023,000 | 11,023,000 | - | - | - | - | |
| - hire purchase obligations | 5.24 | 150,174 | 156,833 | 49,457 | - | - | - | |
| - revolving credit | 5.00 | 10,000,000 | 10,000,000 | - | - | - | - | |
| - term loans | 4.41 | 4,128,948 | 4,672,000 | 823,000 | 2,469,000 | 546,000 | | |
| | | 48,557,557 | 49,107,268 | 872,457 | 2,469,000 | 546,000 | | |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

35. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk (Cont'd)

The following table sets out the maturity profile of the financial liabilities as 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 | | WITHIN 2-5 YEARS RM | | MORE THAN 5 YEARS RM |
|---------------------------------------|---|--------------------------|---|-------------------------------------|---------|-----------|---------------------------|---|---------------------------|---|----------------------------|
| | | | | | | | | | | | |
| 2011 | | | | | | | | | | | |
| Trade payables | - | 13,625,795 | 13,625,795 | 13,625,795 | - | - | - | - | - | - | - |
| Other payables, deposits and accruals | - | 3,353,407 | 3,353,407 | 3,353,407 | - | - | - | - | - | - | - |
| Borrowings:- | | | | | | | | | | | |
| - bank overdrafts | 8.30 | 747,918 | 747,918 | 747,918 | - | - | - | - | - | - | - |
| - bankers' acceptance | 4.21 | 6,603,000 | 6,603,000 | 6,603,000 | - | - | - | - | - | - | - |
| - hire purchase obligations | 5.04 | 114,674 | 121,443 | 53,976 | 53,976 | 13,491 | - | - | - | - | - |
| - term loans | 5.58 | 4,797,806 | 5,520,000 | 868,000 | 838,000 | 2,469,000 | 1,345,000 | - | - | - | - |
| | | 29,242,600 | 29,971,563 | 25,252,096 | 891,976 | 2,482,491 | 1,345,000 | - | - | - | - |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

35. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk (Cont'd)

The following table sets out the maturity profile of the financial liabilities as 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 Company 2012 | Weighted Average Effective Rate % | Carrying Amount RM | Contractual Undiscounted Cash Flows RM | On Demand Or Within 1 Year RM |
|--|---|--------------------------|---|--|
| Other payables, deposits and accruals | - | 412,065 | 412,065 | 412,065 |
| Amount owing to subsidiaries | - | 2,027,296 | 2,027,296 | 2,027,296 |
| Revolving credit | 5.00 | 10,000,000 | 10,000,000 | 10,000,000 |
| | | <u>12,439,361</u> | <u>12,439,361</u> | <u>12,439,361</u> |

| The Company 2011 | Weighted Average Effective Rate % | Carrying Amount RM | Contractual Undiscounted Cash Flows RM | On Demand Or Within 1 Year RM |
|--|---|--------------------------|---|--|
| Other payables, deposits and accruals | - | 205,905 | 205,905 | 205,905 |
| Amount owing to subsidiaries | - | 2,094,821 | 2,094,821 | 2,094,821 |
| | | <u>2,300,726</u> | <u>2,300,726</u> | <u>2,300,726</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

35. FINANCIAL INSTRUMENTS (CONT'D)

(b) 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. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents.

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

| | THE GROUP | |
|--|--------------------|--------------------|
| | 2012 RM | 2011 RM |
| Trade payables | 16,392,794 | 13,625,795 |
| Other payables, deposits and accruals | 5,201,196 | 3,353,407 |
| Bank borrowings:- | | |
| - bank overdrafts | 1,661,445 | 747,918 |
| - other borrowings | 25,302,122 | 11,515,480 |
| | <u>48,557,557</u> | <u>29,242,600</u> |
| Less: Fixed deposits with licensed banks | - | (2,000,000) |
| Less: Cash and bank balances | (23,003,658) | (25,060,491) |
| | <u>25,553,899</u> | <u>2,182,109</u> |
| Net debt | <u>25,553,899</u> | <u>2,182,109</u> |
| Total equity | <u>142,473,199</u> | <u>130,028,290</u> |
| Debt-to-equity ratio | <u>0.18</u> | <u>0.02</u> |

