ETIKA INTERNATIONAL HOLDINGS LIMITED

SUSTAINABLE GROWTH

2012

ANNUAL REPORT


LEGEND

OPERATION BASE

OUR GLOBAL PRESENCE

Our facilities in the operation base have expanded as planned and our sales have reached more than 70 countries around the world.

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Mi goreng Jawa
Migoreng Abon
Mie Kari
polygold
Barley Drink
HORLEYS
AminoXL
HUGE
ProteinHit
replace
gel
Ripped
carb less

CORPORATE PROFILE

Listed on SGX Catalist (previously known as the SGX-SESDAQ) on 23 December 2004 and upgraded to the Mainboard on 18 June 2009, Etika International Holdings Limited ("Etika" or "the Group") is one of the world's largest manufacturers and distributors of sweetened condensed milk and a leading regional Food and Beverage ("F&B") Group.

Founded in 1997, the Group started as a manufacturer and distributor of sweetened condensed milk and evaporated milk and in the years following its listing, has evolved into a diversified regional F&B player vide several acquisitions. Today, the Group has the following operating divisions:

The Group's operating facilities are located in Malaysia, Indonesia, Vietnam and New Zealand.

Apart from Malaysia, the Group's products can be found in over 70 countries around the world, including ASEAN, North and Central Asia, Middle East, Asia Pacific region, North, South and Central America, the Caribbean and Africa. The Group's products are traded under various brand names like Dairy Champ, Vixumilk, Goodday, Mr. Farmer, Sky Fresh, Gourmessa, Horleys, Polygold, Daily Fresh, Family and Salam mie.

Helmed by an experienced management team whom are industry veterans, possessing wide range of expertise in strategic planning, business development, operational and production skills, the Group is well-positioned to anchor its name as a leading regional F&B Group.

DAIRIES DIVISION

The Dairies Division which began as the Group's principal business is involved in the manufacturing and distribution of milk products, comprising mainly sweetened condensed milk and evaporated milk. It also repacks and distributes complementary products such as full cream milk powder, instant coffee powder and tea dust. This Division's product offering were later expanded to include UHT milk, soy milk and pasteurised milk products via acquisitions in Vietnam and Malaysia. Today, the Dairies Division continues to be the Group's core business division and main growth driver.

The Division's manufacturing plants are based in Malaysia, Indonesia and Vietnam. In Malaysia, the plants are located in Meru Industrial Park, Klang, Selangor and Johor Bharu. The Indonesian plant is located in Surabaya and the Vietnamese plant is located in Cu Chi District, Ho Chi Minh City.

The Division's very first manufacturing facility operated by Etika Dairies Sdn Bhd is based in Meru Industrial Park, Klang. This facility is primarily engaged in the manufacturing of sweetened condensed milk and evaporated milk. Currently, it is embarking on a new production line for UHT milk with trial run targeted in December 2012. Presently, its products are distributed domestically in Malaysia and in many other parts of the world under the brand name Dairy Champ as well as other in-house brands. In the domestic market, the Group's products are supplied to all major hypermarkets, supermarkets, dealers, wholesalers, food service outlets such as restaurants, coffee shops and Mamak/Teh Tarik stalls. Its export market covers over 60 countries around the world, including ASEAN, North and Central Asia, Middle East, Asia Pacific region, North, South and Central America, the Caribbean and Africa.

Susu Lembu Asli (Johore) Sdn Bhd which operates the plant in Johor Bahru, is engaged in the manufacturing of pasteurised milk and other beverages. The distribution of its products is undertaken by its marketing arm, Susu Lembu Asli Marketing Sdn Bhd, which has a warehouse and office in Petaling Jaya. Both companies started operations more than 40 years ago as a small-scale fresh milk distributor with their activities mainly concentrated in the state of Negeri Sembilan. Their product offering includes full cream milk, low-fat milk, flavoured milk, soya milk and fruit drinks under the brand name of Goodday, Mr. Farmer and Sky Fresh. In addition to our own brand name, we also contract pack for Starbucks pasteurised milk for the Malaysian market. Our products are distributed to major hypermarkets, supermarkets, dealers, wholesalers, on-premise outlets as well as restaurants in Peninsular Malaysia. We have also started exporting our Goodday pasteurised fresh milk to Singapore and it is mainly distributed via NTUC stores.

Our Indonesian subsidiary, PT Etika Marketing has set up a production line for sweetened condensed milk in the factory space of its sister company, PT Sentraboga Intiselera in Surabaya. The trial run of this sweetened condensed milk plant will commence in January 2013. Our Vietnamese subsidiary, Tan Viet Xuan Joint Stock Company ("TVX') is involved in the production, selling and distribution of UHT fresh milk, milk products and beverages. In particular, its products include UHT milk, soy milk and condensed milk registered under the brand name of Vixumilk and is one of the larger domestic milk processors in Vietnam. TVX's products are extensively distributed in Vietnam, covering the Midlands, Mekong Delta, Eastland, Westland and Ho Chi Minh City via distributors, trade centers, supermarkets, bookstores and other retailers.

Currently, the Group is in the process of expanding its operations in Vietnam with an investment in a piece of land in the Vietnam Singapore Industrial Park ("VSIP") II in Binh Duong district for the purpose of setting up a plant producing dairy products. VSIP II which is located in north of Ho Chi Minh City and south of Vietnam, is an integrated industrial park with full infrastructure facilities including power, water, sewage and telecommunications. This plant once operational will cater to the increasing demand both from the domestic as well as export markets especially from the Indochina region and its neighbouring countries.

TRADING & FROZEN FOOD DIVISION

Pok Brothers Sdn. Bhd. ("Pok Brothers"), one of Malaysia's leading frozen food and premium food wholesaler started as a general store business in Petaling Jaya in 1963 and from this humble beginning, it has managed to transform itself into one of the leading frozen food companies in Malaysia. As a premium food wholesaler, Pok Brothers imports and distributes food products, both in raw and processed form, with particular emphasis on servicing the hospitality and consumer-based food industry. Its major clients include major 5-star hotels, airlines, cruise ships, hyper/supermarkets, bakeries, butcheries, fast-food chains, grocery stores, food processors and other wholesalers. Pok Brothers is also an appointed importer and distributor of proprietary goods for several internationally known restaurant chains in Malaysia such A&W, Chili's, TGIF and Bubba Gump.

Most of Pok Brothers' supplies are sourced internationally, in particular from the United States, Europe, Australia and New Zealand.

It operates out of Glenmarie, Shah Alam and Meru, Klang, Selangor and has branches in major cities within Peninsular Malaysia, all with coldroom facilities.

Pok Brothers currently has 3 sub-divisions:

- **Frozen Food trading**
- **Butchery and Bakery business**
- **Distribution business**

De-luxe Food Services Sdn Bhd ("DFS") comprises 2 divisions; a bakery division located in Meru, Klang that manufactures speciality European bread to be supplied to hotels, restaurants, cafes and supermarkets as well as Subway Malaysia, and a butchery division that manufactures and processes cold cuts, sausages, portion control meat and smoked salmon to be supplied to supermarkets, hotels and restaurants. Its Gourmessa brand of cold cuts and sausages are well distributed and displayed in most supermarkets and retail stores.

In addition to the frozen bakery range, the Group also produces fresh breads and buns through the Family Group consisting of Family Bakery Sdn Bhd, Daily Fresh Bakery Sdn Bhd and Hot Bun Food Industries Sdn Bhd.

Family Group's manufacturing facility is located in Meru, Klang and produces fresh breads and buns in Malaysia under the brand name of Daily Fresh and Family. Their products are distributed nationwide to hypermarkets, supermarkets, factory canteens, petrol stations, grocery stores and convenience shops.

NUTRITION DIVISION

Naturalac Nutrition Limited ("NNL"), a marketer of branded sports nutrition and weight management food products to athletes and mass consumer markets trades under the Horleys™ brand name and other proprietary brands such as Sculpt™ (a weight management product tailored for women), Replace™ (an isotonic sports drink in both powder and carbonated format) and Pro-Fit™ (a high protein ready-to-drink beverage). The key benefits of these products are weight management (both muscle mass gain and weight loss through satiety control), energy delivery and hydration.

NNL became a "virtual" company in 2002 in order to enable its management to focus efforts on key areas of marketing and product development. As such, this marketing company outsources many of its key functions including manufacturing, distribution and selling to third party providers, both in New Zealand and Australia. This lean business model, akin to popular sports apparel brands, has provided NNL with the needed flexibility and speed in delivering high quality products to its customers, while focusing and leveraging on its key competency in product development, advertising and promotion and customer service. This model has reduced the need for substantial resources, both financial and non-financial, otherwise required for setting up of processing and production centers.

By concentrating on its core competencies, NNL has been able to significantly shorten the time normally taken in its product development from concept to market. This ability is considered an edge over its competitors.

In New Zealand, NNL's products are primarily distributed through the route channels (gyms, health food shops, specialty stores and specialty nutrition shops) and retail channels (supermarkets, oil and convenience retail outlets) whilst its Australian sales are made predominantly through the route channels.

The Group entered into the ready-to-drink segment via a joint venture to establish New Zealand's first state-of-the-art, UHT Aseptic PET bottling line for dairy, juice and water products with the official opening of its plant on 1 September 2011. The plant located at Whakatu Industrial Park, near Hastings is ideally-suited for bottling operations with its existing resources, including trade waste discharge rights and tanker access. Production at the plant commenced in the fourth quarter of FY2012. This marks a major step forward for Etika in the contract manufacturing of dairy, juice and water products for both the local and export markets.

OTHERS DIVISION

PACKAGING

General Packaging Sdn Bhd is a manufacturer of tin cans with production facilities located in Petaling Jaya and Meru, Klang, Selangor. It supplies its products to food-related business customers, particularly condensed and evaporated milk manufacturers as well as non-food business customers (e.g. aerosol cans). Apart from catering to the Malaysian market, plan is afoot, whenever feasible, to export the finished goods or set up manufacturing facilities together with Dairies Division in line with the Group's overseas expansion plan.

This Packaging Division is part of the Group's vertical integration strategy and as such its production capacity is used mainly for the Dairies Division.

BEVERAGE

Etika Beverages Sdn Bhd is a canned beverages manufacturer based in Seremban, Negeri Sembilan. Its plant produces both carbonated and non-carbonated drinks under the brand name of "Polygold". In addition it also produces "Air Champ" energy drink and "Power Champ" isotonic sports drink.

Although it is still a relatively small business for the Group, the Beverage Division is riding on the Group's existing export and domestic nationwide distribution networks under the Dairies Division in order to gain greater market penetration.

NOODLES

PT Sentrafood Indonusa ("PTSF"), which has a manufacturing facility in Karawang, West Java manufactures and distributes its instant noodles under the trademark of Salam mie and is also an OEM manufacturer for a few private label products (eg. Mie Sehati, Pandaroo and Myam). PTSF's products are distributed locally in Indonesia and overseas via authorized distributors to countries such as Malaysia, Brunei Darussalam, Algeria, Madagascar, China, Hong Kong and Australia.

RESTAURANT

On 10 July 2012, the Group signed an exclusive 10 year International Multiple Unit Franchise Agreement with US-based Cajun Global LLC for exclusive rights to develop and operate "Texas Chicken" restaurants in Malaysia and Brunei from 2013 to 2022. This marks the Group's maiden foray into the fast food segment. The restaurants will serve American-styled, big juicy full-flavoured fried chicken, French fries, honey butter biscuits, mashed potatoes, coleslaw, burgers and sundae, to name a few.

