



ETIKA INTERNATIONAL HOLDINGS LIMITED



Towards the next Horizon
Annual Report 2005



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Corporate Profile

“**Etika**”, a Malay translation
of the word “Ethics”,



represents our goal to conduct business in the most ethical manner by upholding a strong code of conduct, principles and procedures; supporting the morals and beliefs of our customers and stakeholders; undertaking to protect the environment; and observing the legal obligations of the relevant laws.

Etika International Holdings Limited (“Etika”) was listed on the SGX-SESDAQ on 23 December 2004. Its wholly-owned subsidiary in Malaysia, Etika Dairies Sdn Bhd, which was established in 1997, is one of the major producers of sweetened condensed milk in the world. It also repacks and distributes complementary products such as full cream and instant high calcium non-fat milk powder, instant coffee powder and tea dust.

Our brand “*DAIRY CHAMP*” has grown to become a well regarded brand and was awarded “Superbrand” status by the Malaysian Superbrands Council for two consecutive years in 2003/04 and 2004/05. This has been possible because of our extensive distribution network where we sell and distribute directly to wholesalers, dealers, retailers and On-Premise (“OP”) business operations. Our products are also distributed through influential hypermarkets such as Carrefour and Giant (under their in-house brands) as well as the Makro chain of hypermarkets (under our “*DAIRY CHAMP*” brand). We have also expanded our markets by exporting to Asean, East and West Africa, Central and South America, Middle East and other Asia-Pacific countries.

Apart from products exported under our own “*DAIRY CHAMP*” brand, we also export various other products manufactured by us under Original Equipment Manufacturers (“OEM”) arrangements.



Dear shareholders,

On behalf of the Board of Directors, I am delighted to present you Etika International Holdings Limited's maiden annual report for the financial year ended 30 September 2005 ("FY2005").



Message from the Chairman

FY2005 marked a key milestone in Etika's history. The highlight of the year was, without doubt, Etika's successful debut on the SGX-SESDAQ on 23 December 2004. The listing exercise involved the sale of 43 million new shares at S\$0.21 each, raising net proceeds of approximately S\$7.8 million which was mainly used to expand and improve our manufacturing facilities and as general working capital for our business.

FINANCIAL REVIEW

We are delighted to report an impressive growth for the year under review. Actual profit after tax grew by 44.5% to RM10.5 million as compared to the proforma profit after tax of RM7.3 million in FY2004, on the back of a Group's actual revenue of RM150.1 million, an increase of 28.8% compared to proforma revenue of RM116.5 million achieved in FY2004. This includes the "accreditation of negative goodwill" of RM3.1 million recognised in compliance with FRS103 as the fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition of a subsidiary pursuant to the restructuring exercise undertaken in relation to the IPO exercise.

Export sales increased by RM11.4 million or 30.8% while local sales increased by RM22.1 million or 27.9%. Driven by the revenue increase, gross profits grew by RM1.9 million, an increase of

9.6% from the previous reporting period. Our growth in both local and foreign fronts attests to the strong demand and recognition for our brand and quality.

Though we reported a strong performance in FY2005, the year has been challenging for us. Our Group's profit margins fell from 17.2% in FY2004 to 14.6% in FY2005 as a result of higher average production costs due mainly to higher average costs in milk powder and tin cans.

Actual earnings per share, after recognising the fair value of net assets acquired based on weighted average ordinary number of shares on a fully diluted basis, was 7.1 RM sen and is 25.3% higher than FY2004.

CORPORATE DEVELOPMENT

For the financial year under review, we have expanded our distribution channels and marketing network through event marketing, road shows, food fairs and other brand building activities to enhance our brand equity and awareness.

Our signature brand "DAIRY CHAMP" was conferred the Superbrands Award for two consecutive years in 2003/04 and 2004/05 by the Malaysian Superbrands Council. The conferment



of this award further validates and reinforces one of *DAIRY CHAMP*'s core brand values.

Our production process which strictly adheres to the Quality Assurance Program ("QAP") and Hazard Analysis Critical Control Points ("HACCP") programme monitored by the Department of Veterinary Services, Ministry of Agriculture, Malaysia, has been granted with the HACCP certification.

We were also awarded a Certificate of Authentication from the Islamic Development Department of Malaysia for manufacturing our products in accordance with the "Halal" requirement of the Islamic Law. This has given us another opportunity to export our products to other Muslim countries and allow us to be at the forefront of responding to the Malaysian government's drive to transform Malaysia into the hub of "Halal" food production for the global market.

To cater for additional space, our Group added on a 70,000-square feet warehouse. A new sterilizer has been installed and this has doubled our evaporated milk production capacity. Our Group has also developed part of a new production line for condensed milk that will allow sufficient capacity to tap into new markets.

To expand our business and diversify our product offerings, our Group entered into an agreement to acquire Pok Brothers Sdn

Bhd ("PBSB") on 12 October 2005. This move will enable us to position ourselves as a leading regional Food and Beverage ("F&B") Group and demonstrate our determination to grow our business, bringing about greater operational synergies and expanding the range of our products.

FUTURE OUTLOOK AND STRATEGIES FOR GROWTH

Looking ahead, we are confident of growing our sales volume as a result of our enhanced ability to offer more and different products to fulfil our customers' expectations. We aim to capture a larger market size by targeting a wider spectrum of consumers, at both the upper market segment of consumer-based food industries as well as the other market segments such as households and restaurants. Furthermore, with an enlarged entity, we will be better poised to derive synergies by integrating all or part of our operations, particularly, in warehousing and distribution.

The F&B industry is a highly competitive one with competition coming from both local and global established players who are also actively pursuing a larger share of the market by launching innovative products with highly visible marketing campaigns. However, we remain committed and will persevere to achieve sustainable growth. With a growing trend towards healthy living, a more discerning and savvy consumer with stronger purchasing



power and the move towards quality products and trusted brand names, we are optimistic that we will be able to strengthen our foothold in the market.

To this end, we will continue to further sharpen our competitive edge and harness our capabilities to meet these challenges and capitalise on untapped market opportunities. We will continue to implement initiatives to strengthen our *DAIRY CHAMP* brand through consistent advertising and promotions in addition to maintaining the highest level of service to our customers.

During the period under review, we have secured new customers in the West African markets. With our established and easily recognisable brand identity, we plan to grow our overseas market even further in the future. Our new production line is up and running since end November 2005 and we are ready to tap into the Indonesian market. In addition, we have already penetrated into the Hong Kong market through our exports of evaporated milk. Our presence in Hong Kong will serve as a gateway into the People's Republic of China market in the long term.

DIVIDEND

We are pleased to announce that the Board is recommending a tax exempt (1-tier) final dividend payment of S\$0.0035 per share

for the financial year ended 30 September 2005. The proposed dividend will be subject to approval at our Annual General Meeting on 25 January 2006 and if approved, will be paid out on 16 February 2006.

APPRECIATION

On behalf of the Board, I would like to thank all shareholders for your confidence and continuing support. My appreciation also extends to the Group's management and employees for their commitment, dedication and contribution towards the Group's success.

Dato' Jaya J B Tan
Non-Executive Chairman

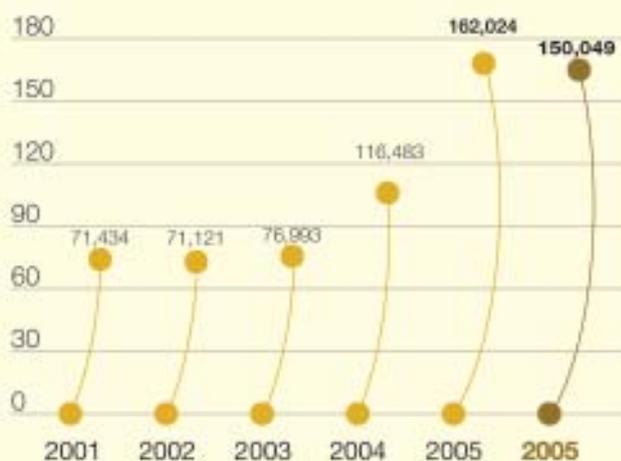
15 December 2005



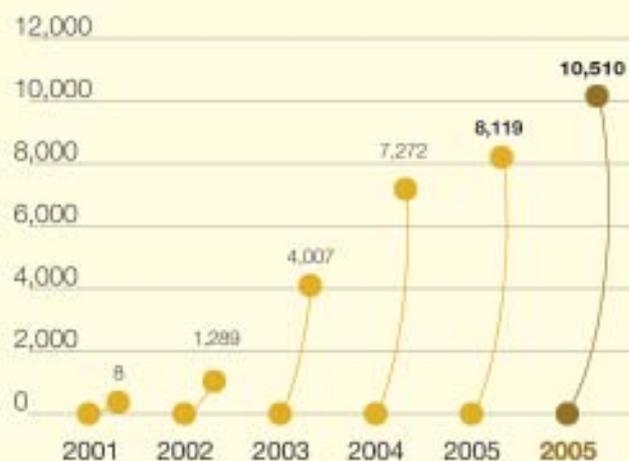
Financial Highlights

	FY2001 Proforma	FY2002 Proforma	FY2003 Proforma	FY2004 Proforma	FY2005 Proforma	FY2005 Actual
1 Revenue (RM'000)	71,434	71,121	76,993	116,483	162,024	150,049
2 Profit after tax (RM'000)	8	1,289	4,007	7,272	8,119	10,510
3 Earnings per share (EPS)(RM sen)	0.01	1.00	3.12	5.65	6.31	7.08
4 Return on equity (%)	0.11	17.61	46.56	57.65	40.83	31.16

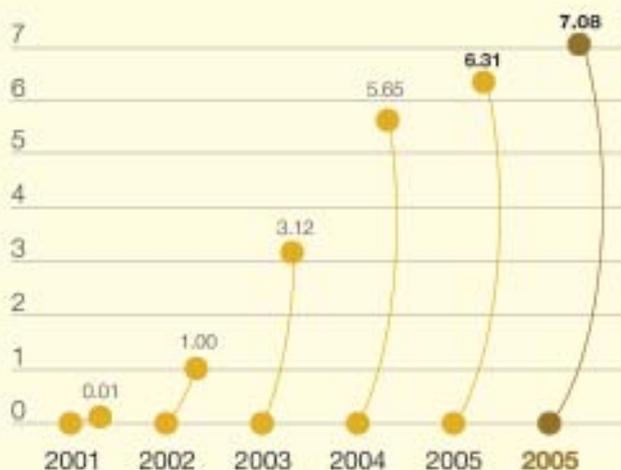
REVENUE (RM'000)



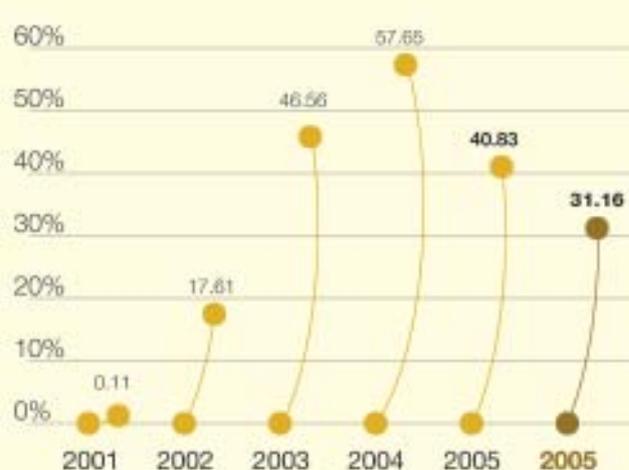
PROFIT AFTER TAX (RM'000)



EARNINGS PER SHARE (EPS) (RM sen)



RETURN ON EQUITY (%)



● Proforma ● Actual

Proforma Statements

INCOME STATEMENT

RM '000	Group (Proforma) FY2005	Group (Actual) FY2005	Group (Proforma) FY2004	Increase/ (decrease)
Revenue	162,024	150,049	116,483	28.8%
Cost of sales	<u>(138,266)</u>	<u>(128,131)</u>	<u>(96,485)</u>	32.8%
Gross profit	23,758	21,918	19,998	9.6%
Other operating income	314	315	73	331.5%
Administration expenses	(4,444)	(4,275)	(2,935)	45.7%
Marketing and distribution expenses	(7,724)	(7,035)	(6,150)	14.4%
Other operating expenses	<u>(1,182)</u>	<u>(1,106)</u>	<u>(1,167)</u>	-5.2%
Profit from operations	10,722	9,817	9,819	0.0%
Exceptional item - Accreditation of negative goodwill arising on consolidation of a subsidiary	-	3,129	-	> 100.0%
Finance cost	<u>(1,107)</u>	<u>(1,007)</u>	<u>(1,242)</u>	-19.0%
Profit before income tax	9,615	11,939	8,577	39.2%
Income tax	<u>(1,496)</u>	<u>(1,429)</u>	<u>(1,305)</u>	9.5%
Profit attributable to shareholders	<u>8,119</u>	<u>10,510</u>	<u>7,272</u>	44.5%

Board of Directors



Dato' Jaya J B Tan



Kamal Y P Tan



Mah Weng Choong



John Lyn Hian Woon



Tan Yet Meng



Teo Chee Seng



Khor Sin Kok



Tan San Chuan

Board of Directors (cont'd)

DATO' JAYA J B TAN

Non-Executive Chairman

Member of Audit Committee

Member of Remuneration Committee

Member of Nominating Committee

Dato' Jaya JB Tan is the Non-Executive Chairman of the Company and was appointed to the Board since 23 December 2003. He graduated from the University of Arizona and is a Mechanical Engineer by training. He has extensive experience in forestry, property development, food retail operations, trading and financial services. Previously, he has served as Chairman of several companies quoted on the stock exchanges of Malaysia, the UK, Singapore, Australia and India.