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

35. FINANCIAL INSTRUMENTS (CONT'D)

(c) Classification of Financial Instruments

| | THE GROUP | | THE COMPANY | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 2012 RM | 2011 RM | 2012 RM | 2011 RM |
| Financial Assets | | | | |
| <u>Loans and receivables financial assets</u> | | | | |
| Trade receivables | 34,592,908 | 30,132,580 | - | - |
| Other receivables and deposits | 8,503,493 | 6,624,891 | 987,510 | 377,278 |
| Amount owing by subsidiaries | - | - | 26,966,303 | 28,968,019 |
| Fixed deposits with licensed banks | - | 2,000,000 | - | 2,000,000 |
| Cash and bank balances | 23,003,658 | 25,060,491 | 373,927 | 272,477 |
| | <u>66,100,059</u> | <u>63,817,962</u> | <u>28,327,740</u> | <u>31,617,774</u> |

| | THE GROUP | | THE COMPANY | |
|--|-------------------|-------------------|-------------------|------------------|
| | 2012 RM | 2011 RM | 2012 RM | 2011 RM |
| Financial Liabilities | | | | |
| <u>Other financial liabilities</u> | | | | |
| Trade payables | 16,392,794 | 13,625,795 | - | - |
| Other payables, deposits and accruals | 5,201,196 | 3,353,407 | 412,065 | 205,905 |
| Amount owing to subsidiaries | - | - | 2,027,296 | 2,094,821 |
| Bank borrowings:- | | | | |
| - bank overdrafts | 1,661,445 | 747,918 | - | - |
| - other borrowings | 25,302,122 | 11,515,480 | 10,000,000 | - |
| | <u>48,557,557</u> | <u>29,242,600</u> | <u>12,439,361</u> | <u>2,300,726</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

35. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair Values of Financial Instruments

The carrying amounts of the financial assets and financial liabilities reported in the financial statements approximated their fair values except for the following:-

| | 2012 | | 2011 | |
|---------------------------|--------------------------|---------------------|--------------------------|---------------------|
| | Carrying Amount RM | Fair Value RM | Carrying Amount RM | Fair Value RM |
| The Group | | | | |
| Hire purchase obligations | 150,174 | 149,000 | 114,674 | 110,000 |

The following summarises the methods used to determine the fair values of the financial instruments:-

- (i) The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.
- (ii) The fair value of hire purchase obligations is determined by discounting the relevant cash flows using current interest rates for similar instruments as at the end of the reporting period.
- (iii) The carrying amounts of term loans approximated their fair values as these instruments bear interest at variable rates.

(e) Fair Value Hierarchy

As at 30 June 2012, there were no financial instruments carried at fair values.

36. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 22 August 2012, Poultry Industry (S) Sdn Bhd, a wholly-owned subsidiary of the Company via Central Coldstorage Kuching Sdn Bhd, acquired from Chong Min Fui and Lai Choon Leong remaining 40,000 ordinary shares of RM1.00 each in Farm Land Supplies & Veterinary Services Sdn Bhd ("FLSVS"), representing 40% of its total issued and paid-up share capital, for a cash consideration of RM920,000. Subsequent to the acquisition, FLSVS became a wholly-owned subsidiary of the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

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

The breakdown of the retained profits of the Group and of the Company as 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 | |
|---|--------------------------|--------------------------|-------------------------|--------------------------|
| | 2012 RM | 2011 RM | 2012 RM | 2011 RM |
| Total retained profits:- | | | | |
| - realised | 83,023,327 | 76,139,749 | 9,439,113 | 11,632,555 |
| - unrealised | (2,715,519) | (2,531,923) | - | - |
| | <u>80,307,808</u> | <u>73,607,826</u> | <u>9,439,113</u> | <u>11,632,555</u> |
| Total share of retained profits of associate:- | | | | |
| - realised | 535,482 | 463,782 | - | - |
| | <u>80,843,290</u> | <u>74,071,608</u> | <u>9,439,113</u> | <u>11,632,555</u> |
| Less: Consolidation adjustments | (16,276,455) | (16,815,017) | - | - |
| At 30 June | <u><u>64,566,835</u></u> | <u><u>57,256,591</u></u> | <u><u>9,439,113</u></u> | <u><u>11,632,555</u></u> |

ADDITIONAL COMPLIANCE INFORMATION

The following information is presented in compliance with the Listing Requirements of Bursa Securities.

SHARE BUY-BACKS

At the Fifteenth Annual General Meeting of the Company held on 22 November 2011, 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.