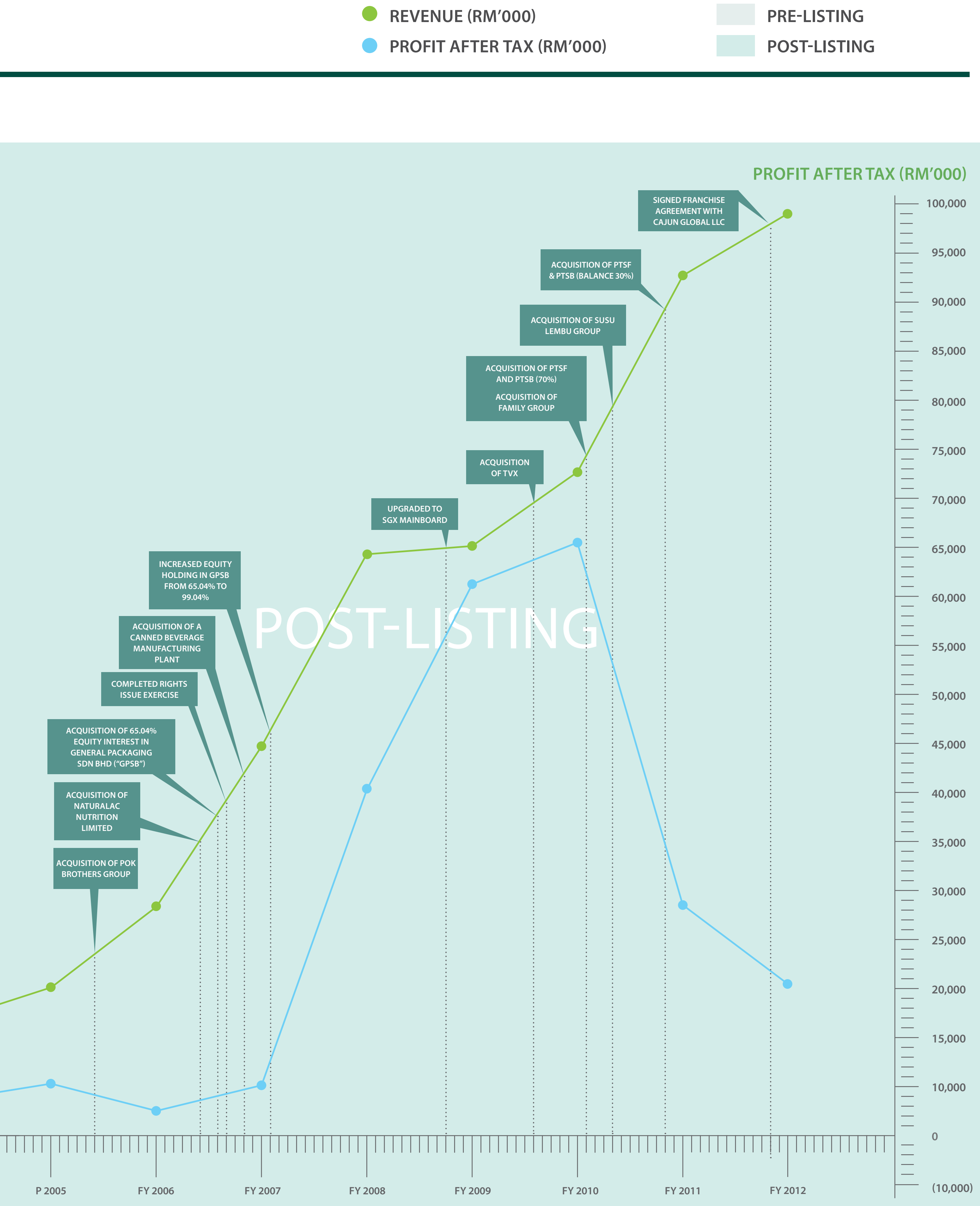
This partnership will expand Etika Group's portfolio as well as enable the Group to tap on the synergistic opportunities of its existing trading and frozen food and beverage divisions. In addition, this downstream expansion is part of Etika Group's growth strategy to increase the presence of Etika Group's identity and brand in key markets such as Malaysia and in neighbouring countries in Asia.

There are plans in the pipeline for the first four outlets to be opened in Klang Valley, Malaysia by the second quarter of FY2013.

DAIRIES DIVISION

CORPORATE MILESTONE

CORPORATE HISTORY CHART


REVENUE (RM'000)
PROFIT AFTER TAX (RM'000)
PRE-LISTING
POST-LISTING
PROFIT AFTER TAX (RM'000)
SIGNED FRANCHISE AGREEMENT WITH CAJUN GLOBAL LLC
ACQUISITION OF PTSF & PTSB (BALANCE 30%)
ACQUISITION OF SUSU LEMBU GROUP
ACQUISITION OF PTSF AND PTSB (70%)
ACQUISITION OF FAMILY GROUP
ACQUISITION OF TVX
UPGRADED TO SGX MAINBOARD
INCREASED EQUITY HOLDING IN GPSB FROM 65.04% TO 99.04%
ACQUISITION OF A CANNED BEVERAGE MANUFACTURING PLANT
COMPLETED RIGHTS ISSUE EXERCISE
ACQUISITION OF 65.04% EQUITY INTEREST IN GENERAL PACKAGING SDN BHD ("GPSB")
ACQUISITION OF NATURALAC NUTRITION LIMITED
ACQUISITION OF POK BROTHERS GROUP
POST-LISTING
100,000
95,000
90,000
85,000
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75,000
70,000
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P 2005
FY 2006
FY 2007
FY 2008
FY 2009
FY 2010
FY 2011
FY 2012

YEAR	MONTH	MAJOR DEVELOPMENTS
1997	Jan	Clarity Valley Sdn Bhd was used as a joint venture ("JV") vehicle between the Tan Brothers (Motif Etika Sdn Bhd) and Messrs Mah Weng Choong, Khor Sin Kok and others (Jasnida Sdn Bhd) to engage in the manufacturing and distribution of milk products in Malaysia. Subsequently, Clarity Valley Sdn Bhd changed its name to Etika Dairies Sdn Bhd.
1999	Feb	Etika Dairies Sdn Bhd completed installation of its maiden modern and fully automated sweetened condensed milk production line in our production factory in Meru, Klang, Selangor, Malaysia.
	Mar	Commercial launch of sweetened condensed milk under the Dairy Champ brand throughout Malaysia.
	Dec	Commencement of export of sweetened condensed milk to Malawi.
2003	Dec	Etika International Holdings Limited (EIHL) was incorporated in Singapore on 23 December 2003 as a private limited company.
2004	Nov	Pursuant to a Restructuring Exercise, EIHL became the holding company of Etika Dairies Sdn Bhd on 8 November 2004.
	Dec	EIHL was converted into a public limited company on 10 December 2004. Subsequently, it was listed on SGX-SESDAQ (now known as SGX Catalist) on 23 December 2004.
2006	Feb	1st acquisition pursuant to our listing, we acquired Pok Brothers Group, one of Malaysia's leading frozen food and premium food wholesaler, on 8 February 2006 vide our wholly-owned subsidiary, Etika Foods (M) Sdn Bhd for a consideration of approximately RM21.5 million.
2007	Jan	The Group proposed a renounceable non-underwritten rights issue of up to 68,652,060 new ordinary shares in the capital of the company at an issue price of S$0.095 for each rights share with up to 17,163,016 free detachable warrants.
	Feb	Completed acquisition of Naturalac Nutrition Limited ("NNL") based in New Zealand vide our wholly-owned subsidiary Etika (NZ) Limited on 8 February 2007 for a consideration of NZD7.8 million.
	April	Completed acquisition of 65.04% equity interest in General Packaging Sdn Bhd ("GPSB") (formerly known as M.C. Packaging (M) Sdn Bhd) on 25 April 2007 vide our wholly-owned subsidiary Etika Industries Holdings Sdn Bhd for a consideration of RM7.8 million.
	May	The Group completed the take-over of an ongoing consumer distribution business involved in chilled and dry-ambient consumer products on 1 May 2007. This business is housed under Pok Brothers Group to complement our Trading and Frozen Food Division. On 10 May 2007, we completed the renounceable non-underwritten rights issue (proposed in January 2007) which resulted in issuance of 17,162,931 free detachable warrants and net proceeds of S$6.34 million.
	July	Completed acquisition of a canned beverage manufacturing plant by Etika Beverages Sdn Bhd ("EBSB") on 3 July 2007 for a consideration of RM3.8 million.
	Oct	Increased equity holding in GPSB from 65.04% to 99.04% for purchase consideration of approximately RM6.7 million on 31 October 2007.

YEAR	MONTH	MAJOR DEVELOPMENTS
2009	Mar	Entered JV in New Zealand via Etika Dairies NZ Limited ("EDNZ"), our newly incorporated subsidiary in New Zealand for an initial stake of 50.7% on 18 March 2009, which was later increased to 60.7% in December 2009.
	June	Upgraded to SGX Mainboard on 18 June 2009.
	July	Entered into a conditional sale and purchase agreement for proposed acquisition of 100% equity interest in Tan Viet Xuan Joint Stock Company ("TVX") on 24 July 2009 for an estimated purchase consideration of USD8.45 million.
	Sept	Completed acquisition of wholly-owned subsidiary in Indonesia, PT Vixon Indonesia on 30 September 2009. PT Vixon Indonesia serves as the main distributor of Etika Group's products - in particular Dairy Champ in Indonesia.
2010	April	Completed the acquisition of 100% equity interest in TVX on 9 April 2010 for approximately USD9.0 million.
	May	Signed syndicated financing facilities of RM368 million with a consortium of three leading Malaysian financial institution groups on 4 May 2010.
	June	Entered into a conditional sale and purchase agreement for the proposed acquisition of 100% equity interest in Family Bakery Sdn Bhd, Daily Fresh Bakery Sdn Bhd and Hot Bun Food Industries Sdn Bhd (" Family Group") on 4 June 2010 for a cash consideration of RM18.68 million.
	July	Entered into a conditional sale and purchase agreement for the proposed acquisition of 100% equity interest in PT Sentrafood Indonusa ("PTSF") and PT Sentraboga Intiselera ("PTSB"), an Indonesian instant noodle manufacturer and distributor on 5 July 2010 for an aggregate consideration of approximately IDR19.1 billion.
		Entered into a conditional sale and purchase agreement for the proposed acquisition of 100% equity interest in Susu Lembu Asli (Johore) Sdn Bhd ("SLAJ") and Susu Lembu Asli Marketing Sdn Bhd ("SLAM"), collectively known as "Susu Lembu Group" on 19 July 2010 for a cash consideration of RM89.5 million.
	Oct	Completed the acquisition of 100% equity interest in Family Group on 1 October 2010. Etika ventures into the manufacturing and distribution of fresh baked breads and buns.
		Completed the acquisition of 70% equity interest in PTSF and PTSB on 6 October 2010, for an aggregate consideration of approximately IDR24.2 billion, marking the Group's entry into the huge instant noodles industry.
		Allotment and issuance of 267,290,764 Bonus Shares on 12 October 2010
2011	Jan	Completed the acquisition of 100% equity interest in Susu Lembu Group on 4 January 2011.
	July	Completed the acquisition of balance 30% equity interest in PTSF and PTSB on 4 July 2011.
2012	July	Signed an International Multiple Unit Franchise Agreement with US-based Cajun Global LLC on 10 July 2012 for exclusive rights to develop and operate "Texas Chicken" restaurants in Malaysia and Brunei over next 10 years from 2013 to 2022.
	Dec	Entered into a subscription agreement on 6 December 2012 with Tee Yih Jia Food Manufacturing Pte Ltd ("TYJFM"), a leading frozen foods manufacturer in Singapore whereby Etika will allot and issue TYJFM 75,000,000 new ordinary shares at S$0.1998 each or a total consideration of S$14,985,000.

Dear Valued Shareholders,

It is with pleasure that I present to you the results of Etika International Holdings Limited for the financial year ended 30 September 2012 ("FY2012"). The past financial year has proved to be a challenging year for the Group arising from the current global economic crisis.