Currently, Dato' Jaya is the Executive Chairman of another company listed on the Singapore Stock Exchange known as Lasseters International Holdings Limited as well as being the Chairman and Director of two listed companies in Australia, namely, Lasseters Corporation Limited and Cypress Lakes Group Limited respectively. He is involved in gaming, hospitality and leisure businesses in Australia, Papua New Guinea and Ghana and acts as the Vice Chairman of Park Hyatt Saigon, a 259-room 5-star hotel in Ho Chi Minh City.

KAMAL Y P TAN

Executive Director

Mr Kamal Y P Tan is the Executive Director of the Company and was appointed to the Board on 23 December 2003. He is an Economics graduate from the London School of Economics and has held board positions with companies listed on the stock exchanges in Malaysia, Singapore, Australia, United Kingdom and India. He is involved in gaming, hospitality and leisure business operations in Australia, Papua New Guinea and Ghana.

Mr Kamal is also the Non-Executive Director of other listed companies, namely Lasseters International Holdings Limited, Lasseters Corporation Limited and Cypress Group Lakes Limited.

MAH WENG CHOONG

Non-Executive Director

Mr Mah Weng Choong is a Non-Executive Director of the Company and was appointed to the Board on 3 August 2004. He is a graduate in Science from the University of Malaya. Having spent 34 years in the Malaysian dairy division of a group listed on the SGX-ST, he has gained extensive experience in the manufacture of sweetened condensed milk and evaporated milk. He has worked in milk plants in Malaysia and Singapore that produces sweetened condensed milk, evaporated milk, ice-cream, UHT beverages, milk powder packing and other dairy-related products.

He was appointed Managing Director of Etika Dairies Sdn Bhd ("EDSB"), a wholly-owned subsidiary of the Company in 1996 and has successfully set up our current factory located in Meru, Klang, in Malaysia. His primary responsibilities include the formulation and implementation of the EDSB's business strategies and policies and charting its growth.

JOHN LYN HIAN WOON

Independent Director

Chairman of Audit Committee

Member of Remuneration Committee

Member of Nominating Committee

Mr John Lyn Hian Woon was appointed Independent Director on 3 August 2004. He holds a BSc degree in Mechanical Engineering from the University of Leeds, UK and an MBA from Washington State University. He is presently the Chief Executive Officer of Colonial Investment Pte. Ltd., where he is responsible for management, strategic planning, investment and corporate restructuring. Prior to that, he was an investment banker with various financial institutions such as Chase Manhattan Bank, Citibank, Schroders Securities and HSBC James Capel with a total of 15 years of experience.

Board of Directors (cont'd)

TANYET MENG

Non-Executive Director

Ms Tan Yet Meng was appointed as Non-Executive Director of the Company on 15 September 2005. She has previous working experience in advertising, bakery and confectionery as well as retail and trading in frozen food and fresh juices.

Currently, Ms Tan also sits on the board of a few private companies which are involved in investment holding, property development and leisure business.

TEO CHEE SENG

Independent Director

Chairman of Remuneration Committee

Chairman of Nominating Committee

Member of Audit Committee

Mr Teo Chee Seng was appointed Independent Director of the Company on 3 August 2004. He holds a Bachelor of Law (Hons) degree from the University of Singapore and is a lawyer in the Singapore private practice for more than 23 years. He is also a Commissioner of Oaths and a Notary Public. He acts as the legal consultant to Tzu Chi Foundation, an United Nation's non-governmental body. Presently, he sits on the Advisory Board of Raffles Town Club.

KHOR SIN KOK

Alternate Director to Mah Weng Choong

Mr Khor Sin Kok was appointed as Alternate Director to Mr Mah Weng Choong on 3 August 2004. He holds a degree in Mechanical Engineering from the University of Leeds, UK and a Master degree in Business Administration majoring in Finance from Michigan State University, USA. He has worked in a Malaysian dairy division of a group listed on the SGX-ST in 1985 as Assistant Project Development Manager. During his 12 years tenure with the company, he was involved in market research activities, project feasibility studies and implementation and manufacturing operations of various product lines like sweetened condensed milk, evaporated milk, milk powder packing, ice-cream, UHT beverages, sterilized and pasteurized products in plastic bottle and gable-top paper carton and can making plant. He joined EDSB in 1996 as its Executive Director. He oversees the day-to-day management and operations of EDSB as well as strategic planning and business development of the said company.

TAN SAN CHUAN

Alternate Director to Tan Yet Meng

Mr Tan San Chuan was appointed as Alternate Director to Ms Tan Yet Meng on 15 September 2005. He is an Accounting and Finance graduate from the London School of Economics and is currently completing his Association of Chartered Certified Accountants Qualification. He has had previous merchant banking experience, during which he was involved in mergers and acquisitions, as well as corporate restructuring projects. He has also gained audit experience whilst working in the 'Big Four' firm KPMG.

Mr Tan is also the Non-Executive Director of Lasseters International Holdings Limited, Lasseters Corporation Limited and Cypress Group Lakes Limited.

Senior Management

THONG COOI SEONG

Chief Financial Officer

Mr Thong Cooi Seong is a holder of a MICPA (Malaysian Institute of Certified Public Accountant) qualification and has more than 20 years of experience in group accounts and reporting, joint venture start-up businesses, company mergers and acquisitions, cost and budgetary control processes, and strategic business planning. He started his career in 1985 where he spent an initial seven years in public accounting firms including Ernst & Young. He subsequently held senior positions in finance and accounting functions in several private, public-listed and multinational corporations involved in sugar cane plantation/refinery, manufacturing, construction and automotive industries. He joined our Group in June 2004.

KWONG YUEN SENG

Executive Director, Sales and Marketing
Etika Dairies Sdn Bhd

Mr Kwong Yuen Seng has overall responsibility for EDSB's sales and marketing activities. Prior to joining EDSB, he had more than 34 years of experience in the Malaysian dairy division of a group listed on the SGX-ST. He began his career at the age of 23 and as a sales representative in a dairy company based in Malacca. During this time, he was part of a team of pioneers who advanced the sale of sweetened condensed milk in Malaysia and had over the years, gained considerable experience in the domestic milk product industry, having worked in both East and West Malaysia. He was appointed as Executive Director, Sales and Marketing of EDSB in 1999 and is primarily responsible for developing marketing strategies and expanding our market share in Malaysia and overseas.

CHUNG CHEE FOOK

Executive Director, Technical and Production
Etika Dairies Sdn Bhd

Mr Chung Chee Fook has overall responsibility of EDSB's technical and production departments. Prior to joining EDSB, Mr Chung was actively involved in the fields of research and development, product development, and quality assurance in the dairy product industry. Mr Chung has worked in the dairy product industry since 1966. He holds a Technical Diploma in Milk Processing and Control from London and a Certificate on Low Acid Can Food from the Food and Drug Administration, U.S.A. He is also a qualified Lead Assessor for ISO 9000 Certification. During the mid-80s, he assisted the New Zealand Dairy Board in their research concerning the inter-laboratory testing of heat stability of milk powders. He was also the Quality Assurance Manager of a dairy company and was in charge of product development and quality assurance, in particular, monitoring the quality standards of products such as sweetened condensed milk, evaporated milk, milk powder packing, ice-cream, dairy beverages and fruit juices. He was appointed Executive Director, Technical and Production of EDSB in 1997 and is primarily responsible for production and quality assurance.

Corporate Information

BOARD OF DIRECTORS

Dato' Jaya J B Tan
Non-Executive Chairman

Kamal Y P Tan
Executive Director

Mah Weng Choong
Non-Executive Director

Tan Yet Meng
Non-Executive Director

Teo Chee Seng
Independent Director

John Lyn Hian Woon
Independent Director

Khor Sin Kok
(Alternate Director to Mah Weng Choong)

Tan San Chuan
(Alternate Director to Tan Yet Meng)

COMPANY SECRETARIES

Julie Koh Ngin Joo, ACIS
Kok Mor Keat, ACIS

REGISTERED OFFICE

10 Collyer Quay #19-08
Ocean Building
Singapore 049315
Tel: 6536 5355
Fax: 6536 1360
email: Julie.Koh@boardroomlimited.com

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

Lim Associates (Pte) Ltd
10 Collyer Quay #19-08
Ocean Building
Singapore 049315

AUDITORS

BDO Raffles
Certified Public Accountants
5 Shenton Way #07-01
UIC Building
Singapore 068808
Partner-in-charge: Lee Joo Hai
(Appointed since the financial period ended
30 September 2004)

SOLICITORS

Stamford Law Corporation
9 Raffles Place #32-00
Republic Plaza
Singapore 048619

PRINCIPAL BANKERS

Malayan Banking Berhad
2 Battery Road #03-01
Maybank Tower
Singapore 049907

Malayan Banking Berhad
50-52 Jalan Sultan
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia



Corporate Governance

Etika International Holdings Limited ("Etika") is committed to complying with the Code of Corporate Governance issued by the Committee on Corporate Governance (the "Code") and the Best Practice Guide issued by the Singapore Exchange Securities Trading Limited ("SGX-ST"). This report outlines Etika's corporate governance framework in place throughout the financial year ended 30 September 2005 ("FY2005").

1. BOARD MATTERS

a) Board Composition and Balance

Presently, the Board of Directors ("the Board") of Etika comprises 1 executive director, 3 non-executive directors and 2 independent directors, namely :-

Executive Director

Kamal Y P Tan

Non-Executive Directors

Dato' Jaya J B Tan (Chairman)

Mah Weng Choong

Tan Yet Meng (appointed on 15 September 2005)

Khor Sin Kok (Alternate to Mah Weng Choong)

Tan San Chuan (Alternate to Tan Yet Meng, appointed on 15 September 2005)

Independent Non-Executive Directors

Teo Chee Seng

John Lyn Hian Woon

** Note : Mr Tajuddin Joe Hok Tan, a Non-Executive Director, passed away on 20 August 2005.*

Ms Tan Yet Meng is the mother to Tan San Chuan and the sister-in-law of Dato' Jaya J B Tan and Mr Kamal Y P Tan.

There is a good balance between the executive and non-executive directors and a strong and independent element on the Board. Key information on directors can be found in the "Board of Directors" section of the annual report.

The Board, through the delegation of its authority to the Nominating Committee ("NC"), has used its best efforts to ensure that Directors appointed to the Board possess the relevant background, experience and knowledge in technology, business, finance and management skills critical to the Group's business to enable the Board to make sound and well-considered decisions.

The independence of each director is reviewed annually by the NC. The Board considers an "independent" director as one who has no relationship with Etika, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment of the conduct of the Group's affairs.