On 13 April 2012, the Company distributed 9,848,223 treasury shares to the shareholders whose names appeared in the Record of Depositors as at 15 March 2012 in the ratio of one (1) treasury share for every fifteen (15) existing ordinary shares held.

As at the end of the financial year ended 30 June 2012, a total of 1,778,500 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 year under review.

Below is the monthly breakdown of the shares bought back during the financial year ended 30 June 2012:

| Month | No. of shares purchased | Price | | Total Consideration (RM) | Average Cost (RM) |
|------------------|-------------------------|--------------|-------------|--------------------------|-------------------|
| | | Highest (RM) | Lowest (RM) | | |
| Year 2011 | | | | | |
| July | - | - | - | - | - |
| August | - | - | - | - | - |
| September | 60,000 | 0.780 | 0.775 | 47,096.56 | 23,548.28 |
| October | - | - | - | - | - |
| November | 434,700 | 0.810 | 0.790 | 350,046.48 | 87,511.62 |
| December | 694,700 | 0.820 | 0.800 | 564,006.47 | 43,385.11 |
| Year 2012 | | | | | |
| January | 158,800 | 0.820 | 0.810 | 130,588.66 | 21,764.78 |
| February | 18,000 | 0.850 | 0.840 | 15,352.02 | 7,676.01 |
| March | 141,400 | 0.920 | 0.890 | 127,877.86 | 31,969.47 |
| April | - | - | - | - | - |
| May | 239,300 | 0.920 | 0.880 | 215,066.83 | 30,723.83 |
| June | 31,600 | 0.900 | 0.880 | 28,622.02 | 14,311.01 |

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 year ended 30 June 2012 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 year ended 30 June 2012 amounted to RM10,200.00 and RM27,130.00 respectively.

DISCLOSURE OF REALISED AND UNREALISED PROFIT OR LOSSES

Please refer to notes 37 on page 112 of this annual report.

LIST OF TOP 10 PROPERTIES as at 30 June 2012

| Location | Description/ Existing Use | Tenure | Date of Acquisition | Age of Building (Year) | Land Area | Net Book Value (RM) |
|--|--|--|------------------------|------------------------------|----------------------|------------------------|
| CCK Fresh Mart Sdn. Bhd. Country Lease No. 025339753 & 025339762 Lok Kawi, District of Papar Sabah | Factory, Office and Warehouse | Leasehold (30 years remaining) Expiring on 31.12.2042 | 29.03.2011 | - | 1.0840 Hectares | 6,432,635 |
| CCK Fresh Mart Sdn. Bhd. Lot 4147, Block 19 Seduan Land District Upper Lanang Road 96000 Sibul, Sarawak | Corporate Office, Coldroom and Store | Leasehold (59 years remaining) Expiring on 10.01.2071 | 01.04.2007 | 5 | 1.445 Hectares | 5,084,779 |
| Central Coldstorage Kuching Sdn. Bhd. Lot 999, Section 66 Jalan Keluli Bintawa Industrial Estate Kuching, Sarawak | Industrial Land, Corporate Office, Coldroom and Abattoir | Leasehold (23 years remaining) Expiring on 06.04.2035 | 23.06.1992 | 16 | 2.295 Hectares | 4,409,695 |
| CCK Fresh Mart (West Malaysia) Sdn. Bhd. 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 | 15.5 | 22,557 Sq. Metres | 3,704,229 |
| CCK Sea Products Industries Sdn. Bhd. Lot 999, Section 66 Jalan Keluli Bintawa Industrial Estate Kuching, Sarawak | Factory, Office, Coldroom , Worker Quarters, Farm Building and Guard House | Leasehold (23 years remaining) Expiring on 06.04.2035 | 2002 | 10 | - | 1,715,829 |
| CCK Fresh Mart (West Malaysia) Sdn. Bhd. H.S.(D.) No.:24157 P.T. No.:19461 Bandar Kajang Daerah Ulu Langat State of Selangor | 3 Storey Corner Terraced Shophouse | Leasehold (77 years remaining) Expiring on 26.06.2089 | 15.02.2001 | 16 | 235.32 Sq. Metres | 1,680,920 |
| CCK Fresh Mart Sdn. Bhd. Country Lease No. 025346945 Lok Kawi District of Papar, Sabah | Agriculture Land | Leasehold (903 years remaining) Expiring on 31.12.2915 | 31.03.2009 | - | 0.673 Hectares | 1,376,379 |
| Kuok Sui Sea Products Industries (S) Sdn. Bhd. Lot 22, Block 9 Sibu Town District Sarawak | 3 Storey Detached Factory | Freehold | 12.06.1999 | 13 | 890.90 Sq. Metres | 1,271,015 |
| CCK Fresh Mart Sdn. Bhd. Lot 1032, Block 5 Miri Concession Land District Sarawak | 5 Units of 3 Storey Shophouse, Office | Leasehold (37 years remaining) Expiring on 04.12.2049 | 07.12.1996 | 17 | 2,456 Sq. Metres | 1,192,735 |
| Central Coldstorage Kuching Sdn. Bhd. Survey Lot 14935, Block 11 Muara Tebas Land District Kuching, Sarawak | 4 Storey Intermediate Terraced Shophouse | Leasehold (53 years remaining) Expiring on 27.05.2065 | 15.02.2007 | 6 | 146.60 Sq. Metres | 1,027,116 |