DATO' JAYA J B TAN
Non-Executive Chairman

MESSAGE FROM THE CHAIRMAN

However, despite the difficult market conditions, the Group has remained **focus and steadfast** in its efforts to position itself as a **leading regional Food and Beverage Group** with global reach.

FINANCIAL REVIEW

For the year ended 30 September 2012, the Group recorded higher revenue of RM985 million, an increase of 12% compared to RM880 million reported in the previous year, driven by the increase in revenue reported by three out of four business segments. The Dairies Division continues to be the main driver of the Group in terms of revenue and earnings, accounting for 72% of the Group's revenue followed by the Trading and Frozen Food Division and the Nutrition Division contributing 20% and 5% respectively. The Others Division namely packaging, beverage and noodles business accounted for the remaining 3%.

The Group's gross profit margin increased slightly from 20% to 21% in FY2012. The rising prices of raw materials especially skimmed milk, buttermilk, whey milk powder and sugar has been offset by the gradual increase in selling prices over the year.

Although operating expenses increased from RM140 million to RM153 million, an increase of RM13 million or 9%, the Group managed to register an operating profit after tax of RM21 million, a decrease of 28% over the previous financial year attributed by the exceptional income relating to the recognition of a one-off non-operating gain on bargain purchase arising from the acquisition of PT Sentrafood Indonusa and PT Sentraboga Intiselera of RM10 million in FY2011. Excluding this exceptional income, the Group's profit after tax increased by 14%.

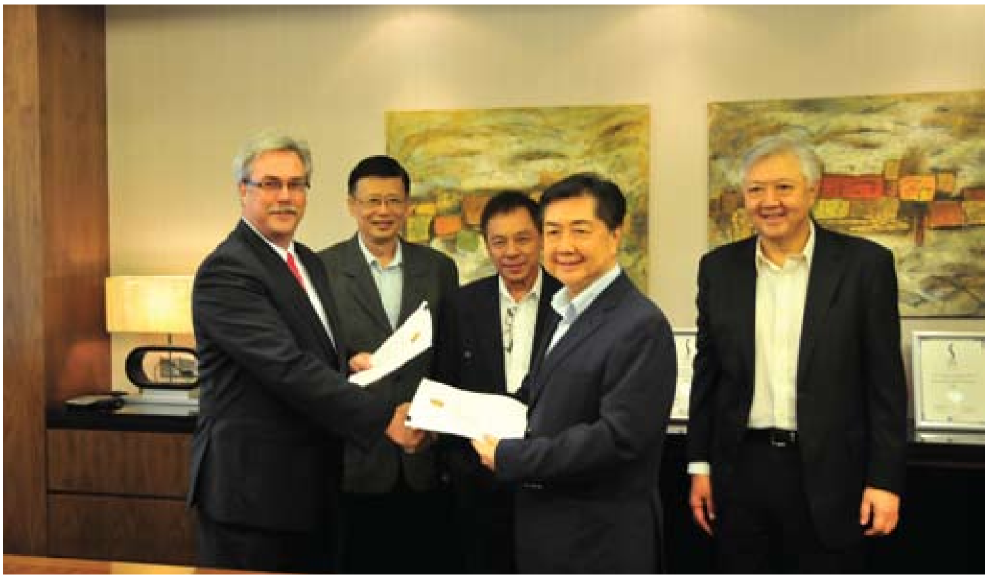
CORPORATE DEVELOPMENT

The series of acquisitions in FY2010 which were completed in FY2011 allowed Etika to better cater to the various segments within the food and beverage industry and to tap on the growing consumption trend of ready-to-drink milk segment.

The UHT Aseptic PET bottling plant in Hawke's Bay, New Zealand which was officially opened in September last year began commercial production in the 4th quarter of FY2012 after experiencing some commissioning delays and a lengthy dairy export registration process with the New Zealand Ministry of Primary Industries. The plant is now fully commissioned, validated and certified for both juice and dairy export manufacturing.

On 10 July 2012, the Group's wholly-owned subsidiary, Texas Chicken (Malaysia) Sdn Bhd signed an exclusive franchise agreement with US-based Cajun Global LLC to develop and operate "Texas Chicken" restaurants in Malaysia and Brunei over the next ten years. This downstream expansion into high-quality and branded fast food restaurant chain is aimed to tap on the synergistic opportunities of the Group's existing frozen food and beverage products which in turn will boost "Etika" brand name. The first four "Texas Chicken" outlets are expected to open for business in the Klang Valley by the second quarter of FY2013.

Furthermore, we are currently in the process of expanding our operations in Vietnam with our plans to set up a plant producing dairy products in the Vietnam Singapore Industrial Park II in Binh Duong district. This plant, once operational will cater to the increasing demand both domestically as well as export markets especially within the Indochina region and its neighbouring countries.



Signing Ceremony between Cajun Global LLC and Texas Chicken (Malaysia) Sdn Bhd on 10 July 2012

In line with the financing required to fund the Group's business, Etika has entered into a subscription agreement on 6 December 2012 with Tee Yih Jia Food Manufacturing Pte Ltd ("TYJFM"), a leading frozen foods manufacturer in Singapore. Pursuant to the agreement, Etika will allot and issue to TYJFM 75,000,000 new ordinary shares at S$0.1998 each or a total consideration of S$14,985,000. The net proceeds of S$14,955,000 raised from this arrangement will be utilised equally for capital expenditure and working capital of the Group. These new ordinary shares will not rank for any dividend, right, allotment or other distributions, declared and/or announced by the Company on or before the completion date. Completion of the subscription is conditional upon inter alia, receipt of approval in–principle from the SGX–ST for the listing of and quotation of the new shares.

For the year ended 30 September 2012, the Group recorded higher revenue of RM985 million, an **increase of 12%** compared to RM880 million reported in the previous year, driven by the increase in revenue reported by **three out of four business segments.**

FUTURE OUTLOOK AND PROSPECTS

We anticipate that with consumer acceptance, the demand for our existing and new products is expected to increase and drive sales volume. While the general market trends points towards higher costs for major raw materials, we have been able to mitigate this effect through the increase in selling prices and improvements in operational efficiency. These measures will continue to yield positive results for our bottom line in the near future.

Over the last 12 months, the Group has been actively strategizing and implementing ways to expand the business and enhance greater synergies from its different operating divisions. Looking ahead, the Dairies Division in Malaysia is expected to commence trial run for the new UHT products in December 2012. The sweetened condensed milk plant in Surabaya, Indonesia is expected to commence its trial run in January 2013.

Given the encouraging present sales volume and prices, together with the expected additional sales from the above launches, along with the opening of the fast food chain of restaurants, the Group is prepared to face the world economic uncertainty and expand our horizons. We will strive to further sharpen our competitive edge and broaden our capabilities to meet any challenges and capitalise on untapped market opportunities. As such, the Management will remain committed to driving top and bottom-line growth and to return value to our shareholders.

DIVIDEND AND APPRECIATION

To show our appreciation to our loyal shareholders, the Board has recommended a tax exempt (1-tier) final dividend payment of 0.3 Singapore cents per share to be approved by the shareholders at the forthcoming Annual General Meeting. The Company has paid an interim tax exempt dividend of 0.5 Singapore cents per share thereby bringing the total dividend for the year to 0.8 Singapore cents per share as compared to 1.2 Singapore cents paid in FY2011.

On behalf of the Group, I would like to extend our sincere appreciation to our customers, principals, suppliers, business partners both locally and globally and bankers for their steadfast support. We would like to acknowledge our valued shareholders and investors for their continued support and confidence throughout the years.

On that note, I would also like to take this opportunity to recognise the efforts of our management and staff in tirelessly contributing to the success and continued growth of the Group.

And last but certainly not least, I would like to extend my appreciation to my fellow board members for their continuous support and invaluable advice.

DATO' JAYA J B TAN
Chairman
7 December 2012

TRADING AND FROZEN FOOD DIVISION

REVIEW OF OPERATIONS

Etika International Holdings Limited ("Etika" or "the Group"), one of the world's largest manufacturers and distributors of sweetened condensed milk and a leading regional Food and Beverage ("F&B") Group, had ended its financial year on a positive note. Despite the difficult market conditions arising from the current global economic crisis, the Group managed to post a set of reasonable results.

Etika's core business segments during the previous financial year were as follows:

a) Dairies Division
b) Frozen Food Division - comprising frozen food trading, butchery and bakery sub-divisions and the noodles manufacturing and distribution business
c) Packaging Division
d) Others Division - comprising nutrition and beverage business

During the current financial year, the Group's business segments have been reorganised for better evaluation of the nature and financial effects of the business activities and the economic environment in which the Group engages and operates as follows:

a) Dairies Division
b) Trading and Frozen Food Division - comprising frozen food trading, butchery and bakery sub-divisions and the distribution business
c) Nutrition Division
d) Others Division - comprising packaging, beverage, noodles and restaurant business

CONSOLIDATED INCOME STATEMENT

The Group achieved a better top line performance for three of the four business segments. The Dairies Division continued to be the main driver of the Group in terms of revenue and earnings for the period under review. The Group recorded an increase of 12% in its turnover from RM880 million to RM985 million. The improvement in revenue was significantly contributed by the Dairies Division of RM706 million; followed by the Trading and Frozen Food Division and the Others Division which contributed RM196 million and RM28 million respectively. The turnover for the Nutrition Division was flat at RM55 million, a marginal reduction of 1% as compared to the previous financial year.

The increase in revenue was accompanied by the increase in cost of goods sold of RM81 million or 12% from RM699 million to RM780 million, with the gross profit margin increasing slightly from 20% to 21%. The upward prices of raw materials especially skimmed milk, buttermilk, whey milk powder and sugar has been cushioned by the gradual implementation of increase in selling prices over the year.

The Group's EBIT increased by an encouraging 25% year-on-year ("y-o-y") from RM45 million to RM56 million after excluding the one-off gain on bargain purchase of RM10 million which arose from the acquisition of PT Sentrafood Indonusa and PT Sentraboga Intiselera in the previous financial year. The y-o-y Group PAT increased by 14% from RM18 million to RM21 million.

Overall, the Group's operating expenses increased by RM13 million or 9% from RM140 million to RM153 million. Major increases were seen in the selling and marketing, warehouse and distribution expenses. The selling and marketing expenses increased by RM15 million or 34% from RM44 million to RM59 million while the warehouse and distribution expenses increased by RM6 million or 16% from RM33 million to RM39 million. The increase was principally due to more aggressive advertising and promotion campaigns undertaken by the Group to promote sales, increase in staff costs and transportation charges.

However, administrative expenses registered a reduction of RM7 million or 13% from RM53 million to RM46 million resulting principally from the one-off legal costs and stamp duty charges incurred for the syndication facility in the previous year.

Higher capital expenditure were incurred together with higher utilisation of trade lines to support the increase in growth has resulted in finance costs increasing by RM5 million or 23% from RM21 million to RM26 million.

The Group's tax expense for the current year was significantly higher by 69% or RM4 million from RM5 million to RM9 million, with an effective tax rate of 31% as compared to 24% (after excluding the gain on bargain purchase arising from acquisition of subsidiaries) in the preceding year. This was due to losses incurred by certain subsidiaries for which group relief is not available and the reversal of deferred tax asset of certain loss making subsidiaries.

For FY2012, basic earnings per share were RM0.041 as compared to RM0.054 in FY2011.

STATEMENT OF FINANCIAL POSITION

The Group ended the financial year with its equity attributable to shareholders increasing from RM223 million to RM231 million and a healthy cash position moving up from RM29 million to RM41 million. Net assets value per share increased marginally from RM0.42 to RM0.43, an increase of 3%.