The composition of the Board is reviewed on an annual basis by NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competence for informed decision-making and effective functioning.

b) Board's Conduct of its Affairs

The primary functions of the Board are to provide stewardship for Etika and its subsidiaries (the "Group") and enhance and protect long-term returns and value for its shareholders. Besides carrying out its statutory responsibilities, the Board oversees the formulation of the Group's long-term strategic objectives and directions, reviews and approves the Group's annual budgets, business and strategic plans and monitors the achievement of the Group's corporate objectives. It also oversees the management of the Group's business affairs and conduct periodic reviews of the Group's financial performance and implementing policies relating to financial matters, which include risk management and internal control and compliance.

The Board's approval is also required in matters such as major funding proposals, investment and divestment proposals, major acquisitions and disposals, corporate or financial restructuring, mergers and acquisitions, share issuance and dividends and major corporate policies on key areas of operations, the release of the Group's half yearly and full year results and interested person transactions of a material nature. The Board ensures that incoming new Directors are familiarized with the Group's businesses and corporate governance practices upon their appointment to facilitate the effective discharge of their duties.

Corporate Governance (cont'd)

Going forward, the Board proposed to meet on a quarterly basis to oversee the business affairs of the Group, and to approve, if applicable, any financial and business objectives and strategies. Ad-hoc meetings will be held when circumstances require. Etika's Articles of Association also provide for telephone conference and video conferencing meetings.

The attendance of the directors at meetings of the Board and Board committees is as follows :-

	Board	Audit Committee	Remuneration Committee	Nominating Committee
No. of meetings held in FY2005	3	4	2	1
Name of Directors				
Dato' Jaya J B Tan ¹	3	-	2	1
Kamal Y P Tan	3	-	-	-
Tajuddin Joe Hok Tan ² (deceased)	3	3	-	-
Mah Weng Choong	3	-	-	-
Teo Chee Seng	3	4	2	1
John Lyn Hian Woon	3	4	2	1
Tan Yet Meng ³	-	-	-	-

Note:

¹ Dato' Jaya J B Tan was appointed as Audit Committee member on 19 October 2005.

² Tajuddin Joe Hok Tan passed away 20 August 2005 and hence ceased as Director and Audit Committee member.

³ Tan Yet Meng was appointed as a Director on 15 September 2005.

c) Access to information

The Board is provided with adequate information, management accounts, financial and corporate reports in a timely manner by the management to the Directors on matters to be deliberated, thus facilitating informed decision-making. Directors are also updated on initiatives and developments for the Group's business whenever possible on an on-going basis.

The Board has separate and independent access to Etika's senior management and the Company Secretaries. At least one of the Company Secretaries attends the Board and Board committee meetings and is responsible for ensuring that board procedures are followed in accordance with the Memorandum and Articles of Association of Etika, and that applicable rules and regulations are complied with.

Management will, upon direction by the Board, assist the Directors, either individually or as a group, to get independent professional advice in furtherance of their duties, at Etika's expense.

d) Chairman and Executive Director

The Chairman's primary function is to manage the business of the Board and the Board committees, and to promote harmonious relations with the shareholders. In respect of the Chairman's role with regard to Board proceedings, the Chairman being a non-executive Director :

- schedules meetings that enable the Board to perform its duties responsibly while not interfering with the flow of Etika's operations;
- prepares meeting agenda;
- exercises control over quality, quantity and timeliness of the flow of information between management and the Board; and
- assists in ensuring compliance with Etika's guidelines on corporate governance.

There is a clear division of responsibilities at the top management with clearly defined lines of responsibility between the Board and executive functions of the management of Etika's business. The Board sets broad business guidelines, approves financial objectives and business strategies and monitors the standards of executive management performance on a periodic basis.

The role of the Chairman and Executive Director are separate. Dato' Jaya J B Tan, the non-executive Chairman, is consulted on the Group's strategic direction and formulation of policies. The day-to-day operation of the Group is entrusted to the Executive Director, Mr Kamal Y P Tan. He is assisted by an experienced and qualified team of executive officers of the Group.

Corporate Governance (cont'd)

e) Board Committees

To assist the Board in the discharge of its responsibilities, the Board has established three Board Committees, namely the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"). These committees function within clearly defined terms of reference and operating procedures, which are reviewed on a regular basis.

The composition of each of the committees is as follows :-

Directors	Audit Committee	Remuneration Committee	Nominating Committee
Teo Chee Seng	Member	Chairman	Chairman
John Lyn Hian Woon	Chairman	Member	Member
Dato' Jaya J B Tan ¹	Member	Member	Member

Note:

¹Dato' Jaya J B Tan was appointed as a member of the Audit Committee with effect from 19 October 2005.

AUDIT COMMITTEE

The Audit Committee ("AC") comprises one non-executive director and two independent non-executive directors, one of whom is also the Chairman of the Committee. The members of the AC as at the date of this report are as follows: -

John Lyn Hian Woon (Chairman)	Non-Executive, Independent
Teo Chee Seng (Member)	Non-Executive, Independent
Dato' Jaya J B Tan ¹ (Member)	Non-Executive

Note:

¹Dato' Jaya J B Tan was appointed as a member of the Audit Committee with effect from 19 October 2005.

The principal responsibility of the AC is to assist the Board in maintaining a high standard of corporate governance, particularly by providing an independent review of the group's material internal controls, including financial, operational, compliance and risk management controls at least once annually, to safeguard Etika's assets and maintain adequate accounting records, with the overall objective of ensuring that the management creates and maintains an effective control environment in the Group.

The AC has authority to investigate any matter within its terms of reference, gain full access to and co-operation by management, exercise full discretion to invite any Director or executive officer to attend its meetings, and gain reasonable access to resources to enable it to discharge its function properly.

The AC will meet with the external auditors without the presence of the management at least once a year to review the scope and results of the audit and its cost effectiveness, as well as the independence and objectivity of the external auditors.

It has undertaken a review of all non-audit services provided by the external auditors and is of the opinion that the provision of such services would not affect the independence of the auditors.

In performing those functions, the AC reviews :-

- with the external auditors the audit plan, their evaluation of the system of internal accounting controls, their letter to management and the management's response;
- the financial statements of Etika and the consolidated financial statements of the group before their submission to the Board of Directors;
- and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations;
- potential conflicts of interest (if any);
- the adequacy of the internal audit function and the effectiveness of Etika's material internal controls;
- independence of the external auditors;
- interested person transactions;
- the internal control procedures and ensure co-operation given by the management to the external auditors;
- the appointment and re-appointment of external and internal auditors of Etika's and the audit fees; and
- and undertake such other functions and duties as requested by the Board and as required by statute or Listing Manual.

Corporate Governance (cont'd)

The internal and external auditors have full access to the AC who has the express power to conduct or authorize investigations into any matters within its terms of reference. Minutes of the AC meetings will be regularly submitted to the Board for its information.

The AC has reviewed the Group's risk assessment, and based on the audit reports and management controls in place, is satisfied that there are adequate internal controls in the Group.

NOMINATING COMMITTEE

The Nominating Committee ("NC") comprises one executive director and two independent non-executive directors, one of whom is also the Chairman of the Committee, namely :-

Teo Chee Seng (Chairman)	Non-Executive, Independent
John Lyn Hian Woon (Member)	Non-Executive, Independent
Dato' Jaya J B Tan (Member)	Non-Executive

The NC decides how the Board should be evaluated and selects a set of performance criteria that is linked to long-term shareholders' value to be used for performance evaluation of the Board.

The NC performs the following principal functions:-

- reviews the structure, size and composition of the Board and make recommendations to the Board;
- identifies candidates and reviews all nomination for the appointment and re-appointment of members of the Board;
- make plans for succession, in particular for the Chairman and Chief Executive;
- determines annually whether or not a Director is independent in accordance with the guidelines of the Code;
- decides whether or not a Director is able to and has been adequately carrying out his/her duties as a Director of the company; and
- assesses the effectiveness of the Board as a whole, as well as the contribution by each member of the Board.

The Board has power from time to time and at any time to appoint a person as a Director to fill a casual vacancy or as an addition to the Board. Any new Directors appointed during the year shall only hold office until the next Annual General Meeting ("AGM") and submit themselves for re-election and shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

Article 91 of Etika's Articles of Association requires one third of the Board to retire by rotation at every AGM. The Directors must present themselves for re-nomination and re-election at regular intervals of at least once every three years.

In reviewing the nomination of the retiring directors, the NC considered the performance and contribution of each of the retiring directors, having regard not only to their attendance and participation at Board and Board Committee meetings but also the time and efforts devoted to the Group's business and affairs, especially the operational and technical contributions.

REMUNERATION COMMITTEE

The Remuneration Committee ("RC") comprises one non-executive director and two independent non-executive directors, one of whom is also the Chairman of the Committee, namely :-

Teo Chee Seng (Chairman)	Non-Executive, Independent
John Lyn Hian Woon (Member)	Non-Executive, Independent
Dato' Jaya J B Tan (Member)	Non-Executive

The role of the RC is to review and recommend remuneration policies and packages for directors and key executives and to disseminate proper information on transparency and accountability to shareholders on issues of remuneration of the executive directors of the Group and employees related to the executive directors and controlling shareholders of the Group.

RC's review covers all aspect of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options, long-term incentive schemes, including share schemes and benefits-in-kind. Recommendations are made in consultation with the Chairman of the Board and submitted for endorsement by the entire Board. No director is involved in deciding his own remuneration.

Corporate Governance (cont'd)

Primary functions to be performed by RC:-

- reviews and recommends to the Board, a framework of remuneration for the Board and key executives;
- reviews the level of remuneration that are appropriate to attract, retain and motivate the directors and key executives;
- ensures adequate disclosure on Directors' remuneration;
- reviews and administers the Etika Employee Share Option Scheme (the "Scheme") adopted by the Group and decides on the allocations and grants of options to eligible participants under the Scheme; and
- recommends to the Board, the Executive Share Option Schemes or any long-term incentive schemes which may be set up from time to time and does all acts necessary in connection therewith.

DIRECTORS' REMUNERATION

a) Number of directors in remuneration bands:-

	23/12/2004 to 30/9/2005
Below S\$250,000	7
S\$250,000 to S\$499,999	-
S\$500,000 and above	-
	7

b) A breakdown, showing the level and mix of each individual director's remuneration and fees of Etika for FY2005 is as follows:

Remuneration Bands & Names of Directors	Salary*	Directors' Fees	Bonus**	Total Remuneration
	%	%	%	%
Below S\$250,000				
Kamal Y P Tan	100.0	-	-	100.0
Dato' Jaya J B Tan	-	100.0	-	100.0
Mah Weng Choong	80.0	10.8	9.2	100.0
Teo Chee Seng	-	100.0	-	100.0
John Lyn Hian Woon	-	100.0	-	100.0
Tan Yet Meng	-	100.0	-	100.0
Khor Sin Kok	89.9	-	10.1	100.0
Tan San Chuan	-	-	-	-
Tajuddin Joe Hok Tan (deceased)	-	100.0	-	100.0

Note :

* Inclusive of benefits-in-kind and allowances.

** On receipt basis during FY2005.

The breakdown, showing the level and mix of each key executive's remuneration for FY2005, is as follows :-

Remuneration Bands & Names of Executive Officer	Salary*	Bonus**	Total Remuneration
	%	%	%
Below S\$250,000			
Kwong Yuen Seng	89.8	10.1	100.0
Thong Cooi Seong	100.0	-	100.0
Chung Chee Fook	89.9	10.1	100.0
Pang Son Ken	89.4	10.6	100.0
Tan San Yang	89.3	10.7	100.0

Note :

* Inclusive of benefits-in-kind and allowances.

** On receipt basis during FY2005.

Immediate family members of Directors

There are no immediate family members of Directors in employment with Etika and whose remuneration exceeds S\$150,000 during the FY2005.

Corporate Governance (cont'd)

2. Accountability and Audit

The Board is accountable to shareholders for the stewardship of the Group. The Board updates shareholders on the operations and financial position of Etika through half-year and full-year results announcements as well as timely announcements of other matters as prescribed by the relevant rules and regulations. The Management is accountable to the Board by providing the Board with the necessary financial information for the discharge of its duties.

Presently, the Management presents to the AC the half-year and full-year results and the AC reports on the results to the Board for review and approval before releasing the results to the SGX-ST and public via SGXNET.