ANALYSIS OF SHAREHOLDINGS AS AT 19 OCTOBER 2012

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 [#] |
|----------------|---|---------------|--------------------------------|----------------------------------|
| 123 | less than 100 shares | 6.77 | 4,929 | 0.00* |
| 354 | 100 - 1,000 shares | 19.47 | 127,768 | 0.08 |
| 845 | 1,001 - 10,000 shares | 46.48 | 4,432,248 | 2.83 |
| 400 | 10,001 - 100,000 shares | 22.00 | 11,518,228 | 7.37 |
| 93 | 100,001 - less than 5% of issued shares | 5.12 | 75,223,937 | 48.10 |
| 3 | 5% and above of issued shares | 0.16 | 65,064,453 | 41.61 |
| 1,818 | - | 100.00 | 156,371,563[#] | 100.00 |

Notes:

: excluding 1,308,137 ordinary shares of RM0.50 each bought back and retained as treasury shares based on the Record of Depositors as at 19 October 2012.

* : less than 0.01%

SUBSTANTIAL SHAREHOLDERS

(As per the Register of Substantial Shareholders as at 19 October 2012)

| No. | Name | No. of shares held | | | |
|-----|---------------------------------------|--------------------|----------------|---------------------------|----------------|
| | | Direct Interest | % [#] | Indirect Interest | % [#] |
| 1. | Central Coldstorage Sarawak Sdn. Bhd. | 34,542,519 | 22.09 | - | - |
| 2. | S.K. Tiong Enterprise Sdn. Bhd. | 22,856,520 | 14.62 | 34,542,519 ^(a) | 22.09 |
| 3. | Chong Nyuk Kiong Enterprise Sdn. Bhd. | 11,343,268 | 7.25 | - | - |
| 4. | Datuk Tiong Su Kouk | 7,559,522 | 4.83 | 57,399,039 ^(b) | 36.71 |
| 5. | Datin Wong Bak Hee | 928,639 | 0.59 | 57,399,039 ^(b) | 36.71 |
| 6. | Tiong Chiong Hiiung | 424,906 | 0.27 | 57,399,039 ^(c) | 36.71 |
| 7. | Tiong Chiong Soon | 378,840 | 0.24 | 57,399,039 ^(c) | 36.71 |
| 8. | Chong Shaw Fui | - | - | 11,343,268 ^(d) | 7.25 |
| 9. | Chong Min Fui | - | - | 11,343,268 ^(d) | 7.25 |
| 10. | Chong Kong Fui | - | - | 11,343,268 ^(d) | 7.25 |

Notes:

: excluding 1,308,137 ordinary shares of RM0.50 each bought back and retained as treasury shares as at 19 October 2012.

(a) Deemed interested through its wholly-owned subsidiary, Central Coldstorage Sarawak Sdn. Bhd.

(b) Deemed interested by virtue of their substantial shareholdings in S.K. Tiong Enterprise Sdn. Bhd. and Central Coldstorage Sarawak Sdn. Bhd.

(c) Deemed interested by virtue of their directorships in S.K. Tiong Enterprise Sdn. Bhd. and Central Coldstorage Sarawak Sdn. Bhd.