Non-current assets increased by RM59 million which was mainly due to additions of property, plant and equipment of RM49 million arising from the completion of the two storey factory-cum-warehouse with attached multi-storey office and the setting up of the UHT manufacturing facility incurred by the Dairies Division, the renovation and extension of the factory space and purchase of machineries incurred by the Trading and Frozen Food Division and the setting up of the sweetened condensed milk plant in Surabaya, Indonesia. The acquisition of a piece of land in Vietnam resulted in the increase in prepaid lease payment for land of RM11 million.

There were no significant changes in the current assets except for the reduction in inventories of RM15 million and the increase in cash and cash equivalents of RM12 million.

Current liabilities increased by RM49 million due mainly to the increase in trade and other payables of RM14 million which were in line with the increase in cost of sales and the increase in bank borrowings.

Total bank borrowings for the Group amounted to RM427 million representing an increase of RM37 million over the preceding year. The increase was mainly due to additional term loans drawn down for financing of capital expenditure and higher utilisation of trade facilities to support the higher revenue. With the increase in borrowings, the Group's debt to equity ratio increased marginally from 1.8 times to 1.9 times which is within the 3 times stipulated by the syndicated lenders.

CASH FLOW POSITION

Overall, the Group's cash and cash equivalents rose to a healthy balance of RM34 million from a negative balance of RM3 million, an increase of RM37 million due to the net effects of the following:

i) an increase in net cash generated from operating activities of RM78 million from RM20 million to RM98 million due to tightening and improvement in working capital management.

ii) a reduction in net cash used in investing activities of RM60 million from RM144 million to RM84 million whereby in the previous year, RM103 million was utilised for the acquisition of subsidiaries.

iii) a reduction in net cash generated from financing activities of RM74 million from RM96 million to RM22 million principally due to the significant repayment of bank borrowings amounting to RM459 million and interest charges of RM20 million in the current financial year.

For the year under review, three out of four divisions posted positive growth with the Dairies Division leading the way with an **impressive growth rate of 16%** over the preceding year.

SEGMENTAL REVIEW BY BUSINESS DIVISIONS

Dairies Division remains the core business of the Group, accounting for 72% of the revenue, followed by the Trading and Frozen Food Division and the Nutrition Division contributing 20% and 5% respectively. The Others Division, comprising of packaging, beverage and noodles business accounted for the remaining 3%.

The Dairies Division contributed an impressive profit after tax of RM37 million followed by the Nutrition and Trading and Frozen Food Divisions of RM2 million and RM1 million respectively. However, these positive contributions to the Group's profit after tax were impacted negatively by losses incurred by the noodles business.

DAIRIES DIVISION

The Dairies Division continues to be the major contributor to the Group in terms of revenue and profit generated. The Division delivered an impressive growth of 16% in revenue of RM706 million over the preceding year of RM609 million.

In the Dairies Division for Malaysia, both local and overseas market registered increase in sales volume and net selling price per carton year–on–year. The revenue growth was also driven by sales in overseas market which registered a growth of 8% or RM27 million with the main markets from Africa, Indonesia and Phillipines whilst local sales increased by 24% or RM69 million. Profit after tax increased by 52% to RM37 million from RM24 million in the preceding year.

Segmental assets grew by 9% from RM432 million to RM471 million principally due to increase in capital expenditure while segmental liabilities increased by 10% from RM398 million to RM439 million principally due to additional drawdown on the syndication facility.

TRADING AND FROZEN FOOD DIVISION

Despite the challenging environment that was faced by the division whereby competitors were reducing their prices in order to secure a bigger market share, the Trading and Frozen Food Division managed to register a revenue growth of 4% from RM189 million to RM196 million in the current year.

The Division registered a lower profit after tax of RM1 million as compared to RM5 million in the preceding year due mainly to losses suffered by the bakery sub-division.

Segmental assets grew by 10% from RM138 million to RM152 million principally due to increase in capital expenditure incurred by the butchery and bakery sub-divisions.

NUTRITION DIVISION

Revenue slipped by a negligible 1% from RM55.3 million in the previous financial year to RM54.7 million in the current year due to the competitive market conditions caused by the entrance of US products in increasing quantities.

Coupled by the increased losses incurred by its UHT Aseptic PET Bottling plant in Hawke's Bay, New Zealand, the Division registered a profit after tax of RM2 million in the current financial year as compared to RM6 million in the previous year, a reduction of RM4 million or 72%.

Segmental assets grew by 6% from RM51 million to RM55 million principally due to the increase in capital expenditure. Segmental liabilities increased by 12% from RM28 million to RM32 million mainly due to the increase in trade and other payables.

OTHERS DIVISION

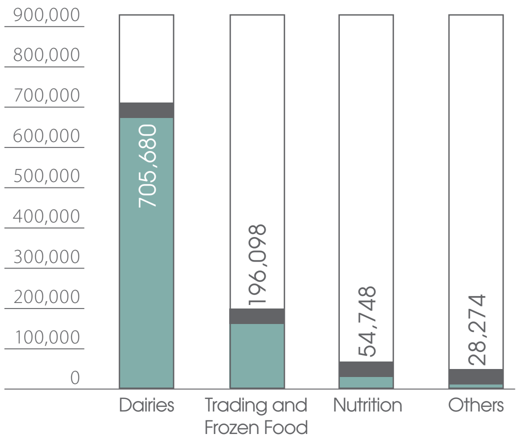
Revenue for this Division was up by 8% from RM26 million in FY2011 to RM28 million. The losses recorded in the current financial year have deteriorated from RM2 million to RM6 million mainly due to the continuing losses suffered by the noodles business arising from its low volume of sales and high operating costs. The packaging and beverage businesses posted a profit after tax of RM5 million and RM1 million respectively.

PROSPECT AND GROWTH PLANS

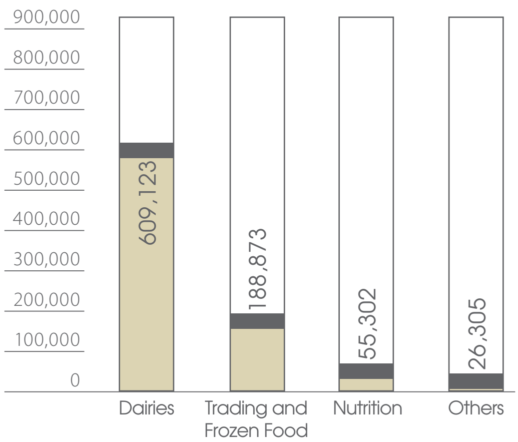
The worsening European debt crisis, the uncertain resolution of the US "fiscal cliff" and the slowdown of China's economy have increased fears of another global economic recession. The recent weather calamities in US have seen an increase in food prices, particularly wheat, corn and soya. If the situation prolongs, higher food prices will impact the consumption, and hence pose a global inflation.

Much has been achieved in spite of the Group experiencing a very challenging past year. The Group is confident that with the various strategies that are currently being pursued to mitigate the worsening world economic outlook, it is ready to soar to greater heights. Looking ahead, the Group is embarking on its next phase of growth to further synergise its existing businesses and expand its facilities, capacity and market presence, with its soon to be launched UHT products, sweetened condensed milk plant in Surabaya, Indonesia and the opening of the Texas Chicken outlets in Malaysia.

REVENUE BY BUSINESS SEGMENTS FY2012



REVENUE BY BUSINESS SEGMENTS FY2011



REVENUE BY BUSINESS SEGMENTS

	FY2012	FY2011
	RM'000	**RM'000**
Dairies	**705,680**	609,123
Trading and Frozen Food	**196,098**	188,873
Nutrition	**54,748**	55,302
Others	**28,274**	26,305
Total	**984,800**	879,603

DAIRIES DIVISION

The demand for sweetened condensed milk and fresh milk remains positive. Locally sourced sugar is effectively free of subsidy, under the selective removal of sugar subsidies by the Malaysian authorities' subsidy rationalization programme under the New Economic Model and Economic Transformation Programme. However, selective manufacturers are now allowed to apply to the Ministry to import sugar at the world price. Locally sourced sugar price is expected to be maintained at the current level. While the current crude palm oil price may have fallen to the year low, it is possible for the price of palm oil to climb back to reduce the current big price discount between CPO and soya bean oil in the first quarter of 2013.

The construction of the new two storey factory – cum – warehouse with attached multi–storey office has been completed and awaiting the certificate of occupancy from the consultants. All other certifications from the relevant statutory bodies have been obtained. The installation of the UHT equipments in the factory is near completion. The targeted trial run for the new UHT products is by December 2012.

The sweetened condensed milk plant in Surabaya, Indonesia is expected to commence its trial run by January 2013.

Given the encouraging current sales volume and prices for both domestic and export markets and together with the expected additional sales of the UHT milk and the sweetened condensed milk from its new production line in Surabaya, Indonesia, the Group is optimistic that a reasonable growth can be achieved.

TRADING AND FROZEN FOOD DIVISION

The demand in this Division is improving. However, the division expects challenges in the forthcoming year as the frozen food market remains competitive with more new players making their entrance.

For meat items from Australia and New Zealand, the pricing and supplies should remain stable. China beef prices continue on the uptrend due to their strong domestic market. The Malaysian authorities have recently sent their representatives to US to perform certifications on some of the suppliers. Since US beef is well demanded and accepted because it is corn-fed and therefore giving a better quality in its tenderness and appealing taste as compared to the grass-fed and grain-fed, the approval by the Malaysian authorities will boost up revenue for the frozen food division.

Slight price increases are expected in the dairy products like butter, yoghurt, milk, cooking and whipping cream and cheese. For corn, peas, mixed vegetables and French Fries most prices had already gone up ranging from 5% for French Fries and by over 15% for other vegetables due to the severe drought in US. However, due to the recent downward trend of the US Dollar, the price increase is expected not to be so severe. In order to maintain its competitive edge, the Division will be taking measures to reduce the expenses incurred on transportation and rental of cold rooms and continue to source for new agency products.

With the opening of more shopping malls and restaurant chains, the Division's revenue will continue to grow steadily. The sub – divisions of bakery and butchery are expected to leverage on the Division's experienced sales force and its branch network.

NUTRITION DIVISION

Dairy ingredients in the form of milk powders and highly specialised whey proteins form a significant component of the Nutrition Division's costs. Throughout 2012 there has been volatility in global dairy commodity prices, as well as both supply and demand. This follows on from a period of price movement that was placed under pressure by surplus supply worldwide.

The UHT Aseptic PET Bottling plant in Hawke's Bay, New Zealand started production in the 4th quarter of FY2012 after experiencing some commissioning delays and a lengthy dairy export registration process with the New Zealand Ministry of Primary Industries. The plant is now fully commissioned, validated and certified for both juice and dairy export manufacturing.

The demand from China for UHT milk and from Japan for pet milk is going strong and expansion options are now being considered.

OTHERS DIVISION

On 10 July 2012, the Group's wholly-owned subsidiary, Texas Chicken (Malaysia) Sdn Bhd (formerly known as Elite Cafe Sdn Bhd) signed an exclusive franchise agreement with US-based Cajun Global LLC to develop and operate "Texas Chicken" restaurants in Malaysia and Brunei over the next ten years. The agreement represents the Group's maiden entry into the fast food segment and is a major step in expanding its downstream strategy to boost its "Etika" brand name. The first four "Texas Chicken" outlets are expected to open for business in the Klang Valley by the second quarter of financial year 2013.

As for the noodles business, various measures implemented to boost the sales volume, to improve production efficiency and to control the high operating costs are taking effect as indicated by the higher sales volume and improved gross profit margin, but it is not sufficient to cover the high operating costs. Management will continue to pursue these measures aggressively to ensure that the high losses are contained and to enable the Company to turnaround soon.

GEOGRAPHICAL SEGMENTATION

The Group registered a commendable growth in revenue of 12% or RM105 million over the preceding year, driven by strong growth from three out of four divisions. Malaysia remains the Group's core market, contributing RM558 million or 57% to the revenue, followed closely by ASEAN (RM236 million), Africa (RM106 million) and others (RM85 million).