3. Internal Controls and Internal Audit

The Board is cognizant of its responsibility for maintaining a sound system of internal controls to safeguard the shareholders' investment and the Group's assets and business. Etika's auditors, BDO Raffles, carry out, in the course of their statutory audit, a review of the effectiveness of Etika's material internal controls, annually to the extent of their scope laid out in their audit plan. Material non-compliance and internal control weaknesses noted during their audit and the auditors' recommendations, are reported to the AC members. For FY2005, the Board is of the view that based on the reports from the auditors, the system of internal controls that has been maintained by Etika's management throughout the financial year is adequate to meet the needs of Etika. The Board shall consider expanding its internal audit resources as and when the need arises.

4. Communication with Shareholders/Greater Shareholder Participation

Etika is committed to timely dissemination of information and proper transparency and disclosure of relevant information to SGX-ST, shareholders, analysts, the public and its employees.

Information is communicated to shareholders and the public through the following channels:

- Notice of Annual General Meeting ("AGM") and Annual Reports that are issued to all shareholders. The Board strives to ensure that these reports include all relevant information on the Group, including current developments, strategic plans and disclosures required under the Companies Act, Singapore Financial Reporting Standards, Listing Manual of the SGX-ST and other relevant statutory and regulatory requirements;
- Price sensitive announcement of interim and full year results released through SGXNET;
- Disclosures on the SGXNET;
- Press releases;
- Press and analysts' briefings as may be appropriate; and
- The Group's website (www.etikadairies.com.my) at which shareholders and the public may access information on the Group.

All shareholders are welcome to attend the AGM. The Board of Directors, AC members and other committee members, chief financial officer, auditors and the Company Secretary/Secretaries will be present and are available to address any questions from shareholders regarding the Group and its businesses.

5. Material Contracts

No material contracts were entered into between Etika or any of its subsidiaries involving the interests of any director or controlling shareholder, which are either subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year except for related party transactions and director's remuneration as disclosed in the financial statements.

6. Interested Person Transactions

Etika has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and that the transactions are at arm's length basis. All interested person transactions are subject to review by the AC to ensure compliance with the established procedures.

Corporate Governance (cont'd)

The aggregate value of interested person transactions entered into during the year were as follows:-

Name of Interested Person	Aggregate Value of All Interested Person Transactions during the Financial Year under Review (Excluding Transactions less than S\$100,000 and Transactions Conducted Under Shareholders' Mandate Pursuant to Rule 920 of the SGX Listing Manual)	Aggregate Value of All Interested Person Transactions Conducted Under Shareholders' Mandate Pursuant to Rule 920 of the SGX Listing Manual (Excluding Transactions less than S\$100,000)
	RM	RM
Perinsu (Broker Insurans) Sdn Bhd - Insurance premium	500,513	-
Life Medicals Berhad - Purchase of packing materials	715,000	-

7. Risk Management

The Group regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as taking appropriate measures to control and mitigate these risks. The Group reviews all significant control policies and procedures and highlights all significant matters to the AC and the Board. The financial risk management objectives and policies are outlined in the financial statements.

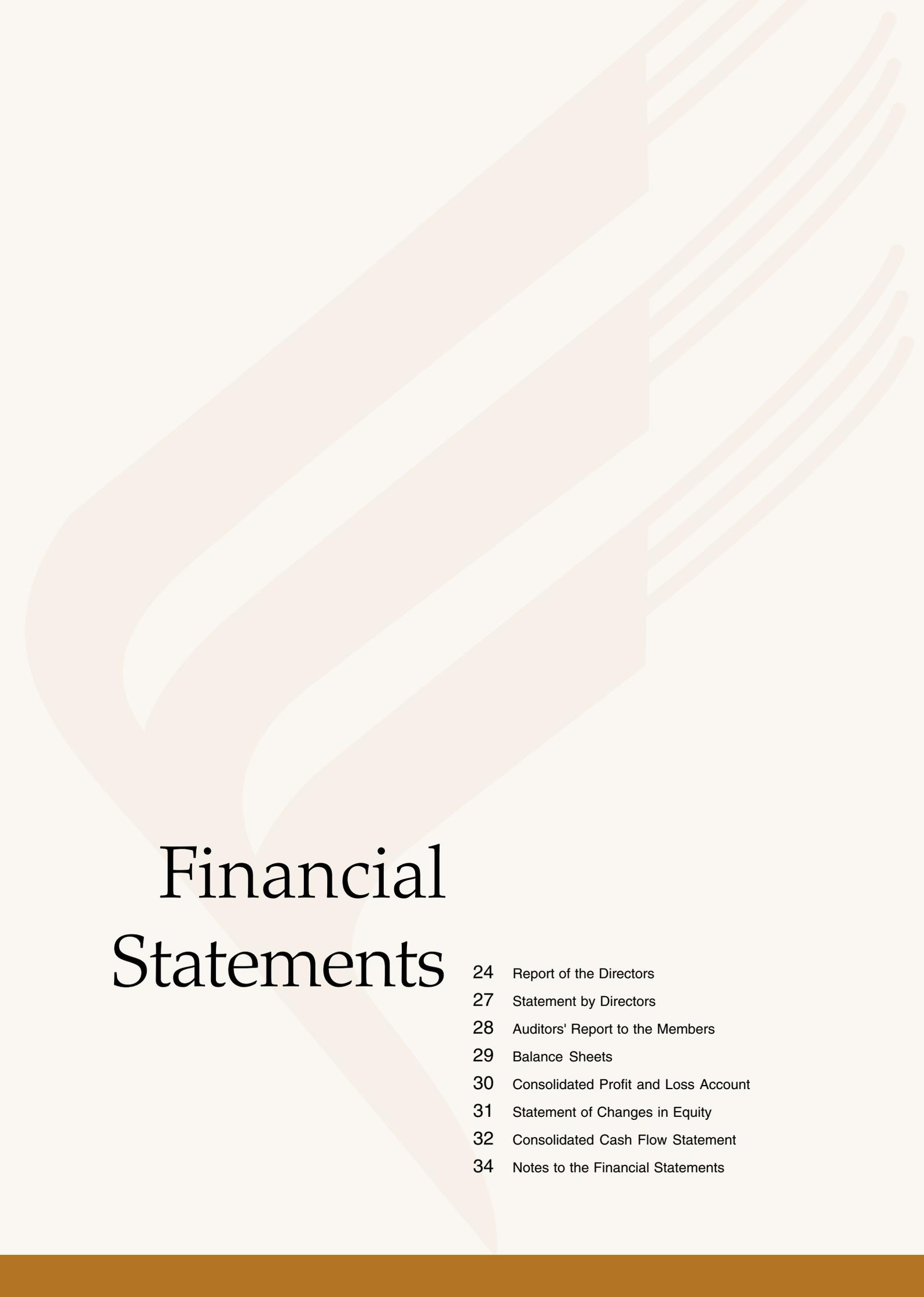
8. Dealings in Securities

Following the introduction of Best Practice Guide by SGX-ST ("the Code"), Etika has brought to the attention of its employees the implications of insider trading and recommendations of the Best Practice Guide.

Etika has adopted and implemented an internal compliance of the Code which prohibits securities dealings by directors and employees while in possession of unpublished price-sensitive information.

Directors, executives and any other employees who have access to material price-sensitive information are prohibited from dealing in securities of Etika prior to the announcement of a matter that involves material unpublished price-sensitive information. They are required to report on all their dealings in Etika securities to Etika. They are also prohibited from dealing in Etika's securities during the period commencing 4 weeks before the announcement of Etika's half-year or full-year results and ending on the day after the announcement of the half-year and full-year results.

The Group has complied with the Best Practices Guide on Securities Transactions issued by the Singapore Exchange.



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Report of the Directors

The Directors of the Company present their report to the members together with the audited financial statements of the Group for the financial year ended 30 September 2005 and the balance sheet of the Company as at 30 September 2005 and statement of changes in equity of the Company for the financial year ended 30 September 2005.

On 10 November 2004, the Company was converted to a public limited company and changed its name from Etika International Holdings Private Limited to Etika International Holdings Limited. The Company was admitted to the official list of the Stock Exchange of Singapore Dealing and Automated Quotation System ("SGX-SESDAQ") on 23 December 2004.

1. Directors

The Directors of the Company in office at the date of this report are:

Dato' Jaya J B Tan	(Non-Executive Chairman)	
Kamal Y P Tan	(Executive Director)	
Mah Weng Choong	(Non-Executive Director)	
John Lyn Hian Woon	(Independent Director)	
Teo Chee Seng	(Independent Director)	
Tan Yet Meng	(Non-Executive Director)	(Appointed on 15 September 2005)
Khor Sin Kok	(Alternate Director to Mah Weng Choong)	
Tan San Chuan	(Alternate Director to Tan Yet Meng)	(Appointed on 15 September 2005)

2. Arrangements to enable Directors to acquire shares or debentures

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

3. Directors' interests in shares or debentures

According to the register of the directors' shareholdings kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 ("Act"), none of the Directors who held office at the end of the financial year had any interest in the shares or debentures of the Company and its related corporations except as detailed below:

	Balance as at 1 October 2004	Balance as at 30 September 2005
	Number of ordinary shares of S\$1.00 each	Number of ordinary shares of S\$0.06 each
Company		
<i>Etika International Holdings Limited</i>		
Dato' Jaya J B Tan	1	29,618,789
Kamal Y P Tan	1	29,618,789
Mah Weng Choong	-	4,536,846
John Lyn Hian Woon	-	200,000
Teo Chee Seng	-	50,000
Khor Sin Kok	-	4,577,846

Report of the Directors (cont'd)

3. Directors' interests in shares or debentures (cont'd)

In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited, the Directors of the Company state that, according to the register of directors' shareholdings, the Directors' interests as at 21 October 2005 in the shares of the Company and its related corporations have not changed from those disclosed as at 30 September 2005.

By virtue of Section 7 of the Act, Dato' Jaya J B Tan and Mr Kamal Y P Tan are deemed to have interests in the shares of all the wholly-owned subsidiaries held by the Company, as at the end of the financial year.

4. Directors' contractual benefits

Since the end of the previous financial period, no Director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in the financial statements.

5. Share options

There were no share options granted by the Company or its subsidiaries during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares under option in the Company or its subsidiaries as at the end of the financial year.

The Company has implemented a share option scheme known as the "Etika Employee Share Option Scheme" ("ESOS"). The ESOS was approved and adopted by the Shareholders at an Extraordinary General Meeting of the Company held on 8 November 2004. No share options have been granted pursuant to the ESOS.

6. Audit committee

The Audit Committee during the financial year and at the date of this report comprises the following members, all of whom are non-executive Directors and a majority of whom, including the Chairman, are independent Directors:-

John Lyn Hian Woon (Chairman)

Teo Chee Seng

Tajuddin Joe Hok Tan, ceased as member following his demise on 20 August 2005

Dato' Jaya J B Tan, appointed as member on 19 October 2005

The Audit Committee performs the functions specified in Section 201B (5) of the Singapore Companies Act, Chapter 50.

In performing those functions, the Audit Committee reviewed the audit plans and the overall scope of examination by the external auditors of the Group and of the Company. The Audit Committee also reviewed the independence of the external auditors of the Company and the nature and extent of the non-audit services provided by the external auditors.

Report of the Directors (cont'd)

6. Audit committee (cont'd)

The Audit Committee also reviewed the assistance provided by the Company's officers to the external auditors and the consolidated financial statements of the Group and financial statements of the Company prior to their submission to the Directors of the Company for adoption. Interested person transactions of the Group during the financial year have also been reviewed by the Audit Committee.

The Audit Committee has recommended to the Board of Directors the nomination of BDO Raffles, for re-appointment as auditors of the Company at the forthcoming Annual General Meeting.