(d) Deemed interested by virtue of their substantial shareholdings in Chong Nyuk Kiong Enterprise Sdn. Bhd.

ANALYSIS OF SHAREHOLDINGS (CONT'D) AS AT 19 OCTOBER 2012

DIRECTORS' INTERESTS

(As per the Register of Directors' Shareholdings as at 19 October 2012)

| No. | Name | No. of shares held | | | |
|-----|-------------------------------------|--------------------------|------|---------------------------|-------|
| | | Direct Interest | %# | Indirect Interest | %# |
| 1. | Datuk Tiong Su Kouk | 7,559,522 | 4.83 | 58,327,678 ^(a) | 37.30 |
| 2. | Chong Shaw Fui | - | - | 11,343,268 ^(b) | 7.25 |
| 3. | Tiong Chiong Hiiung | 424,906 | 0.27 | 58,141,972 ^(c) | 37.18 |
| 4. | Tiong Chiong Soon | 378,840 | 0.24 | 57,556,479 ^(c) | 36.81 |
| 5. | Lau Liong Kii | 5,896,138 ^(d) | 3.77 | 7,752,236 ^(e) | 4.96 |
| 6. | Ling Ting Leong @ Ling Chong Seng | 296,607 | 0.19 | 1,129,820 ^(f) | 0.72 |
| 7. | Wong See Khong | 2,026,067 | 1.30 | 7,274 ^(g) | 0.00* |
| 8. | Kueh Chung Peng | 3,380,841 ^(h) | 2.16 | - | - |
| 9. | Pemanca Janggu anak Banyang | 49,600 | 0.03 | - | - |
| 10. | Douglas Jerukan @ Jarukan ak Kanyan | - | - | - | - |
| 11. | Datu Haji Putit bin Matzen | - | - | - | - |
| 12. | 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:

* : Less than 0.01%

: excluding 1,308,137 ordinary shares of RM0.50 each bought back and retained as treasury shares based on the Record of Depositors as at 19 October 2012.

(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 3,241,674 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) Deemed interested by virtue of the interests of his spouse and children in the Company.

(h) 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 19 OCTOBER 2012

THIRTY LARGEST SECURITIES ACCOUNTS HOLDERS

| No. | Name | No. of shares | %# |
|-----|---|---------------|-------|
| 1. | Central Coldstorage Sarawak Sdn. Bhd. | 34,542,519 | 22.09 |
| 2. | EB Nominees (Tempatan) Sendirian Berhad - Pledged securities account for S.K. Tiong Enterprise Sdn. Bhd. (SBW-SFC) | 19,178,666 | 12.26 |
| 3. | Chong Nyuk Kiong Enterprise Sdn. Bhd. | 11,343,268 | 7.25 |
| 4. | Unione Enterprise (S) Sdn. Bhd. | 6,760,771 | 4.32 |
| 5. | Public Invest Nominees (Asing) Sdn. Bhd. - Exempt an for UOB Kay Hian Pte Ltd (A/C Clients) | 6,311,633 | 4.04 |
| 6. | Datuk Tiong Su Kouk | 6,028,916 | 3.86 |
| 7. | S.K. Tiong Enterprise Sdn. Bhd. | 3,677,854 | 2.35 |
| 8. | HLB Nominees (Asing) Sdn. Bhd. - Crystal Victory Group Ltd (CUST. SIN5579702) | 3,613,120 | 2.31 |
| 9. | CIMSEC Nominees (Tempatan) Sdn. Bhd. - CIMB Bank for Lau Liong Kii (MQ0348) | 3,241,674 | 2.07 |
| 10. | CIMSEC Nominees (Tempatan) Sdn. Bhd. - CIMB Bank for Kueh Chung Peng (MQ0352) | 3,012,148 | 1.93 |
| 11. | TA Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Lau Pek Kii | 2,464,691 | 1.58 |
| 12. | Wong See Khong | 2,026,067 | 1.30 |
| 13. | Lau Liong Kii | 1,913,440 | 1.22 |
| 14. | Lau Pek Kii | 1,608,586 | 1.03 |
| 15. | Datuk Tiong Su Kouk | 1,530,606 | 0.98 |
| 16. | Lim Kian Huat | 1,300,035 | 0.83 |
| 17. | CIMSEC Nominees (Tempatan) Sdn. Bhd. - CIMB Bank for Hii Leh Ming (MQ0333) | 1,200,842 | 0.77 |
| 18. | Wong Poh Hwa | 1,192,397 | 0.76 |
| 19. | Public Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Kueh Tiong Ching (E-SRK) | 1,183,991 | 0.76 |
| 20. | Maybank Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Yii Ching Yii | 1,071,971 | 0.69 |
| 21. | CIMSEC Nominees (Tempatan) Sdn. Bhd. - CIMB Bank for Yong Pei Ling (MQ0361) | 1,010,113 | 0.65 |
| 22. | CIMSEC Nominees (Tempatan) Sdn. Bhd. - CIMB Bank for Goh Sung Hien @ Goh Soon Hien (MQ0136) | 853,008 | 0.55 |
| 23. | CIMSEC Nominees (Tempatan) Sdn. Bhd. - CIMB Bank for Tiong Sie Mew (MQ0172) | 829,333 | 0.53 |
| 24. | Datin Wong Bak Hee | 747,306 | 0.48 |
| 25. | Tiong Sie Mew | 746,708 | 0.48 |
| 26. | Chen Sien Ngo | 746,666 | 0.48 |
| 27. | HLB Nominees (Asing) Sdn. Bhd. - Pledge securities account for KCK Capital Investments Pte. Ltd. (SIN 3906-3) | 746,666 | 0.48 |
| 28. | Public Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Lau Hieng Wuong (E-JCL) | 741,380 | 0.47 |
| 29. | Maybank Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Lau Liong Kii | 741,024 | 0.47 |
| 30. | De Supreme Sdn. Bhd. | 725,848 | 0.46 |