MALAYSIA

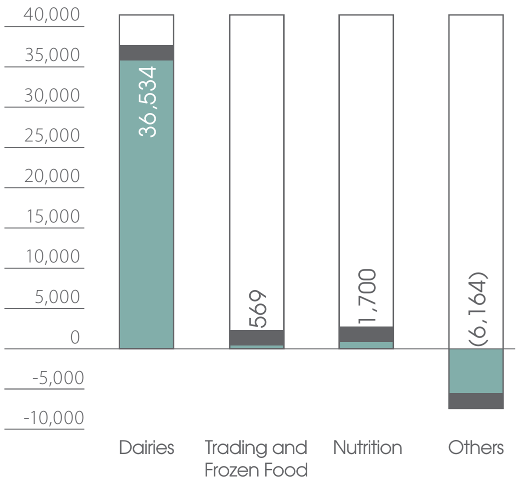
The Malaysian market continued to be the anchor for the growth of the Group contributing 57% of the Group's revenue. Revenue grew from RM481 million in FY2011 to RM558 million in the current year, an increase of 16%, principally due to price increase and higher sales volume.

Dairies Division continues to be the main driving force, contributing 64% of the total revenue, a marginal reduction of 5% from the preceding year of 69%. Trading and Frozen Food Division contributed 35%, moving up 12% from 23% last year whilst the balance 1% was from Others Division.

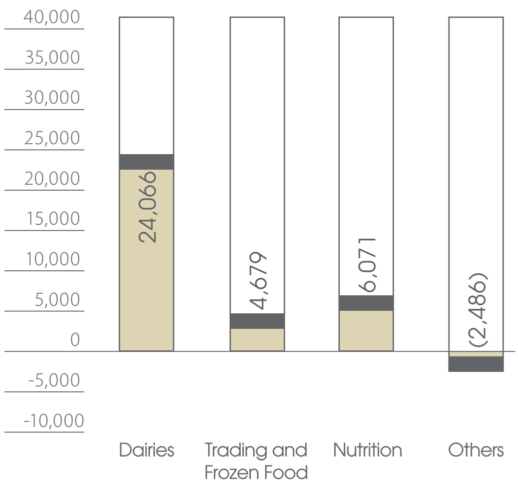
ASEAN

The ASEAN market continues to be the second largest market for the Group, accounting for 24% of the Group's revenue. Revenue grew by 47% to RM236 million as compared to RM160 million in the preceding year. The bulk of the increase came from Indonesia and Phillipines, a result of our expansion strategy into these vast markets.

PROFIT/(LOSS) AFTER TAX BY OPERATING BUSINESS SEGMENTS FY2012



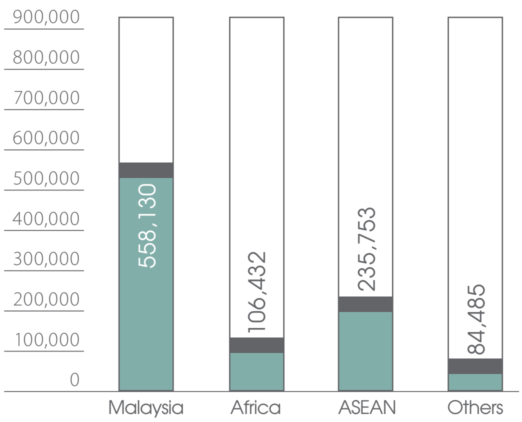
PROFIT/(LOSS) AFTER TAX BY OPERATING BUSINESS SEGMENTS FY2011



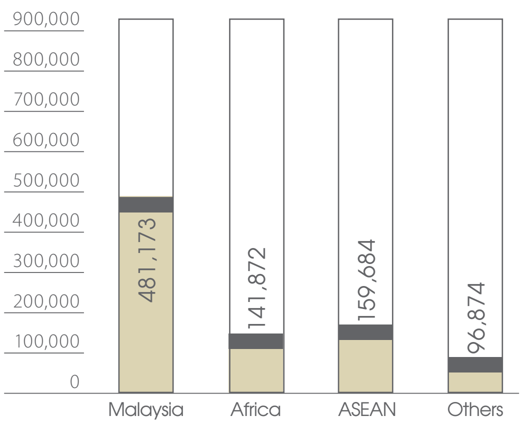
PROFIT/(LOSS) AFTER TAX BY OPERATING BUSINESS SEGMENTS

	FY2012	FY2011
	RM'000	**RM'000**
Dairies	**36,534**	24,066
Trading and Frozen Food	**569**	4,679
Nutrition	**1,700**	6,071
Others	**(6,164)**	(2,486)
Total	**32,639**	32,330

REVENUE BY GEOGRAPHICAL SEGMENTS FY2012



REVENUE BY GEOGRAPHICAL SEGMENTS FY2011



REVENUE BY GEOGRAPHICAL SEGMENTS

	FY2012	FY2011
	RM'000	**RM'000**
Malaysia	**558,130**	481,173
ASEAN	**235,753**	159,684
Africa	**106,432**	141,872
Others	**84,485**	96,874
Total	**984,800**	879,603

AFRICA

Revenue from Africa slipped by 25% from RM142 million in FY2011 to RM106 million in FY2012, accounting for 11% of the Group's revenue. The slip in performance was due principally to the competitive market conditions faced in this continent.

OTHERS

Other geographical markets refer principally to the Oceania region, comprising Australia, New Zealand and South America. Revenue fell by 13% from RM97 million to RM84 million.

RESOURCES REQUIREMENT

FINANCING REQUIREMENT

As at the financial year end, borrowings amounted to RM427 million comprising term loans of RM213 million and trade lines of RM214 million as compared to term loans of RM172 million and trade lines of RM139 million in the preceding year. The additional borrowings were utilized to fund planned capital expenditure for expansion of manufacturing capacity and purchase of new machineries for the production of new products.

For the current FY2013, the Group will require additional financing for expansion to support the growth in the Group's business and planned capital expenditure. Presently approximately RM67 million term loan has already been secured with various lenders.

In order to facilitate the raising of further funds for the Group capital expenditure and working capital and to improve the gearing ratio, Etika has entered into a subscription agreement on 6 December 2012 with Tee Yih Jia Food Manufacturing Pte Ltd ("TYJFM"), a leading frozen foods manufacturer in Singapore. Pursuant to the agreement, Etika will allot and issue 75,000,000 new ordinary shares to TYJFM at S$0.1998 each or total consideration of S$14,985,000. The net proceeds of S$14,955,000 raised from this arrangement will be utilised equally for capital expenditure and working capital of the Group respectively.

COMPUTERIZATION DRIVE

The Group has completed the Microsoft Navision ERP system implementation for the Family Group and the marketing arm of the Susu Lembu Group.

Bar Coding and Point of Sales are new enhancements in the Trading and Frozen Food Division and have been successfully implemented during the year. These are add-ons over the Microsoft Navision to further improve sales efficiency and inventory control. The warehouse bar coding is currently on a parallel run and is expected to be completed by the third quarter of FY2013.

HUMAN RESOURCE

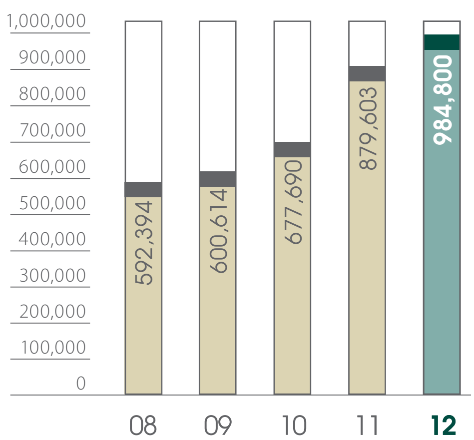
The total workforce of the Group stood at 1,897 as at 30 September 2012 (2011: 1,670) an increase of 14% due to the additional staff force required to support the growth of the Group.

NUTRITION DIVISION

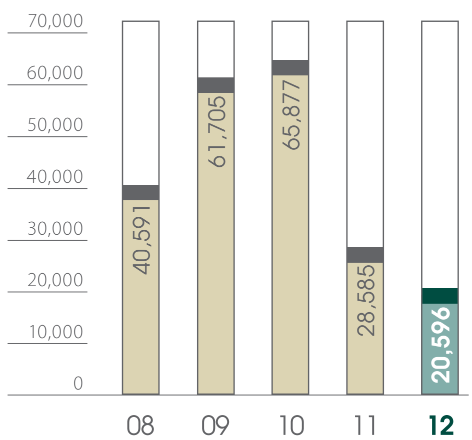
FINANCIAL HIGHLIGHTS

	FY2012	FY2011	FY2010	FY2009	FY2008
KEY FINANCIAL INFORMATION					
Revenue (RM'000)	**984,800**	879,603	677,690	600,614	592,394
Profit after tax (RM'000)	**20,596**	28,585	65,877	61,705	40,591
Shareholders' equity (RM'000)	**227,870**	218,408	208,528	162,758	112,194
Total equity (RM'000)	**230,866**	222,718	213,000	167,477	113,512
Weighted average number of shares	**533,941,681**	533,371,528	263,843,821	252,404,214	249,377,707
Weighted average number of days (revenue)	**366**	339	341	365	365
KEY FINANCIAL RATIO					
Earnings per share (RM sen)	**4.1**	5.4	25.1	24.5	16.2
Return on equity (%)	**24.7**	25.4	46.3	64.5	52.3
Dividend per share (RM sen)	**2.0**	3.9	8.3	6.9	3.9
Net asset value per share (RM sen)	**43.2**	41.8	79.9	65.7	45.4
Inventory turnover (days)	**62**	71	70	55	65
Receivables turnover (days)	**53**	54	53	63	70
Payables turnover (days)	**33**	34	32	29	27
Working capital cycle (days)	**82**	91	91	89	108
Net gearing ratio (times)	**1.7**	1.6	0.8	0.6	1.3

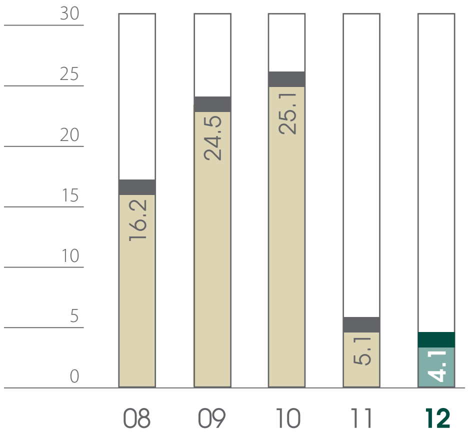
REVENUE
(RM'000)



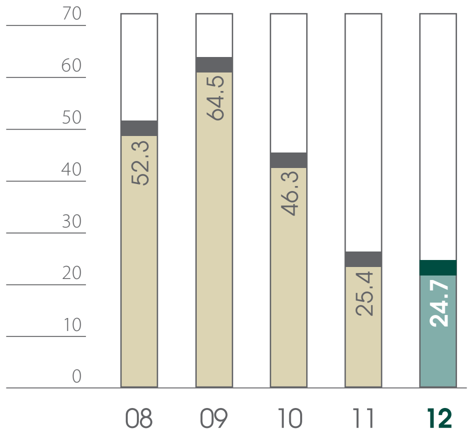
PROFIT AFTER TAX
(RM'000)



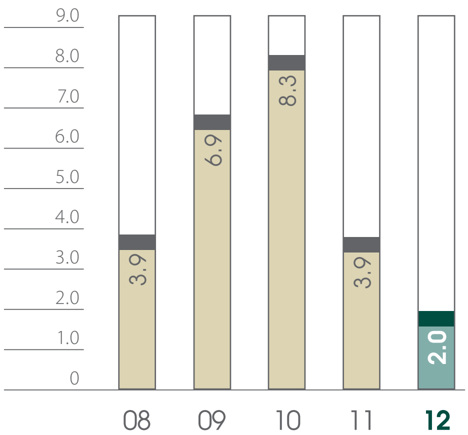
EARNINGS PER SHARE (EPS)
(RM sen)