7. Auditors

On 1 January 2005, our auditors changed the name under which they practice to BDO Raffles and accordingly, have signed their report in their new name. BDO Raffles have expressed their willingness to accept re-appointment. A resolution for the re-appointment of BDO Raffles as auditors of the Company will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board of Directors

DATO' JAYA J B TAN

KAMAL Y P TAN

Singapore
15 December 2005

Statement by Directors

We state that, in the opinion of the Directors of Etika International Holdings Limited,

- (a) the accompanying balance sheets of the Group and of the Company, consolidated profit and loss account, statements of changes in equity and consolidated cash flow statement together with the notes thereon are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 September 2005 and of the results, changes in equity and the cash flows of the Group and changes in equity of the Company for the financial year ended on that date, and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

DATO' JAYA J B TAN

KAMAL Y P TAN

Singapore
15 December 2005

Auditors' Report to the Members of

ETIKA INTERNATIONAL HOLDINGS LIMITED

We have audited the accompanying financial statements of Etika International Holdings Limited (formerly known as Etika International Holdings Private Limited) and of the Group comprising the balance sheets of the Group and the Company as at 30 September 2005, consolidated profit and loss account, consolidated statement of changes in equity and consolidated cash flow statement of the Group and statement of changes in equity of the Company for the financial year then ended as set out on pages 29 to 50. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the accompanying consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 ("Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 September 2005 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

BDO Raffles

Certified Public Accountants

Singapore
15 December 2005

Balance Sheets

as at 30 September 2005

	Note	Group 2005 RM	Company 2005 RM	2004 RM
Non-current assets				
Property, plant and equipment	3	46,759,578	-	-
Investment in subsidiaries	4	-	17,542,583	-
		46,759,578	17,542,583	-
Current assets				
Inventories	5	20,635,835	-	-
Trade and other receivables	6	36,092,497	9,350,515	820,692
Dividends receivable		-	2,198,572	-
Fixed deposits		7,273,386	7,273,386	-
Cash and bank balances		290,091	151,435	11,060
		64,291,809	18,973,908	831,752
Less:				
Current liabilities				
Trade and other payables	7	37,369,027	270,073	849,455
Bank borrowings	8	19,741,718	-	-
Finance lease payables	9	473,211	-	-
Current income tax payable		13,120	13,120	-
		57,597,076	283,193	849,455
Net current assets/(liabilities)		6,694,733	18,690,715	(17,703)
Less:				
Non-current liabilities				
Bank borrowings	8	4,907,928	-	-
Finance lease payables	9	627,174	-	-
Deferred tax liabilities	10	2,354,982	-	-
		7,890,084	-	-
		45,564,227	36,233,298	(17,703)
Capital and reserves				
Share capital	11	23,471,420	23,471,420	7
Share premium	12	11,990,410	11,990,410	-
Foreign currency translation account	13	(390,141)	(730,688)	-
Accumulated profits/(losses)		10,492,538	1,502,156	(17,710)
		45,564,227	36,233,298	(17,703)

The accompanying notes form an integral part of the financial statements.

Consolidated Profit and Loss Account

for the financial year ended 30 September 2005

	Note	<u>RM</u>
Revenue	14	150,048,872
Cost of sales		<u>(128,130,664)</u>
Gross profit		21,918,208
Other operating income		314,878
Administration expenses		(4,275,028)
Marketing and distribution expenses		(7,034,703)
Other operating expenses		<u>(1,106,483)</u>
Profit from operations	15	9,816,872
Exceptional item		
- Accreditation of negative goodwill arising on consolidation of a subsidiary		3,128,816
Finance costs	17	<u>(1,006,493)</u>
Profit before income tax		11,939,195
Income tax	18	<u>(1,428,947)</u>
Profit attributable to shareholders		<u>10,510,248</u>
Earnings per share	19	
Basic		
- including exceptional income		<u>7.08 sen</u>
- excluding exceptional income		<u>4.97 sen</u>
Diluted		
- including exceptional income		<u>7.08 sen</u>
- excluding exceptional income		<u>4.97 sen</u>

The accompanying notes form an integral part of the financial statements.

Statement of Changes in Equity

for the financial year ended 30 September 2005

Group	Note	Share capital RM	Share premium RM	Foreign currency translation account RM	Accumulated (losses)/profits RM	Total RM
Balance at 1 October 2004		7	-	-	(17,710)	(17,703)
Issue of shares arising from acquisition of a subsidiary	11	17,542,573	-	-	-	17,542,573
Issue of shares in connection with the Company's initial public offering	11,12	5,928,840	14,822,100	-	-	20,750,940
Listing expenses	12	-	(2,831,690)	-	-	(2,831,690)
Net profit for the financial year		-	-	-	10,510,248	10,510,248
Translation adjustment		-	-	(390,141)	-	(390,141)
Balance at 30 September 2005		23,471,420	11,990,410	(390,141)	10,492,538	45,564,227

Company	Note	Share capital RM	Share premium RM	Foreign currency translation account RM	Accumulated (losses)/profits RM	Total RM
Balance at 23 December 2003 (date of incorporation)		7	-	-	-	7
Net loss for the financial year		-	-	-	(17,710)	(17,710)
Balance at 30 September 2004 and 1 October 2004		7	-	-	(17,710)	(17,703)
Issue of shares arising from acquisition of a subsidiary	11	17,542,573	-	-	-	17,542,573
Issue of shares in connection with the Company's initial public offering	11,12	5,928,840	14,822,100	-	-	20,750,940
Listing expenses	12	-	(2,831,690)	-	-	(2,831,690)
Net profit for financial year		-	-	-	1,519,866	1,519,866
Translation adjustment		-	-	(730,688)	-	(730,688)
Balance at 30 September 2005		23,471,420	11,990,410	(730,688)	1,502,156	36,233,298

The accompanying notes form an integral part of the financial statements.

Consolidated Cash Flow Statement

for the financial year ended 30 September 2005

	<u>RM</u>
Cash flows from operating activities	
Profit before income tax	11,939,195
Adjustments for:	
Allowance for doubtful trade receivables	206,147
Allowance for doubtful trade receivables no longer required	(34,970)
Interest income	(157,685)
Interest expense	881,959
Appropriation of property, plant and equipment	114,337
Depreciation of property, plant and equipment	2,283,042
Exceptional item	(3,128,816)
Operating profit before working capital changes	12,103,209
Working capital changes:	
Inventories	(8,274,636)
Trade and other receivables	(9,401,584)
Trade and other payables	3,840,804
Cash absorbed by operations	(1,732,207)
Interest paid	(66,001)
Net cash used in operating activities	(1,798,208)
Cash flows from investing activities	
Net cash outflow from acquisition of subsidiary (Note A)	(86,264)
Purchase of property, plant and equipment (Note B)	(14,714,782)
Interest income received	157,685
Net cash used in investing activities	(14,643,361)
Cash flows from financing activities	
Proceeds from issue of shares net of listing expenses	17,919,251
Interest paid	(815,958)
Proceeds of bank borrowings	6,001,554
Repayments of finance lease obligations	(527,955)
Net cash from financing activities	22,576,892
Net increase in cash and cash equivalents	6,135,323
Cash and cash equivalents at beginning of financial year	11,060
Effect of exchange rate changes	(396,362)
Cash and cash equivalents at end of financial year (Note C)	<u>5,750,021</u>

The accompanying notes form an integral part of the financial statements.

Consolidated Cash Flow Statement (cont'd)

for the financial year ended 30 September 2005

A. Acquisitions of subsidiaries

On 8 November 2004, the Group acquired all the shares in Etika Dairies Sdn Bhd for RM17,542,573, satisfied in full by the issue of 128,630,102 new ordinary shares of S\$0.06 each at par. The principal activities of the subsidiary are set out in Note 4 to the financial statements. The acquisition was accounted for using the purchase method.

The acquired subsidiary, Etika Dairies Sdn Bhd, contributed revenue of RM150,048,872 and profit from operations of RM8,196,580 to the Group for the financial year ended 30 September 2005. The fair value of this subsidiary net identifiable assets as at the date of acquisition were RM20,671,389.

The effect of acquisition of subsidiary is as follows:

	2005 RM
Property, plant and equipment	32,899,482
Inventories	12,361,199
Trade and other receivables	26,008,738
Cash and bank balances	(86,264)
Trade and other payables	(31,434,869)
Bank borrowings	(16,834,636)
Finance lease payables	(1,302,730)
Deferred tax liabilities	(939,531)
Net identifiable assets acquired	20,671,389
Negative goodwill on acquisition	(3,128,816)
Consideration payable	17,542,573
Issue of shares as consideration	(17,542,573)
Cash acquired	(86,264)
Net cash outflow from acquisition of subsidiary	(86,264)

B. Purchase of property, plant and equipment

During the financial year ended 30 September 2005, the Group acquired property, plant and equipment as follows:

	2005 RM
Additions of property, plant and equipment	16,257,475
Acquired under finance lease agreements	(325,610)
Amount owing to a contractor of freehold building	(1,217,083)
Cash payments to acquire plant and equipment	14,714,782

C. Cash and cash equivalents

Cash and cash equivalents included in the consolidated cash flow statement comprise the following balance sheet amounts:

	2005 RM
Cash and bank balances	290,091
Fixed deposits	7,273,386
Bank overdrafts	(1,813,456)
	5,750,021

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements

for the financial year ended 30 September 2005

These notes form an integral part of and should be read in conjunction with the financial statements.

1. General corporate information

The balance sheet and statement of changes in equity of Etika International Holdings Limited (formerly known as Etika International Holdings Private Limited) ("Company") and the consolidated financial statements of the Group for the financial year ended 30 September 2005 were authorised for issue in accordance with a Directors' resolution dated 15 December 2005.

The Company, having the registration number of 200313131Z, is a public limited liability company, domiciled and incorporated in Singapore. Its registered office is at 10 Collyer Quay, #19-08 Ocean Building, Singapore 049315, while the place of business is at 20 Maxwell Road, #12-05, Maxwell House, Singapore 069113.

On 10 November 2004, the Company was converted to a public limited company and changed its name from Etika International Holdings Private Limited to Etika International Holdings Limited. The Company was admitted to the official list of the Stock Exchange of Singapore Dealing and Automated Quotation System ("SGX-SESDAQ") on 23 December 2004.

The principal activity of the Company is that of investment holding company. The principal activities of the subsidiaries are set out in Note 4 to the financial statements.

The number of employees in the Group and in the Company as at 30 September 2005 were 315 and 3 (2004: nil) respectively.

2. Significant accounting policies

(a) Statement of compliance

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS") including related Interpretations of Financial Reporting Standards.

(b) Basis of preparation of financial statements

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("functional currency"). The balance sheet and the statement of changes in equity of the Company and the consolidated financial statements of the Group are presented in Ringgit Malaysia ("RM"), which is the measurement currency.

The financial statements of the Group and the Company have been prepared in accordance with the historical cost convention.

(c) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to the end of the financial year.

The results of the subsidiaries acquired or disposed of during the financial year are included in or excluded from the consolidated financial statements from the effective dates of acquisition or disposal. Intra-group balances and transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

Notes to the Financial Statements (cont'd)

for the financial year ended 30 September 2005

2. Significant accounting policies (cont'd)

(d) Property, plant and equipment

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

The cost of property, plant and equipment comprises its purchase price and any direct attributable costs of bringing the property, plant and equipment to working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the profit and loss account. Upon disposal, the difference between the disposal proceeds and the carrying amount is charged or credited to the profit and loss account.

Depreciation is calculated on the straight-line method so as to write off the cost of the property, plant and equipment over their estimated useful lives as follows:

	Years
Factory buildings	40
Furniture and fittings	10
Renovation	10
Motor vehicles	6.25
Office and factory equipment	5 to 15

No depreciation is provided on freehold land.

Fully depreciated plant and equipment are retained in the financial statements until such time when they are no longer in use.

(e) Negative goodwill

Negative goodwill represents the excess of the Group's and the Company's interest in fair value of the identifiable assets and liabilities acquired at the date of acquisition over the cost of acquisition. Negative goodwill arising on the acquisition of subsidiary is recognised in the profit and loss account immediately.

(f) Subsidiaries

A subsidiary is a company in which the Group, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

Investment in subsidiaries is stated at cost in the Company's balance sheet, less impairment losses, if any.

(g) Impairment of assets

The carrying amounts of the Group's and of the Company's non-current assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment in value is recognised whenever the recoverable amount is less than the carrying amount of the asset. The impairment loss is recognised in the profit and loss account immediately.