Note:

: excluding 1,308,137 ordinary shares of RM0.50 each bought back and retained as treasury shares based on the Record of Depositors as at 19 October 2012.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixteenth Annual General Meeting of CCK Consolidated Holdings Berhad (“CCK” or “the Company”) will be held at the Window of Kuching 1-4, Level 18 of Riverside Majestic Hotel, Jalan Tunku Abdul Rahman, P.O.Box 2928, 93100 Kuching, Sarawak on Friday, 7 December 2012 at 11.00 a.m. to transact the following businesses:

A G E N D A

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 30 June 2012 together with the Reports of the Directors and Auditors thereon.
2. To declare and approve the payment of a final single tier dividend of 4 sen per share in respect of the financial year ended 30 June 2012. Resolution 1
3. To approve the payment of directors’ fees for the financial year ended 30 June 2012. 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 Ling Ting Leong @ Ling Chong Seng Resolution 3
 - 4.2 Tiong Chiong Soon Resolution 4
 - 4.3 Bong Wei Leong Resolution 5
5. To consider and if thought fit, to pass the following resolution: Resolution 6
“THAT pursuant to Section 129(6) of the Companies Act, 1965, Datuk Tiong Su Kouk be hereby re-appointed as director of the Company to hold office until the conclusion of the next annual general meeting.”
6. To consider and if thought fit, to pass the following resolution: Resolution 7
“THAT pursuant to Section 129(6) of the Companies Act, 1965, Douglas Jerukan @ Jarukan ak Kyan be hereby re-appointed as director of the Company to hold office until the conclusion of the next annual general meeting.”
7. 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:

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 9
“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 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

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

("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 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."

9. To consider and if thought fit, pass the following special resolution:

Proposed amendments to the Articles of Association of the Company

Resolution 10

- (a) "THAT the existing Article 74A of the Company's Articles of Association be deleted in its entirety and the following new Article 74A be inserted to replace the existing Article 74A:

Appointment of multiple proxies

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

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

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."

- (b) "THAT the following new Article 74B be inserted immediately after the new Article 74A of the Company's Articles of Association:

Qualification and rights of proxy to speak

A Member of the Company entitled to attend and vote at a meeting of the Company, or at a meeting of any class of Members of the Company, shall be entitled to appoint any person as his proxy to attend and vote instead of the Member at the meeting. There shall be no restriction as to the qualification of the proxy.

A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting."

- (c) "THAT the existing Article 12A(a) of the Company's Articles of Association be deleted in its entirety and the following new Article 12A(a) be inserted to replace the existing Article 12A(a):

Allotment and dispatch notices of allotment

within eight (8) market days of the final applications date for an issue of Securities or such other period as may be prescribed by the Securities Exchange for issues of Securities to the public."