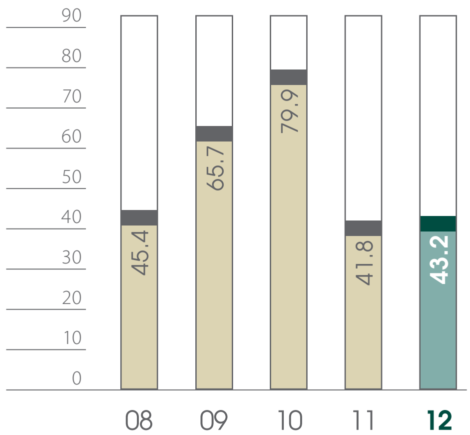
RETURN ON EQUITY
(%)



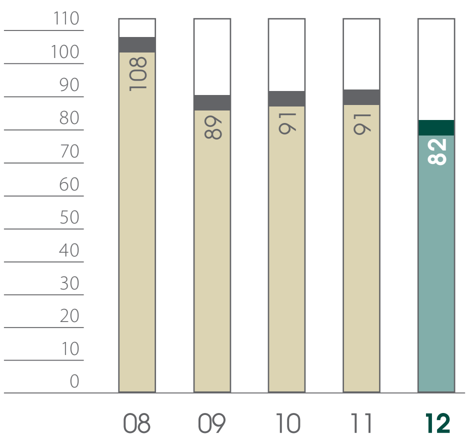
DIVIDEND PER SHARE
(RM sen)



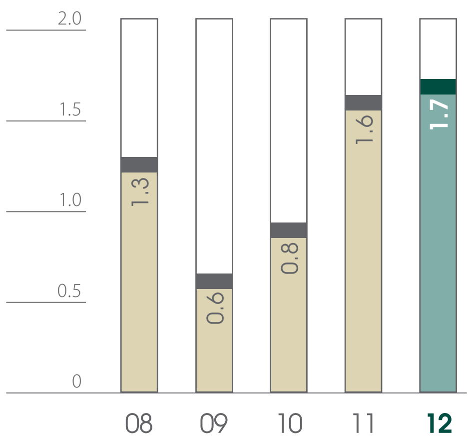
NET ASSET VALUE PER SHARE
(RM sen)



WORKING CAPITAL CYCLE
(days)



NET GEARING RATIO
(times)



RISK FACTORS

The following is an overview of Etika's risk factors, with brief descriptions of the nature and extent of the Group's exposure to these risks. We strive to provide reasonable assurance to our stakeholders by incorporating sound management control into our daily operations, ensuring compliance with legal requirements and safeguarding the integrity of the Group's financial reporting as well as related disclosures.

ECONOMIC RISKS

Changes in the economic conditions within and outside of Malaysia where the Group's main operations are based may have material adverse impact on the demand for the Group's products, consequently affecting the operations and financial performance of the Group. While the Group operates in a fairly defensive F&B industry, the Group is not completely shielded from the impact of the world economic crisis. The past 12 months have especially been challenging for all businesses globally mainly due to the slowdown in the economy of the United States and China as well as the unresolved Eurozone sovereign debt crisis. Additionally, if the current US "fiscal cliff" is not resolved and the expiring tax cuts and across-the-board government spending cuts kick in, this may result in a global recession. As the outlook of the global economy is still bleak, and should it deteriorate, it may affect the demand of our products in the countries in which it is currently being exported to.

BUSINESS RISKS

Any significant increase in the prices of our raw materials would have an adverse impact on our profitability

The raw materials we utilize for the manufacture of our products within our subsidiaries comprise substantially of milk powder, liquid fresh milk, sugar, palm oil, vitamins, raw meat, flour and packaging material (such as cans, labels, and cartons). In order to ensure that we are able to efficiently deliver quality products to our customers at competitive prices, we need to obtain sufficient quantities of good quality raw materials at acceptable prices and in a timely manner. As such, we typically enter into forward supply contracts. In the event that our suppliers are unable to fulfill our raw material needs, we may not be able to seek alternative sources of supply in a timely manner or may be subject to higher costs from alternative suppliers. This may adversely affect our ability to meet our customers' orders and our profitability in the event that we are unable to pass on such costs to our customers.

Our failure to meet adequate health and hygiene standards will lead to a loss in customer confidence

Our products are manufactured under very stringent quality control processes and the Group stresses quality and hygiene as a top priority. While we have not encountered any incidence of contamination or food poisoning thus far in any of our subsidiaries, if such incidences were to occur, the Group may face criminal prosecution under the Food Act 1983 in Malaysia or other relevant regulations in jurisdictions to which our products are exported to, a loss in customer confidence and a negative impact on our reputation. Accordingly, our prospects as well as our financial condition will be adversely affected.

It is also possible that the relevant authorities may impose directives as a result of health and hygiene issues to carry out certain remedial actions which may impact on our operations. Failure to comply with such directives may result in our licenses being suspended and/or revoked, which will have a material adverse impact on our financial performance.

To mitigate this risk, our operations are International Organization for Standardization (ISO) and Hazard Analysis and Critical Control Point (HACCP) accredited by international certification bodies and we also subscribe to Good Manufacturing Practice (GMP).

We may be subject to product liability claims if our products are found to be unfit for consumption

If our products are found to be unfit for consumption and consumers suffer damage, injury or death as a result of consuming or coming into contact with our products, we may be required to compensate the consumer for any injury or death. The Group's profitability would be adversely affected if the amount payable under the insurance policies covering the Group is not sufficient to meet the compensation amount payable. Accordingly, our reputation, prospects, and financial condition will also be adversely affected.

Possible changes in consumer taste may lead to lower demand and sales of our products

Being in the F&B industry, the nature of our business is highly dependent on consumer preferences. We strive to achieve the highest quality in the products we offer. However, the level of market acceptance of our products ultimately relies on consumer taste and lifestyle. The younger affluent generation now has higher purchasing power and is willing to pay a premium for products which cater to their individual desires. Also, the current consumer trend towards healthier lifestyle and organic products may pose threats to our Group's business if we are not flexible enough to adapt and cater to the trend.

An outbreak of disease in livestock, such as cows and goats, and food scares may lead to loss of consumer confidence in our products

Any outbreak of disease in livestock and food scares may have an adverse impact on the business of our Group as it may lead to loss in consumer confidence and reduction in consumption of the particular food or related products concerned. It may also affect our Group's sources of supply of raw materials, such as milk powder or raw meat, from that particular area, resulting in our Group having to source for alternative supplies which may be more costly or have negative impact on our production processes and output.

We depend on key management personnel and the loss of such personnel may adversely affect our Group's operations

The Group's success to date has been due largely to the contributions of its management teams and employees. As such, the Group's continued success is dependent on its ability to retain the services of such personnel. There is no certainty that the Group will be able to retain or integrate new personnel into the Group or identify or employ qualified personnel. Accordingly, the loss of the services of these key personnel or the inability to attract additional qualified persons may negatively affect the Group's business, financial condition, results of operations and future development.

REGIONAL EXPANSION RISKS

The Group now has its operation base in Malaysia, Vietnam, Indonesia and New Zealand. However, we are still constantly seeking new business opportunities overseas. Thus, the Group will focus equally on international expansion for future growth. However, there are considerable risks associated with this regional expansion strategy.

Ability to extract synergies and integrate new investment

In acquisition, the Group faces challenges arising from being able to integrate newly acquired businesses with our own existing operations, managing businesses in new markets where we have limited experience. There is no assurance that synergies can be created from the new acquisitions and that the returns generated from the new ventures will meet the management's expectations.

Ability to make further acquisitions

Although we are constantly looking for new opportunities that could contribute to our future growth, there is no assurance that there will be sound acquisition opportunities available as there are constraint factors such as competition from other investors, government policies, political considerations, and last but not least, sincere sellers with sound business deals.

FINANCIAL RISKS

Credit risks

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due. While the Group faces the normal business risk associated with ageing collections, it has adopted a prudent accounting policy of making specific provisions once trade debts are deemed not collectible. Nonetheless, a delay or default in payment and/or significant increase in the incidence of bad trade receivables would have a material and adverse impact on our financial position and performance.

Foreign currency risks

The Group incurs foreign currency risk on transactions and balances that are denominated in currencies other than the entity's functional currency. The currencies giving rise to this risk are primarily Singapore Dollar, British Pound, United States Dollar, Euro, New Zealand Dollar, Australian Dollar, Indonesian Rupiah and Vietnamese Dong. Exposure to foreign currency risk is monitored on an on-going basis to ensure that the net exposure is at an acceptable level and hedging through currency forward exchange contracts is done where appropriate.

Interest rate risks

The Group's exposure to changes in interest rates relates primarily to fixed deposits, bank borrowings and finance lease obligations with financial institutions. The Group strives to maintain an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and long and short term borrowings. The objective 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 the interest rates fall. In the event of any substantial increase in interest rates, cash borrowings obligations may be extended and our financial performance may be affected.

Liquidity risks

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of our overall prudent liquidity management, the Group maintains sufficient level of cash and cash equivalents to meet its working capital requirements. Short-term funding is obtained from overdraft facilities from banks and finance leases from financial institutions. As such, we are subject to risks normally associated with debt financing, including the risk that our cash flows will be insufficient to meet required payment of principals and interest. In addition, while in the past our cash flows from our operations and financing activities had been sufficient to meet our payments obligations for borrowings and interest, there is however no assurance that we are able to do so in the future. In such event, we may be required to raise additional capital, debt or other forms of financing for our working capital. If any of the aforesaid events occur and we are unable for any reason to raise additional funds to meet our working capital requirements, our business, financial performance and position will be adversely affected.

GROUP STRUCTURE

E T I K A

ETIKA INTERNATIONAL HOLDINGS LIMITED

DAIRIES

• Etika Dairies Sdn Bhd	100%
• Etika Global Resources Sdn Bhd	100%
• Etika Foods Marketing Sdn Bhd	100%
• PT Vixon Indonesia	100%*
• Tan Viet Xuan Joint Stock Company	100%*
• Etika Vixumilk Pte Ltd	100%
• PT Etika Marketing	100%*
• Golden Difference Sdn Bhd	100%
• Susu Lembu Asli (Johore) Sdn Bhd	100%*
• Susu Lembu Asli Marketing Sdn Bhd	100%*
• Etika Foods (Singapore) Pte Ltd	100%
• Etika Foods (Vietnam) Co Ltd	100%*

TRADING & FROZEN FOOD

• Etika Foods (M) Sdn Bhd	100%
• Pok Brothers Sdn Bhd	100%*
• Pok Brothers (Selangor) Sdn Bhd	100%*
• Pok Brothers (Penang) Sdn Bhd	100%*
• Pok Brothers (Pahang) Sdn Bhd	100%*
• Pok Brothers (Johor) Sdn Bhd	81.5%*
• Etika Consumer Sdn Bhd	100%*
• De-luxe Food Services Sdn Bhd	100%*
• Family Bakery Sdn Bhd	100%*
• Daily Fresh Bakery Sdn Bhd	100%*
• Hot Bun Food Industries Sdn Bhd	100%*

NUTRITION

• Etika (NZ) Limited	100%
• Naturalac Nutrition Limited	100%*
• Naturalac Nutrition (UK) Limited	100%*
• Etika Dairies NZ Limited	60.7%*

OTHERS

Packaging	
• Etika Industries Holdings Sdn Bhd	100%
• General Packaging Sdn Bhd	99.04%*
Beverage	
• Etika Beverages Sdn Bhd	100%
Noodles	
• PT Sentrafood Indonusa	100%*
Restaurant	
• Platinum Appreciation Sdn Bhd	100%
• Texas Chicken (Malaysia) Sdn Bhd (formerly known as Elite Cafe Sdn Bhd)	100%*
Unallocated Units	
• Etika Capital (Labuan) Inc	100%
• Eureka Capital Sdn Bhd	100%
• Etika Foods International Inc	100%
• Etika Brands Pte Ltd	100%
• Etika IT Services Sdn Bhd	100%
• PT Etika Indonesia	100%*
• PT Sentraboga Intiselera	100%*

* *Effective shareholding held directly and indirectly*

Note: Group structure updated as at date of Financial Statements.