The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

Notes to the Financial Statements (cont'd)

for the financial year ended 30 September 2005

2. Significant accounting policies (cont'd)

(g) Impairment of assets (cont'd)

An impairment in value is reversed if there has been a change in the estimates used to determine the recoverable amounts. An impairment in value is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment in value has been recognised. All reversals of impairment in value are recognised in the profit and loss account.

(h) Foreign currencies

Monetary assets and liabilities maintained in foreign currencies are translated into RM at the rates of exchange approximate to those ruling at the balance sheet date. Foreign currency transactions during the financial year are translated at the rates of exchange prevailing on the transaction dates. Non-monetary assets are measured using the exchange rates ruling at the transaction dates. Exchange differences arising from the above are recognised in the profit and loss account.

For the purpose of the presentation of financial statements, the assets and liabilities of the Company and its subsidiaries are translated into RM at the rates of exchange approximate to those ruling at the balance sheet date. The results of the Company and its subsidiaries are translated into RM at the average exchange rate for the financial year. All resultant exchange differences are taken directly to the foreign currency translation account.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined on a "first-in-first-out" basis and includes all costs of purchase, costs of conversion and other costs incurred in bring the inventories to their present location and condition.

Net realisable value is the estimated selling price at which inventories can be realised in the normal course of business after allowing for obsolete, slow-moving and defective inventories.

(j) Trade and other receivables

Trade and other receivables are recognised and carried at original invoiced amount less allowance for doubtful receivables.

Known bad receivables are written off and specific allowance is made for receivables considered to be doubtful of collection.

(k) Cash and cash equivalents

Cash and cash equivalents comprise fixed deposits, cash and bank balances and net of bank overdraft.

(l) Trade and other payables

Trade and other payables, carried at cost, are the fair value of the consideration to be paid in the future for goods received and services rendered, whether or not billed to the Group or to the Company.

Notes to the Financial Statements (cont'd)

for the financial year ended 30 September 2005

2. Significant accounting policies (cont'd)

(m) Provisions

Provision is recognised when the Group and the Company have a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

(n) Interest-bearing liabilities

Loans and borrowings

Interest-bearing loans and borrowings are recognised at cost.

Assets acquired under hire-purchase and lease agreements

Assets financed by hire-purchase and lease arrangements which transfer substantially all the risk and rewards of ownership to the Group are capitalised as plant and equipment and the corresponding obligations are treated as liabilities. The plant and equipment capitalised are depreciated on the same basis as owned assets.

Finance charges are allocated to the profit and loss account over the period of the agreements to give a constant periodic rate of charge on the remaining hire-purchase and lease liabilities.

(o) Share capital

Ordinary share capital is recognised at the fair value of the consideration received by the Company.

(p) Financial instruments

Financial assets and liabilities carried on the balance sheet include cash and bank balances, fixed deposits, trade and other receivables, trade and other payables, balances with subsidiaries and related parties, bank borrowings and finance lease payables. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies associated with each item.

(q) Revenue recognition

Revenue from sale of goods is recognised in the profit and loss account upon passage of title to customers, which generally coincides with their delivery and customer's acceptance.

Interest income is accrued on a time-apportionment basis.

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

(r) Income tax

Income tax for the financial year comprises current tax and deferred taxes.

Current tax is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous financial years.

Notes to the Financial Statements (cont'd)

for the financial year ended 30 September 2005

2. Significant accounting policies (cont'd)

(r) Income tax (cont'd)

Deferred tax is provided using the liability method, providing for temporary differences at the balance sheet date between the carrying amounts and tax bases of assets and liabilities in the financial statements. The amount of deferred tax is provided based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

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 tax assets and deferred tax liabilities relate to the same taxation authority.

(s) Operating leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset, are classified as operating leases.

Operating lease payments are charged to the profit and loss account on a straight-line basis over the term of the lease.

(t) Employee benefits

Employee share option scheme

The Company has in place an employee share option scheme, known as the "Etika Employee Share Option Scheme" or ESOS, for the granting of share option to eligible Directors of the Company and employees of the Group to acquire ordinary shares in the Company under the scheme. No compensation cost or obligation is recognised when the share options are issued under ESOS. When the share options are exercised, equity is increased by the amount of the proceeds received.

Defined contribution plan

Contributions to defined contribution plans are recognised as compensation expenses in the profit and loss account in the same financial year as the employment that gives rise to the contributions.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for unutilised annual leave as a result of services rendered by employees up to the balance sheet date.

(u) Finance costs

Interest expense and similar charges are expensed in the profit and loss account in the financial year in which they are incurred.

(v) Exceptional items

Exceptional items are those, which are derived from ordinary activities of the business, which are of such size, nature or incidence that their disclosure is relevant to explain the performance of the Group for the financial year.

Notes to the Financial Statements (cont'd)

for the financial year ended 30 September 2005

2. Significant accounting policies (Cont'd)

(w) Preliminary expenses

Preliminary expenses are fully written off in the financial year in which they are incurred.

(x) Dividends

Interim dividends are recorded during the financial year in which they are declared payable. Final dividends are recorded during the financial year in which the dividends are approved by the shareholders.

(y) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment information is presented in respect of the Group's business segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Intra-segment pricing is determined on an arm's length basis.

Segments results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise indivisible infrastructure support and costs necessary to provide the service in any geographical segment and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the financial year to acquire segment assets that are expected to be used for more than one financial year.

(z) Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Notes to the Financial Statements (cont'd)

for the financial year ended 30 September 2005

3. Property, plant and equipment

Group	Freehold land RM	Factory building RM	Furniture and fittings RM	Renovation RM	Motor vehicles RM	Office and factory equipment RM	Total RM
Cost							
Balance at 1 October 2004	-	-	-	-	-	-	-
Acquisition of subsidiaries	7,500,000	6,000,000	231,433	250,008	1,371,111	17,546,930	32,899,482
Additions	-	6,896,677	76,473	-	523,001	8,761,324	16,257,475
Appropriation	-	-	-	-	-	(114,337)	(114,337)
Balance at 30 September 2005	7,500,000	12,896,677	307,906	250,008	1,894,112	26,193,917	49,042,620
Accumulated depreciation							
Balance at 1 October 2004	-	-	-	-	-	-	-
Depreciation charged for the financial year	-	174,680	36,206	40,508	464,821	1,566,827	2,283,042
Balance at 30 September 2005	-	174,680	36,206	40,508	464,821	1,566,827	2,283,042
Net book value							
At 30 September 2005	7,500,000	12,721,997	271,700	209,500	1,429,291	24,627,090	46,759,578

As at the balance sheet date, the land title has not been issued by the relevant authority.

As at 30 September 2005, the Group has assets purchased under finance lease agreements with net book values of RM2,015,935.

Certain of the Group's property, plant and equipment with a net book value of RM44,641,574 have been charged for banking facilities granted to the Group (Note 8).

As at 30 September 2005, the Group has motor vehicles purchased under finance lease and held in trust by certain employees of the Group with a net book value of RM714,963.

As at 30 September 2005, the Group's freehold properties are as follows:

Location	Description	Existing use	Gross land area (sq ft)	Gross floor area (sq ft)
Lot LS-1 Persiaran Satu, Meru Industrial Park, Persiaran Hamzah Alang, 42200 Klang, Selangor Darul Ehsan, Malaysia	Industrial land	Factory building	348,916	153,972

Notes to the Financial Statements (cont'd)

for the financial year ended 30 September 2005

4. Investment in subsidiaries

	Company	
	2005 RM	2004 RM
Unquoted equity shares in corporations, at cost	17,542,583	-

Particulars of subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Effective equity held by the Group	
			2005 %	2004 %
Held by the Company				
# Etika Dairies Sdn Bhd	Malaysia	Manufacturing and distribution of dairy products	100	-
# Etika Capital (Labuan) Inc	Malaysia	Dormant	100	-
# Etika Foods (M) Sdn Bhd	Malaysia	Dormant	100	-

Audited by BDO Binder, Chartered Accountants, Malaysia, a member firm of BDO International.

5 Inventories

	Group 2005 RM
At cost	
Finished goods	3,960,454
Raw materials	15,839,058
Packaging materials	836,323
	<u>20,635,835</u>

6. Trade and other receivables

	Group 2005 RM	2005 RM	Company 2004 RM
Trade receivables	35,085,119	-	-
Allowance for doubtful receivables (net of bad receivables written off of RM812,742)	(680,506)	-	-
	34,404,613	-	-
Other receivables	44,813	16,025	-
Prepayments	298,496	47,427	820,692
Deposits	112,700	-	-
Advance payment to supplier	1,231,875	-	-
Amounts due from subsidiaries-non trade	-	9,287,063	-
	<u>36,092,497</u>	<u>9,350,515</u>	<u>820,692</u>

Other receivables comprise mainly staff advances and third party receivables.

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

Notes to the Financial Statements (cont'd)

for the financial year ended 30 September 2005

7. Trade and other payables

	Group 2005 RM	2005 RM	Company 2004 RM
Trade payables	31,530,375	-	-
Other payables	4,033,022	9,962	-
Customers' deposits	372,966	-	-
Accruals	1,432,664	260,111	2,224
Amount due to related party-non trade	-	-	847,231
	<u>37,369,027</u>	<u>270,073</u>	<u>849,455</u>

Other payables comprise mainly retention sum and progress billing for construction of factory buildings.

In the previous financial year, the amount due to related party was unsecured, interest-free and had no fixed terms of repayment.

8. Bank borrowings

	Group 2005 RM
Current liabilities	
Secured:-	
Bank overdraft	1,739,757
Banker's acceptance	10,450,000
Term loans	1,419,262
	<u>13,609,019</u>
Unsecured:-	
Bank overdraft	73,699
Banker's acceptance	6,059,000
	<u>6,132,699</u>
	<u>19,741,718</u>
Non-current liabilities	
Secured:-	
Term loans	4,907,928
	<u>24,649,646</u>
Term loans	
Term loan I repayable by 120 monthly instalments of RM73,999 each commencing 1 July 1999	1,401,888
Term loan III repayment by 60 monthly instalments of RM65,114 each commencing 1 February 2005	2,813,178
Term loan IV repayable by 96 monthly instalments of RM56,717 each upon full drawdown of the credit limit of RM4,160,000	2,112,124
	<u>6,327,190</u>
Effective interest rates	%
Bank overdraft	7.00 - 7.75
Bankers' acceptance	2.62 - 2.90
Term loans	<u>7.00 - 7.75</u>

Notes to the Financial Statements (cont'd)

for the financial year ended 30 September 2005

8. Bank borrowings (cont'd)

The secured bank borrowings are secured by:

- (a) Supplemental loan agreement cum assignment over land and factory building currently being developed into an industrial park held under a Master Title No. Geran 24082, Lot 7215 Mukim Kapar, Daerah of Klang, Selangor Darul Ehsan, Malaysia;
- (b) First to eight debenture on the Group's past, present, fixed and floating assets (excluding machineries and vehicles financed by a hire-purchase creditor). Subsequent to the balance sheet date, these debentures have been discharged.

The Group has banking facilities amounting to RM54,327,191 and as at 30 September 2005, RM24,649,646 of the Group's banking facilities have been utilised.

9. Finance lease payables

Group	Minimum lease payments RM	Future finance charges RM	Present value of payments RM
2005			
Within 1 financial year	568,188	(94,977)	473,211
After 1 financial year but less than 5 financial years	711,451	(84,277)	627,174
	1,279,639	(179,254)	1,100,385

During the financial year ended 30 September 2005, the effective interest rates range from 4.37% to 11.52 % per annum.

10. Deferred tax liabilities

	Group 2005 RM
Balance as at beginning of financial year	-
Acquisition of subsidiaries	939,531
Transfer from profit and loss account	1,415,451
Balance as at end of financial year	2,354,982
Deferred tax liabilities/(assets) arise as a result of:	
Unutilised tax losses	(610,297)
Temporary differences	2,965,279
	2,354,982

As at 30 September 2005, the Group had unutilised tax losses amounting to approximately RM2,180,000, which are available for the set-off against future taxable profits subject to the agreement by the relevant tax authority and with provisions of the tax legislation of the respective countries in which the Group operates.