- (d) "THAT the existing Notes 3 and 4 of the Article 75 of the Company's Articles of Association be deleted in its entirety and the following new notes be inserted to replace the existing Notes 3 and 4 of the Article 75:

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."

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

- (e) "THAT the existing Article 145 of the Company's Articles of Association be deleted in its entirety and the following new Article 145 be inserted to replace the existing Article 145:

Cash distributions payable by cheque or warrant or through bank

Any cash distributions (as prescribed by the Exchange from time to time) or other money payable in cash in respect of Securities may be paid by cheque or warrant, sent through the post directed to the registered address of the Members or persons entitled thereto, or if several persons are entitled in consequence of the death or bankruptcy of the holder, to any one (1) of such persons and to such address as such person may in writing direct or through directly crediting of funds into a nominated bank account as provided to the Depository from time to time of such Members or persons entitled thereto or through such other mode of electronic means.

Every such cheque or warrant or funds crediting into the bank account of the Members or person entitled thereto or through such other mode of electronic means shall be made payable to the order of the Members or persons entitled thereto and such payment shall be a good and full discharge to the Company for all payments made in respect of such Securities, notwithstanding that it may subsequently appear that the cheque or warrant has been stolen or that the endorsement thereon has been forged or that there is discrepancy in the details of the bank account(s) given by the Members or persons entitled thereto.

Every such cheque or warrant or funds crediting into the bank account or through such other mode of electronic means shall be sent or credited at the risk of the Members or persons entitled to the money thereby represented, and the Company shall have no responsibility for any sums lost or delayed in the course of any such transfer or where the Company has acted on any such directions.

Where the Members or persons entitled thereto have provided to the Depository the relevant contact details for the purpose of electronic notifications, the Company shall notify them electronically once the Company has paid the cash distributions out of its account(s)."

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN that a final single tier dividend of 4 sen per share in respect of the financial year ended 30 June 2012, if approved at the forthcoming Annual General Meeting, will be payable on 28 December 2012 to depositors whose names appear in the Record of Depositors on 12 December 2012.

A depositor shall qualify for entitlement to the final dividend only in respect of:

- (a) shares transferred to the depositor's securities account before 4.00 p.m. on 12 December 2012 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

Ling Ting Leong @ Ling Chong Seng (MACS 00754)

Voon Jan Moi (MAICSA 7021367)

Joint Company Secretaries

Dated: 14 November 2012

Kuching

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 3 December 2012. Only depositors whose names appear on the Record of Depositors as at 3 December 2012 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:

Resolution 9 - proposed renewal of authority for purchase of own shares by the Company

The proposed Resolution 9 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 14 November 2012 for further information, which is dispatched together with the Company's 2012 Annual Report.

Resolution 10 - Proposed amendment to the Articles of Association of the Company

The proposed Resolution 10 is to amend the Company's Articles of Association in line with the amendments made to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.



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 Sixteenth Annual General Meeting of the Company to be held at the Window of Kuching 1-4, Level 18 of Riverside Majestic Hotel, Jalan Tunku Abdul Rahman, P.O.Box 2928, 93100 Kuching, Sarawak on Friday, 7 December 2012 at 11.00 a.m. and at any adjournment thereof for/against the resolutions to be proposed thereto.

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:

| Resolution | For | Against |
|---|-----|---------|
| 1. To declare and approve the payment of a final single tier dividend. | | |
| 2. To approve the payment of directors' fees for the financial year ended 30 June 2012. | | |
| 3. To re-elect Mr. Ling Ting Leong @ Ling Chong Seng as Director. | | |
| 4. To re-elect Mr. Tiong Chiong Soon as Director. | | |
| 5. To re-elect Mr. Bong Wei Leong as Director. | | |
| 6. To re-appoint Datuk Tiong Su Kouk as Director pursuant to Section 129(6) of the Companies Act, 1965. | | |
| 7. To re-appoint Mr. Douglas Jerukan @ Jarukan ak Kanyan 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 approve the proposed renewal of authority for purchase of own shares by the Company. | | |
| 10. To approve the proposed amendments to the Articles of Association of the Company | | |

Dated this _____ day of _____ 2012

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 3 December 2012. Only depositors whose names appear on the Record of Depositors as at 3 December 2012 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, Jalan Keluli
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