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATO' JAYA J B TAN
(Non-Executive Chairman)

DATO' KAMAL Y P TAN
(Group Chief Executive Officer)

MAH WENG CHOONG
(Group Chief Operating Officer)

JOHN LYN HIAN WOON
(Independent Director)

TEO CHEE SENG
(Independent Director)

TAN YET MENG
(Non-Executive Director)

KHOR SIN KOK
(Deputy Group Chief Operating Officer and Alternate Director to Mah Weng Choong)

TAN SAN CHUAN
(Alternate Director to Tan Yet Meng)

COMPANY SECRETARIES

S SURENTHIRARAJ @ S SURESSH
KOK MOR KEAT, ACIS

REGISTERED OFFICE

SGX Centre II, #17-01
4 Shenton Way
Singapore 068807
Telephone : (65) 6361 9883
Facsimile : (65) 6538 0877

SHARE REGISTRAR

BOARDROOM CORPORATE & ADVISORY SERVICES PTE LTD
50 Raffles Place
Singapore Land Tower, #32-01
Singapore 048623

INDEPENDENT AUDITORS

BDO LLP
Certified Public Accountants
21 Merchant Road
#05-01 Royal Merukh S.E.A. Building
Singapore 058267
Partner-in-charge: Ng Kian Hui
(Appointed since the financial year ended 30 September 2012)

PRINCIPAL BANKERS

Maybank Islamic Berhad
Hong Leong Islamic Bank Berhad
AmIslamic Bank Berhad
DEG – Deutsche Investitions – und Entwicklungsgesellschaft mbH
Kuwait Finance House (Malaysia) Berhad
Bank Pertanian Malaysia Berhad
PT Bank Maybank Syariah Indonesia
National Australia Bank Limited
Asian Finance Bank Berhad
Alliance Islamic Bank Berhad

SOLICITORS

Stamford Law Corporation
Hutabarat Halim & Rekan
Luat Viet-Advocates & Solicitors

BOARD OF DIRECTORS


TEO CHEE SENG
DATO' KAMAL Y P TAN
TAN YET MENG
TAN SAN CHUAN

DATO' JAYA J B TAN

Non-Executive Chairman
Member of Audit Committee
Member of Remuneration Committee
Member of Nominating Committee

Dato' Jaya J B 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, United Kingdom, Singapore, Australia and India.

Currently, Dato' Jaya is the Executive Chairman of Lasseters International Holdings Limited, a company listed on the Singapore Stock Exchange ("SGX") and Chairman of Lasseters Corporation Limited, a company listed on the Australian Stock Exchange ("ASX"). He is also the Chairman of Cypress Lakes Group Limited, a public company in Australia and the Vice Chairman of Park Hyatt Saigon, a 259-room 5-star hotel in Ho Chi Minh City, Vietnam.

Dato' Jaya was last re-elected as Director at the Annual General Meeting ("AGM") held in January 2012.

Dato' Jaya is the brother of Dato' Kamal Y P Tan, brother-in-law of Ms Tan Yet Meng and uncle of Mr Tan San Chuan.

DATO' KAMAL Y P TAN

Group Chief Executive Officer

Dato' Kamal Y P Tan is the Group Chief Executive Officer of the Company and was appointed to the Board on 23 December 2003. He was appointed as the Executive Director of the Company upon its listing on 23 December 2004 and has been re-designated to the current position since 20 January 2009.

Dato' Kamal 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.

Currently, Dato' Kamal is also the Executive Director of another company listed on the Singapore Stock Exchange, namely Lasseters International Holdings Limited and a Non-Executive Director of a company listed on the Australian Stock Exchange, Lasseters Corporation Limited. He is also a Director of Cypress Lakes Group Limited, a public company in Australia and is a Board member of Park Hyatt Saigon, a 259-room 5-star hotel in Ho Chi Minh City, Vietnam.

Dato' Kamal was re-elected as Director at the AGM held in January 2011. He will retire at the forthcoming AGM and will offer himself for re-election.

Dato' Kamal is the brother of Dato' Jaya J B Tan, brother-in-law of Ms Tan Yet Meng and uncle of Mr Tan San Chuan.

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 30 years. He is also a Notary Public.

Mr Teo acts as the legal consultant to Tzu Chi Foundation, Taiwan's biggest charity organisation which is also an United Nations NGO.

Apart from the present directorship of the Company, Mr Teo is also an Independent Director of another company listed on the Singapore Stock Exchange, namely Lasseters International Holdings Limited and United Overseas Australia Ltd, which is listed on both Singapore and Australia stock exchanges.

Mr Teo was re-elected as Director of the Company at the AGM held in January 2010. He will retire at the forthcoming AGM and will offer himself for re-election.

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.

Mr Lyn 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.

Mr Lyn is currently the Executive Director of Pine Forest Capital, a Boutique Fund Management Company, registered in Singapore. Mr Lyn is also the Chairman of Vietnam Asset Management, an associate company of UOB Kay Hian, which manages Public-listed Funds for Vietnam.

Apart from the directorship of the Company, Mr Lyn does not hold directorship in any other listed companies.

Mr Lyn was re-elected as Director of the Company at the AGM held in January 2011.

MAH WENG CHOONG
Group Chief Operating Officer

TAN YET MENG
Non-Executive Director

Mr Mah Weng Choong was appointed to the Board on 3 August 2004 as a Non-Executive Director and was re-designated to the position of Group Chief Operating Officer on 13 May 2010. 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, a wholly-owned subsidiary of the Company in 1996 and has successfully set up our current factory located in Meru, Klang, in Malaysia and was actively involved in the supervision of the upgrading and expansion of the plant in the recent years. His primary responsibilities include the formulation and implementation of the business strategies and policies of the Dairies and Packaging Divisions as well as charting their business growth.

Apart from the directorship of the Company, Mr Mah does not hold directorship in any other listed companies.

Mr Mah is due for re-appointment as a Director pursuant to section 153(6) of the Companies Act, Chapter 50, at the forthcoming AGM.

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

Apart from the directorship of the Company, Ms Tan does not hold directorship in any other listed companies. She sits on the board of a few private companies which are involved in investment holding, property development and leisure business.

Ms Tan was re-elected as a Director at the AGM held in January 2012.

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

KHOR SIN KOK
Deputy Group Chief Operating Officer and Alternate Director to Mah Weng Choong

Mr Khor Sin Kok was appointed as Alternate Director to Mr Mah Weng Choong on 3 August 2004 and was re-designated as Deputy Group Chief Operating Officer on 13 May 2010. 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 Etika Dairies Sdn Bhd in 1996 as its Executive Director.

He oversees the day-to-day management and operations of Dairies and Packaging Divisions as well as the strategic planning and business development aspects of the companies.

Apart from the directorship of the Company, Mr Khor does not hold directorship in any other listed companies.

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. Mr Tan is an Accounting and Finance graduate from the London School of Economics. Prior to joining the Group, he was employed by KPMG and has gained experience in auditing. Mr Tan has also worked in a merchant bank in Malaysia in which he gained some experience in corporate finance through his involvement in mergers and acquisitions and corporate restructuring exercises.

Apart from the present directorship of the Company, Mr Tan is also the Executive Director of another company listed on the Singapore Stock Exchange, namely Lasseters International Holdings Limited and the Non-Executive Director of Lasseters Corporation Limited, a company listed on the Australian Stock Exchange. He is also a Director of Cypress Group Lakes Limited, a public company in Australia and a Board member of Park Hyatt Saigon, a 259-room 5-star hotel in Ho Chi Minh City, Vietnam.

Mr Tan is the son of Ms Tan Yet Meng and nephew of Dato' Jaya J B Tan and Dato' Kamal Y P Tan.

KEY MANAGEMENT

BILLY LIM YEW THOON
Chief Financial Officer

Mr Billy Lim joined Etika as Chief Financial Officer on 1 March 2011. He is a Fellow member of the Association of Chartered Certified Accountants, a member of the Malaysia Institute of Accountants, a member of the Malaysian Institute of Corporate Governance, an Associate member of the Chartered Tax Institute of Malaysia and an Associate member of Institute of Internal Auditors.

Mr Lim brings with him a wealth of experience of more than 18 years in the audit practice and another 8 years in the commercial industry. He has also worked as the General Manager of Internal Audit for more than 3 years in a large public corporation listed on Bursa Malaysia Securities Berhad. His commercial experience includes monitoring of manufacturing and gaming operations located in Malaysia and overseas as well as participation in the negotiation and takeover of companies.

Prior to joining Etika, Mr Lim was a Director of a consulting firm which has been providing consultancy and internal audit services to a Malaysian listed company. He was also a sole proprietor of a firm of practicing accountants.

RONNIE KWONG YUEN SENG
Chief Operating Officer – Sales & Marketing, Dairies & Beverage Division

Mr Ronnie Kwong Yuen Seng has overall responsibility for the sales and marketing activities of the Dairies and Beverage Divisions. Prior to joining Etika Dairies Sdn Bhd ("EDSB"), he had more than 34 years 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. He is primarily responsible for developing marketing strategies and expanding our market share in Malaysia and overseas for the Dairies & Beverage Division.

LAWRENCE POK YORK KEAW
Chief Executive Officer – Frozen Food Division

Mr Pok York Keaw has extensive experience in the hotel and restaurant industry. He is the Managing Director of Pok Brothers Sdn Bhd and had been with the company since the mid 1960's. He was instrumental in building up the company from a mini-market trader to an importer of quality foods and distributor of a classic range of international branded products. Due to his accumulated extensive knowledge on the food industry a subsidiary, De-luxe Food Services Sdn Bhd was established in 1969 to manufacture "Gourmessa Brand value added Halal food products" (portion control meat, delicatessen meat, smoked salmon, bread and pastry products) to further enhance our business and service our customers.

RICHARD ROWNTREE
Managing Director, Naturalac Nutrition Ltd

Mr Richard Rowntree has overall responsibility for the nutritional products business. Based in New Zealand, a significant proportion of current divisional sales and future prospects for growth are in overseas markets. Mr Rowntree also represents the group's interests in relation to ensuring the success of Etika Dairies NZ Limited the aseptic UHT beverage manufacturing business based in New Zealand. The potential for growth of these businesses will draw on Mr Rowntree's extensive experience in international business development. Prior to his appointment to his current role with Naturalac Nutrition Ltd in March 2003, he had been employed in international business development senior management roles with a number of public-listed New Zealand based companies including Cerebos, Fletcher Challenge and (Heinz) Watties. Mr Rowntree has had previous experience in leading export business development into markets including United Kingdom, Australia, the Pacific Islands and a number of South East Asian countries.

NEIL MCGARVA
Chief Executive Officer, Etika Dairies NZ Ltd

Mr Neil McGarva studied food science at Massey University and went on to graduate in Public Health Inspection at Wellington Polytechnic. He worked for 10 years as a NZ Government food safety auditor.

In 1992, he established Pandoro Bakeries, a bread manufacturing factory in Auckland, expanding nationally over 10 years to employ over 150 people across multiple sites. After selling Pandoro in 2002, he established the "Natural Pet Treat Company" which continues today as a contract manufacturer and exporter of quality pet foods.