Notes to the Financial Statements (cont'd)

for the financial year ended 30 September 2005

11. Share capital

Authorised:

	Group and Company	
	S\$	RM
100,000 ordinary shares of \$1.00 each at date of incorporation, 30 September 2004 and 1 October 2004	100,000	223,850
Increase in authorised share capital by the creation of 47,900,000 ordinary shares of S\$1.00 each	47,900,000	107,631,300
Consolidation and subdivision of the above ordinary shares of S\$1.00 each into 800,000,000 ordinary shares of S\$0.06 each	-	-
800,000,000 ordinary shares of S\$0.06 each at 30 September 2005	48,000,000	107,855,150

Issued and fully-paid:

	Group and Company	
	S\$	RM
3 ordinary shares of S\$1.00 each at date of incorporation, 30 September 2004 and 1 October 2004	3	7
Consolidation and subdivision of the above ordinary shares of S\$1.00 each into 50 ordinary shares of S\$0.06 each	-	-
Issue of 128,630,102 new ordinary shares of S\$0.06 each pursuant to the acquisition of subsidiaries	7,717,806	17,542,573
Issue of 43,000,000 new ordinary shares of S\$0.06 each pursuant to the initial public offering exercise		
- 2,000,000 ordinary shares of S\$0.06 each issued at S\$0.21 for cash to the public	120,000	275,760
- 37,500,000 ordinary shares of S\$0.06 each issued at S\$0.21 per share for cash by way of placement shares	2,250,000	5,170,500
- 3,500,000 ordinary shares of S\$0.06 each issued at S\$0.21 per share for cash by way of placement, reserved for independent directors, employees, business associates and others who have contributed to the Group	210,000	482,580
	2,580,000	5,928,840
171,630,152 ordinary shares of S\$0.06 each at 30 September 2005	10,297,809	23,471,420

Notes to the Financial Statements (cont'd)

for the financial year ended 30 September 2005

12. Share premium

	Group and Company		
	2005 S\$	2005 RM	2004 S\$/RM
Non-distributable			
Balance as at beginning of the financial year/ date of incorporation	-	-	-
Issue of 43,000,000 new ordinary shares of S\$0.06 each at S\$0.21 per share for cash, pursuant to the initial public offering	6,450,000	14,822,100	-
Listing expenses	(1,232,241)	(2,831,690)	-
Balance as at end of financial year	5,217,759	11,990,410	-

The application of the share premium account is governed by Sections 69-69F of the Singapore Companies Act, Chapter 50.

Included in the listing expenses were fees paid to the auditors of the Company for acting as reporting accountants amounting to RM188,436 (S\$82,000) and fees paid to auditors of subsidiary amounting to RM50,000 (S\$21,758) in respect of professional services rendered in connection with the Company's initial public offering. The Audit Committee has undertaken a review of the non-audit services provided by the auditors of the Company and the auditors of its subsidiaries and in the opinion of the Audit Committee, these services would not effect the independence of the auditors.

13. Foreign currency translation account

Group and Company

The foreign currency translation account comprises all foreign exchange differences arising from the translation of the financial statements of the Company and certain of its subsidiaries from non-Malaysia Ringgit (functional currency) to Malaysia Ringgit (presentation currency) and is non-distributable. Movements in this account are set out in the statements of changes in equity.

14. Revenue

Revenue represents the invoiced value of goods sold less returns and trade discounts.

Notes to the Financial Statements (cont'd)

for the financial year ended 30 September 2005

15. Profit from operations

	Group 2005 RM
After charging:	
Allowance for doubtful trade receivables	206,147
Auditors' remuneration	
- auditors of the Company	45,056
- other auditors of the subsidiaries	16,800
Depreciation of property, plant and equipment	2,283,042
Directors' remuneration	
- Directors of the Company	270,076
- Directors of the subsidiaries	931,602
Directors' fee	
- Directors of the Company	220,012
Operating leases - rental expenses	<u>178,164</u>
and crediting:	
Allowance for doubtful trade receivables no longer required	34,970
Bad trade receivables recovered	106,489
Interest income from bank	<u>157,685</u>

16. Staff costs

	Group 2005 RM
Salaries, bonuses and allowances	7,684,700
Employee contributions to defined contribution plans	744,311
Other social expenses	<u>172,837</u>
	<u>8,601,848</u>

These include the amounts shown as Directors' remuneration in Note 15 to the financial statements.

17. Finance costs

	Group 2005 RM
Bank charges	95,821
Commitment fees	28,713
Interest expense on :-	
- finance lease	122,749
- bank overdraft	66,001
- bankers' acceptance	380,988
- term loans	<u>312,221</u>
	<u>1,006,493</u>

Notes to the Financial Statements (cont'd)

for the financial year ended 30 September 2005

18. Income tax

	Group 2005 RM
	<u> </u>
Current income tax	
- current financial year	13,496
Deferred tax expense	
- current financial year	<u>1,415,451</u>
	<u>1,428,947</u>
Reconciliation of effective tax rate	
Profit before income tax	<u>11,939,195</u>
Income tax calculated at Singapore statutory tax rate of 20%	2,387,839
Effect of different tax rates in other country	404,415
Expenses not deductible for tax purposes	274,938
Income not subject to tax	(625,763)
Singapore statutory stepped income exemption	(15,761)
Utilisation of reinvestment allowance	(999,925)
Double tax deduction on certain expenses	(14,327)
Others	<u>17,531</u>
	<u>1,428,947</u>

19. Earnings per share

The calculations for earnings per share are based on:

	Group 2005 RM
	<u> </u>
Profit after income tax	<u>10,510,248</u>
Weighted number of ordinary shares of S\$0.06 each in issue during the financial year applicable to basic earnings per share	<u>148,460,443</u>
Basic earnings per share of S\$0.06 each	
- including exceptional income	<u>7.08 sen</u>
- excluding exceptional income	<u>4.97 sen</u>
Diluted earnings per share of S\$0.06 each	
- including exceptional income	<u>7.08 sen</u>
- excluding exceptional income	<u>4.97 sen</u>

Basic earnings per share is calculated by dividing the Group's profit after income tax by the weighted average number of ordinary shares in issue during the financial year. As the Group has no dilutive potential ordinary shares, the diluted earnings per share are equivalent to basic earnings per share.

Notes to the Financial Statements (cont'd)

for the financial year ended 30 September 2005

20. Significant related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following are related party transactions during the financial year:

	Group 2005 RM
With related parties	
- Insurance premium paid to Perinsu (Broker Insurans) Sdn Bhd	500,513
- Rental of premises paid to Motif Etika Sdn Bhd	77,000
- Purchase of packing materials from Life Medicals Berhad	715,000
- Rental of premises paid to a director of a subsidiary	18,000
	<hr/>
With the Directors	
Purchase of 12,398,810 shares in Etika Dairies Sdn Bhd from Dato' Jaya J B Tan, Kamal Y P Tan, Tajuddin Joe Hok Tan (deceased), Mah Weng Choong and Khor Sin Kok	13,355,694
	<hr/>

21. Contingent liabilities and commitments

(a) Capital commitments

As at the balance sheet date, the Group had the following capital commitments in respect of purchase of property, plant and equipment.

	2005 RM
Contracted but not provided for	12,687,894
Committed but not contracted for	5,812,596
	<hr/>

(b) Forward foreign exchange contracts

As at the balance sheet date, the Group had entered into the following forward foreign exchange contracts which are maturing within one year:

	Currency	Contract amount	RM equivalent
Sales contract	US dollar	570,987	2,146,911

The unrecognised gain as at 30 September 2005 on the forward foreign exchange contract used to hedge committed sales which is substantially expected to occur amounted to RM5,710. This gain is deferred and will be recognised when the related sales are transacted, at which time they will be included in the measurement of the transactions.

(c) Contingent liabilities - unsecured

The Company has undertaken to provide continued financial support to one of its subsidiaries, Etika Capital (Labuan) Inc, which has a total capital deficiency of RM3,303 as at 30 September 2005, to enable them to continue to operate as going concern and to meet their obligations as and when they fall due.

In the opinion of the Directors, no losses are expected to arise.

Notes to the Financial Statements (cont'd)

for the financial year ended 30 September 2005

22. Segment reporting

Business segments

The Group's only principal business segment is manufacture and distribution of milk products and repacks and distribution of complementary products and therefore, no business segment information is presented.

Geographical segments

The Group's business segments operate in three main geographical areas. Sales revenue is based on the country in which the customer is located. Segment assets consist primarily of property, plant and equipment, inventories, receivables, fixed deposits, cash and bank balances. Capital expenditure comprises additions to property, plant and equipment. Segment assets and capital expenditure are shown by geographical area in which the assets are located.

Geographical segments

2005	Malaysia RM	Asean RM	Others RM	Group RM
Total revenue from external customers	101,439,573	6,444,953	42,164,346	150,048,872
Segment assets	106,211,670	1,886,192	2,953,525	111,051,387
Capital expenditure	16,257,475	-	-	16,257,475

23. Financial risk management

The Group is exposed to financial risks arising in the normal course of business. The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuation, if any, in interest rates.

(a) Credit risk

As at 30 September 2005, the Group has trade receivables of RM2,919,733 which has been outstanding for more than 90 days. Other than as mentioned, the Group has no significant concentration of credit risk.

The credit risk is controlled by the application of credit approvals, limits and monitoring procedures. This is done through reference to published credit ratings by prime financial institutions. In the absence of published ratings, an internal credit review is conducted if the credit risk is material.

The maximum exposures to credit risk are represented by the carrying amounts of the financial assets on the balance sheets.

(b) Interest rate risk

The Group finances its operations through a mixture of available cash and bank borrowings. The Group borrows in local currencies at both fixed and floating rates of interest to manage the Group's exposure to interest rate fluctuations. The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

Notes to the Financial Statements (cont'd)

for the financial year ended 30 September 2005

23. Financial risk management (cont'd)

(c) Liquidity risk

The Group seeks to achieve a balance between certainty of funding, a flexible, cost-effective borrowing structure and continuity of funding. This is to ensure that all projected net borrowing needs are covered by committed facilities. Also, the objective for debt maturity is to ensure that the amount of debt maturity in any one year is not beyond the Group's means to repay and refinance.

Short term flexibility is achieved by overdraft facilities.

(d) Fair values

For balances with subsidiaries and related party, it is not practicable to determine fair value as they are interest-free and have no fixed repayment terms. However, the carrying amounts recorded are not anticipated to be significantly different from their fair values at the balance sheet date. The carrying amount of the other financial assets and liabilities in the financial statements approximate their fair values.

(e) Foreign currency risk

The Group is exposed to foreign currency exchange risk as a result of foreign transactions entered into in currencies other than Ringgit Malaysia. Such exposures arise from the purchase of raw materials from overseas suppliers and the export of goods to overseas. The Group will monitor changes in the exchange rate and, where appropriate, enter into forward currency contracts whenever is necessary.

24. Events subsequent to the balance sheet date

Subsequent to the 30 September 2005, the following events have taken place:

(a) The Company has incorporated/acquired the following subsidiaries :-

Name of company	Country of incorporation	% of equity interest acquired
Etika Brands Pte Ltd	Singapore	100
Wangsarin Sdn Bhd	Malaysia	100

(b) the Group, through its wholly-owned subsidiary, Etika Foods (M) Sdn Bhd, has on 12 October 2005 entered into a sale and purchase agreement to acquire the entire issued and paid up share capital of Pok Brothers Sdn Bhd, a company incorporated in Malaysia, for a cash consideration of RM22,500,000 (or approximately S\$10,167,000). The Completion of this acquisition is subject to the approval of the shareholders of the Company and the approval of the Foreign Investment Committee of the Economic Planning unit of the Prime Minister's Department in Malaysia.

(c) The Directors proposed a tax exempt (1-tier) final dividend of S\$0.0035 per share amounting to S\$600,706 (RM1,322,755) in respect of the financial year ended 30 September 2005, subject to approval of the shareholders at the forthcoming Annual General Meeting.

25. Comparative figures

There are no comparative figures for the Group because there were no consolidated financial statements in the previous financial year as the subsidiaries were only acquired in the current financial year. The comparative figures for the Company are in respect of the financial period from 23 December 2003 (date of incorporation) to 30 September 2004.

ETIKA INTERNATIONAL HOLDINGS LIMITED

(Company Registration No. 200313131Z)

Statistics of Shareholdings as at 12 December 2005

Authorised share capital	:	S\$48,000,000
Issued and fully paid-up capital	:	S\$10,297,809.12
Number of ordinary shares in issue	:	171,630,152
Class of shares	:	Ordinary share of S\$0.06
Voting rights	:	One vote per share

VOTING RIGHTS

Shareholder's voting rights are set out in Article 65 of the Company's Articles of Association.

On a show of hands, each Member entitled to vote may vote in person or by proxy or by attorney or in the case of a corporation by a representative who shall have one vote and upon a poll, every Member present in person or by proxy shall have one vote for every share which he holds or represents.

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") requires that at least 10% of the equity securities (excluding preference shares and convertible equity securities) of a listed company in a class that is listed are at all times held by the public.

Based on the information provided and to the best knowledge of the Directors, approximately 24.87% of the issued ordinary shares of the Company are held in the hands of the public as at 12 December 2005 and therefore Rule 723 of the Listing Manual of the SGX-ST is complied with.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	0	0.00	0	0.00
1,000 - 10,000	317	56.81	1,491,000	0.87
10,001 - 1,000,000	228	40.86	24,297,000	14.16
1,000,001 and above	13	2.33	145,842,152	84.97
TOTAL	558	100.00	171,630,152	100.00

Statistics of Shareholdings (cont'd)

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	TAJUDDIN JOE HOK TAN	29,618,788	17.26
2	GYA NOMINEES SDN BHD	23,695,017	13.81
3	DATO' JAYA J B TAN	21,118,789	12.30
4	KAMAL Y P TAN	21,118,789	12.30
5	MAYBAN NOMINEES (S) PTE LTD	17,000,000	9.91
6	MASUMA TRADING COMPANY LIMITED	8,500,000	4.95
7	KHOR SIN KOK	4,577,846	2.67
8	KWONG YUEN SENG	4,566,846	2.66
9	MAH WENG CHOONG	4,536,846	2.64
10	UNITED OVERSEAS BANK NOMINEES PTE LTD	4,000,000	2.33
11	RAFFLES NOMINEES PTE LTD	3,075,000	1.79
12	CHUNG CHEE FOOK	2,468,231	1.44
13	KIM ENG SECURITIES PTE. LTD.	1,566,000	0.91
14	KUAN PENG CHING @ KUAN PENG SOON	1,000,000	0.58
15	LEE NGUIK THIM	852,000	0.50
16	HL BANK NOMINEES (S) PTE LTD	662,000	0.39
17	PHANG MAH THIANG	651,000	0.38
18	DBS VICKERS SECURITIES (S) PTE LTD	600,000	0.35
19	LEE HOCK BEE	600,000	0.35
20	CITIBANK NOMINEES SINGAPORE PTE LTD	518,000	0.30
TOTAL		150,725,152	87.82

SUBSTANTIAL SHAREHOLDERS

(as recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Dato' Jaya J B Tan ⁽¹⁾ ⁽²⁾	29,618,789	17.26	88,856,366	51.78
Kamal Y P Tan ⁽¹⁾ ⁽³⁾	29,618,789	17.26	88,856,366	51.78
Tajuddin Joe Hok Tan, (deceased) ⁽¹⁾	29,618,788	17.26	88,856,366	51.78
GYA Nominees Sdn Bhd ⁽⁴⁾	23,695,017	13.81	-	-

Note:-

(1) Dato' Jaya J B Tan, Mr Kamal Y P Tan and Mr Tajuddin Joe Hok Tan (deceased) are brothers.

(2) Direct interest includes 8.5 million shares held through Mayban Nominees (S) Pte Ltd.

(3) Direct interest includes 8.5 million shares held through Mayban Nominees (S) Pte Ltd.

(4) Held in trust for Abd Hamid bin Mohamed.

ETIKA INTERNATIONAL HOLDINGS LIMITED

(Company Registration No. 200313131Z)

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Etika International Holdings Limited will be held at Ballroom II, Level 2, Grand Hyatt Singapore, 10 Scotts Road, Singapore 228211 on Wednesday, 25 January 2006 at 11.00 a.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Financial Statements for the year ended 30 September 2005 and the Auditors' Report thereon. **(Resolution 1)**

2. To declare the payment of a tax exempt (1-tier) final dividend of S\$0.0035 per share for the financial year ended 30 September 2005. **(Resolution 2)**

3. To re-elect the following Directors retiring pursuant to the Company's Articles of Association:-
 - (i) Dato' Jaya J B Tan (retiring pursuant to Article 91)
[See Explanatory Note (a)] **(Resolution 3)**

 - (ii) Mr Kamal Y P Tan (retiring pursuant to Articles 87 and 91) **(Resolution 4)**

 - (iii) Ms Tan Yet Meng (retiring pursuant to Article 97) **(Resolution 5)**

4. To approve the payment of Directors' fees of S\$95,905.38 (pro-rated) for the financial year ended 30 September 2005. **(Resolution 6)**

5. To re-appoint Messrs BDO Raffles as the Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as Ordinary Resolutions, with or without modifications:-

7. **Ordinary Resolution : General Mandate to authorize Directors to allot and issue shares and convertible securities** **(Resolution 8)**

THAT pursuant to Section 161 of the Companies Act, Cap. 50 and the rules of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "Listing Rules"), authority be and is hereby given to the Directors of the Company to allot and issue:-

- (a) shares; or
- (b) convertible securities; or
- (c) additional securities issued pursuant to Rule 829 of the Listing Rules; or
- (d) shares arising from the conversion of the securities in (b) and (c) above,

Notice of Annual General Meeting (cont'd)

in the Company (whether by way of rights, bonus or otherwise) and/or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of warrants, debentures or other instruments convertible or exchangeable into shares at any time to such persons and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares and convertible securities to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution but excluding shares which may be issued pursuant to any adjustment effected under any relevant Instrument) must be not more than fifty per cent (50%) of the issued share capital of the Company of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to existing shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution but excluding shares which may be issued pursuant to any adjustments effected under any relevant Instrument) must be not more than twenty per cent (20%) of the issued share capital of the Company and that such authority shall unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. [See Explanatory Note (b)]

8. **Ordinary Resolution : Authority to issue shares under Etika Employee Share Option Scheme** **(Resolution 9)**

THAT pursuant to Section 161 of the Companies Act, Cap 50, the Directors of the Company be and are hereby authorized and empowered to offer and grant options in accordance with the Etika Employee Share Option Scheme ("the Scheme") and to allot and issue shares in the capital of the Company to all the holders of options granted by the Company whether granted during the subsistence of this authority or otherwise, under the Scheme upon the exercise of such options and in accordance with the terms and conditions of the Scheme, provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the Scheme shall not exceed fifteen per cent (15%) of the issued share capital of the Company from time to time. [See Explanatory Note (c)]

BY ORDER OF THE BOARD

Julie Koh Ngin Joo
Kok Mor Keat
Company Secretaries

Singapore
9 January 2006

Notice of Annual General Meeting (cont'd)

Explanatory Note on Ordinary Business to be transacted

- (a) **Ordinary Resolution 3:** Dato' Jaya J B Tan will, upon re-election, continue as Non-Executive Chairman of the Board and as a member of the Audit Committee, Remuneration Committee and Nominating Committee.

Explanatory Notes on Special Business to be transacted

- (b) **Ordinary Resolution 8** proposed in item 7 above, if passed will empower the Directors to allot and issue shares and convertible securities in the capital of the Company and/or instruments (as defined above) from the date of the above Meeting until the date of the next Annual General Meeting of the Company, or the date of which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier, unless varied or revoked by the Company in general meeting.

For the purpose of this resolution, the aggregate number of shares and convertible securities to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution but excluding shares which may be issued pursuant to any adjustments effected under any relevant Instrument) shall not exceed 50 per cent. (50%) of the issued share capital of the Company, with a sub-limit of 20 per cent. (20%) for shares issued other than on a pro-rata basis (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution, but excluding shares which may be issued pursuant to any adjustments effected under any relevant Instrument) to the shareholders.

For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued share capital will be calculated based on the issued share capital of the Company as at the date of the passing of this Resolution after adjusting for:

- (i) new shares arising from the conversion or exercise of convertible securities and share options that have been issued pursuant to any previous shareholder approval and which are outstanding as at the date of the passing of this Resolution; and
- (ii) any subsequent consolidation or subdivision of shares.

This calculation is in accordance with Rule 806(3) of the Listing Manual of the SGX-ST.

- (c) **Ordinary Resolution 9** proposed in item 8 above, if passed, will empower the Directors of the Company, from the date of the above Meeting until the next Annual General Meeting, to offer and grant options under the Etika Employee Share Option Scheme ("the Scheme") and to allot and issue shares in the Company of up to a number not exceeding in total fifteen per cent. (15%) of the issued share capital of the company from time to time pursuant to the exercise of the options under the Scheme.

NOTES:-

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company and where there are two proxies, the number of shares to be represented by each proxy must be stated.
2. If the appointor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorized officer or attorney.
3. The instrument appointing a proxy must be deposited at the Company's Registered Office at 10 Collyer Quay, #19-08 Ocean Building, Singapore 049315 not less than forty-eight (48) hours before the time for holding the Annual General Meeting.

Notice of Books Closure

NOTICE IS HEREBY GIVEN THAT the Share Transfer Books and Register of Members of Etika International Holdings Limited (the "Company") will be closed on 6 February 2006 for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, Lim Associates (Pte) Ltd, 10 Collyer Quay #19-08 Ocean Building, Singapore 049315 up to 5.00 p.m. on 3 February 2006 will be registered to determine shareholders' entitlements to the said dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 3 February 2006 will be entitled to the proposed dividend.

Payment of the dividend, if approved by the members at the Annual General Meeting to be held on 25 January 2006, will be made on 16 February 2006.

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Proxy Form

ETIKA INTERNATIONAL HOLDINGS LIMITED

Company Registration No: 200313131Z
(Incorporated in the Republic of Singapore)

IMPORTANT

- For investors who have used their CPF monies to buy shares of Etika International Holdings Limited, the Annual Report 2005 is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
- This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
- CPF investors who wish to vote must submit their voting instructions to their CPF Approved Nominees to enable them to vote on their behalf.

Number of shares held

I/We, _____

of _____

being a member/members of **ETIKA INTERNATIONAL HOLDINGS LIMITED** (the "Company"), hereby appoint

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary to demand a poll, at the Annual General Meeting ("AGM") of the Company to be held on 25 January 2006 at 11.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any item arising not summarised below, the proxy/proxies will vote or abstain from voting at his/their discretion. If no person is named in the above boxes, the Chairman of the AGM shall be my/our proxy to vote, for or against the Resolutions to be proposed at the AGM as indicated hereunder for me/us and on my/our behalf at the AGM and at any adjournment thereof.

No.	Resolutions Relating To:	To be used on a show of hands		To be used in the event of a Poll	
		For *	Against *	Number of Votes For **	Number of Votes Against **
1	Adoption of Directors' Reports and Financial Statements for year ended 30 September 2005				
2	Approval of payment of tax exempt (1-tier) final dividend				
3	Re-election of Dato' Jaya J B Tan as Director				
4	Re-election of Mr Kamal Y P Tan as Director				
5	Re-election of Ms Tan Yet Meng as Director				
6	Approval of payment of Directors' fees				
7	Re-appointment of Messrs BDO Raffles as auditors and authorize Directors to fix their Remuneration				
8	Authority to allot and issue new shares				
9	Authority to allot and issue shares under Etika Employee Share Option Scheme				

* Please indicate your vote "For" or "Against" with a "X" within the box provided.

** If you wish to exercise all your votes "For" or "Against", please indicate with a "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2006.

Total Number of Shares held

CDP Register

Register of Members

Signature(s) of Member(s) or,
Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes :

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), you should insert that number of shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote on his behalf. Such proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at 10 Collyer Quay #19-08 Ocean Building, Singapore 049315 not less than forty-eight (48) hours before the time appointed for the Annual General Meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its Seal or under the hand of an officer or attorney duly authorised.
6. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. A corporation which is a member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Cap.50.

General:

The Company shall be entitled to reject this instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of a member whose Shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

www.etikadairies.com.my

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