Since 2006 he has worked on establishing New Zealand's first UHT Aseptic PET Bottling plant in Hawkes Bay. In March 2009 he merged this operation with Etika International Holdings Limited to form Etika Dairies NZ Ltd.

He is currently managing the Etika Dairies NZ plant in Hawkes Bay which commenced commercial production in 2012 contract manufacturing UHT shelf stable dairy and juice products in PET bottles for domestic and export markets.

OTHERS
Packaging Beverage & Noodles Division

CORPORATE GOVERNANCE

Etika International Holdings Limited ("Etika") is committed to maintaining a high standard of corporate governance by complying with the benchmark set by the Code of Corporate Governance 2005 (the "Code"). Good corporate governance establishes and maintains an ethical environment, which strives to enhance the interest of all shareholders.

Etika believes it has put in place effective self-regulatory corporate practices to protect its shareholders' interests and enhance long-term shareholders' value. This report outlines Etika's corporate governance framework in place throughout FY2012.

1. BOARD MATTERS

The Board's Conduct of Affairs

Principle 1 : Effective Board to lead and control the Company

The Board of Directors (the "Board") comprises two Executive Directors, two non-executive Directors and two independent directors, having the appropriate mix of core competencies and diversity in experience, which in the course of deliberations, they are obliged to act in good faith and consider all times the interest of the Company.

The primary functions of the Board are to provide stewardship for Etika and its subsidiaries (the "Group") and to 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 achievements 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 quarterly 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.

The Board meets regularly 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.

To facilitate effective execution of its function, the Board has delegated specific responsibilities to three committees. They are namely the Audit Committee, the Nominating Committee and the Remuneration Committee. Each of the committees has its own terms of reference setting out its role and has the authority to examine particular issues and report to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

Updates on corporate governance are circulated to all Board members by the Company Secretary on a regular basis. Directors are also provided with regular updates, particularly on relevant new laws, regulations, changing commercial risks and information of the industry. The Directors also have access to the advice and services of the Company Secretary and Management, and may in appropriate circumstances, seek independent professional advice concerning the Group's affairs. Relevant courses conducted by various institutions will be attended by Directors when possible.

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 FY2012	5	5	2	1
Name of Directors				
Dato' Jaya J B Tan	5	5	2	1
Dato' Kamal Y P Tan	5	n/a	n/a	n/a
Tan Yet Meng (Alternate Director : Tan San Chuan)	2	n/a	n/a	n/a
Mah Weng Choong (Alternate Director : Khor Sin Kok)	5	n/a	n/a	n/a
Teo Chee Seng	5	5	2	1
John Lyn Hian Woon	5	5	2	1

Note : n/a – not applicable as Director is not a member of the Committee.

Board Composition and Guidance

Principle 2 : Strong and independent element on the Board

As at the date of the Directors' Report, the Board of Directors ("the Board") of Etika comprised the following directors :-

Name	Age	Date of first appointment	Date of last re-election/ re-appointment	Designation
Dato' Jaya J B Tan	65	23.12.2003	18.01.2012	Chairman
Dato' Kamal Y P Tan	60	23.12.2003	21.01.2011	Group Chief Executive Officer
Mah Weng Choong	74	03.08.2004	18.01.2012	Group Chief Operating Officer
Tan Yet Meng	56	15.09.2005	18.01.2012	Non-Executive Director
Teo Chee Seng	58	03.08.2004	22.01.2010	Independent Director
John Lyn Hian Woon	54	03.08.2004	21.01.2011	Independent Director
Khor Sin Kok	56	03.08.2004	-	Deputy Group Chief Operating Officer and Alternate to Mah Weng Choong
Tan San Chuan	31	15.09.2005	-	Alternate to Tan Yet Meng

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.

Chairman and Chief Executive Officer

Principle 3 : Clear division of responsibilities at the top of the Company

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 Chief Executive Officer 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 Group Chief Executive Officer, Dato' Kamal Y P Tan, who is assisted by an experienced and qualified team of executive officers of the Group. Dato' Jaya and Dato' Kamal are brothers.

2. BOARD MEMBERSHIP AND PERFORMANCE

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	Member	Member	Member

Nominating Committee

Principle 4 : Formal and transparent process for appointment of new directors

Principle 5 : Formal assessment of the effectiveness of the Board and contributions of each director

The Nominating Committee ("NC") 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 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 performance criteria for the Board evaluation includes an evaluation of the size and composition of the Board, the Board's access to information, accountability, Board processes, Board performance in relation to discharging its principal responsibilities, communication with Management and standards of conduct of the Directors. The criteria for each Director's evaluation include his commitment of time for board and committee meetings and other duties, his other contribution to the Group and his standards of conduct.

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 87 of Etika's Articles of Association requires the Managing Director, Chief Executive Officer or President (or person holding an equivalent position) who is a Director to be subject to retirement by rotation.

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.

In considering the appointment of any new director, the NC ensures that the new director possesses the necessary skills, knowledge and experience that could facilitate the Board in the making of sound and well-considered decisions. The Board is of the view that the process for appointment of new Director(s) is adequate. For re-appointments, NC takes into account the individual director's past contributions and performance.

The NC has reviewed the independence of each director for FY2012 in accordance with the Code's definition of independence and is of the opinion that Mr. Teo Chee Seng and Mr John Lyn Hian Woon are independent.

Although the independent Directors hold directorships in other companies, the Board is of the view that such multiple Board representations do not hinder them from carrying out their duties as Directors. These Directors would widen the experience of the Board and give it a broader perspective.

The NC has recommended Dato' Kamal Y P Tan and Mr Teo Chee Seng, who are retiring at this forthcoming Annual General Meeting, for re-election as Directors of the Company.

Access to information

Principle 6 : Board members to have complete, adequate and timely information

To assist the Board in its discharge of duties and responsibilities, all directors are provided with adequate information in a timely manner by the management 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 (in particular the SGX Listing Manual) 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.

Remuneration Matters

Principle 7 : Formal and transparent procedure for fixing remuneration packages of directors
Principle 8 : Remuneration of directors should be adequate but not excessive
Principle 9 : Remuneration policy, level and mix of remuneration and procedure for setting remuneration

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 RC has adopted its terms of reference that describes the responsibilities of its members.

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.

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 :-

Remuneration Bands	FY2011	FY2012
Below S$250,000	4	4
S$250,000 to S$499,999	1	2
S$500,000 to S$749,999	2	1
	7	7

b) A breakdown, showing the level and mix of each individual director's remuneration and fees of Etika for FY2012 is as follows:

Remuneration Bands & Name of Directors	Salary* %	Directors' Fees %	Performance-related income/ Bonus** %	Total Remuneration %
S$500,000 to S$749,999				
Mah Weng Choong	56.1	-	43.9	100.0
S$250,000 to S$499,999				
Dato' Kamal Y P Tan	52.7	-	47.3	100.0
Khor Sin Kok	57.1	-	42.9	100.0
Below S$250,000				
Dato' Jaya J B Tan	-	100.0	-	100.0
Teo Chee Seng	-	100.0	-	100.0
John Lyn Hian Woon	-	100.0	-	100.0
Tan Yet Meng	-	100.0	-	100.0
Tan San Chuan	-	-	-	-

* Inclusive of benefits–in-kind, allowances and provident fund.

** Bonus - on receipt basis during FY2012.

The breakdown, showing the level and mix of each key executive's remuneration for FY2012, is as follows:-

Remuneration Bands & Name of Executive Officers	Salary* %	Directors' Fees %	Performance-related income/ Bonus** %	Total Remuneration %
S$250,000 to S$499,999				
Kwong Yuen Seng	56.2	-	43.8	100.0
Pok York Keaw	65.3	-	34.7	100.0
Richard Rowntree	81.1	-	18.9	100.0
Below S$250,000				
Billy Lim Yew Thoon	84.9	-	15.1	100.0
Pok York Keng	70.5		29.5	100.0

* Inclusive of benefits-in-kind, allowances, ex-gratia and provident fund.

** Bonus - on receipt basis during FY2012.

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 FY2012 save and except for Dato' Kamal Y P Tan who is related to Dato' Jaya J B Tan, Ms Tan Yet Meng and Mr Tan San Chuan.

Etika Employee Share Option Scheme (ESOS)

The ESOS was approved and adopted by its members at an Extraordinary General Meeting held on 8 November 2004. Details of the Company's ESOS and the options granted can be found on the Report by Directors in this Annual Report.

Accountability

Principle 10 : Accountability of the Board and management

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 quarterly 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 interim 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.

Audit Committee

Principle 11 : Establishment of audit committee with written terms of reference

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 (Member)	Non-Executive

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 meets 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;
- 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, if any, falling within the scope of Chapter 9 of the Listing Manual of the SGX-ST on a quarterly basis.;
- 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
- undertake such other functions and duties as requested by the Board and as required by statute or Listing Manual.

The 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.

For the year under review, the Group has accrued an aggregate amount of audit fees of RM972,094, comprising audit fees of RM308,221 paid to auditors of the Company; and RM557,499 and RM106,374 paid to other auditors for audit fees and non audit service fees respectively . In compliance with Rule 1207 (6) of the Listing Manual issued by Singapore Exchange Securities Trading Limited, the AC confirmed that it has undertaken a review of all non-audit services provided by the Auditors and they would not, in the AC's opinion, affect the independence of the Auditors.

The Group has complied with Rules 712, 715 and 716 of the Listing Manual in relation to its Auditors.

The AC has recommended the re-appointment of BDO LLP as Auditors for the ensuing year, subject to shareholders' approval at the forthcoming AGM.

Internal Controls and Internal Audit
Principle 12 : Sound system of internal controls
Principle 13 : Setting up independent audit function

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 LLP, 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 FY2012, the Board with the concurrence of the AC, is of the view that 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 having addressed the financial, operational and compliance risks. In an effort to further enhance and improve the Group's system of internal controls and risk management policies, internal audit will be carried out on companies within the group identified by the AC and deemed necessary. The internal audit will be outsourced by the Company.

Communication with Shareholders
Principle 14 : Regular, effective and fair communication with shareholders
Principle 15 : Shareholder participation at AGM

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.etika-intl.com) 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 at general meetings of the Company and are available to address any questions from shareholders regarding the Group and its businesses.

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.

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.

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	3,079,830 (or approximately S$1,249,019)	-
Life Medicals Sdn Bhd - Purchase of packing materials	577,500 (or approximately S$234,204)	-
Sensational Success Sdn Bhd - Purchase of packing materials	915,994 (or approximately S$371,479)	-
Motif Etika Sdn Bhd - Rental of office premises	924,000 (or approximately S$374,726)	-

Based on average exchange rate for the year ended 30 September 2012 of S$1 = RM2.4658

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.

Dealings in Securities

Following the introduction of Best Practice Guide by SGX-ST ("the Code"), the company 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. Officers are discouraged to deal in the Company's securities on short-term considerations.

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 two weeks before the announcement of the Etika's results for each of the first three quarters of the financial year and during one month before the announcement of the Etika's full year results and ending on the date of the relevant announcement.

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

FINANCIAL STATEMENTS

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 2012 and the statement of financial position of the Company as at 30 September 2012 and statement of changes in equity of the Company for the financial year ended 30 September 2012.

1. Directors

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

Dato' Jaya J B Tan	(Non-Executive Chairman)
Dato' Kamal Y P Tan	(Group Chief Executive Officer)
Mah Weng Choong	(Group Chief Operating Officer)
John Lyn Hian Woon	(Independent Director)
Teo Chee Seng	(Independent Director)
Tan Yet Meng	(Non-Executive Director)
Khor Sin Kok	(Deputy Group Chief Operating Officer and Alternate Director to Mah Weng Choong)
Tan San Chuan	(Alternate Director to Tan Yet Meng)

2. Arrangements to enable Directors to acquire shares or debentures

Except as described in paragraph 5 below, neither at the end of nor at any time during the financial year 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, Cap. 50 (the "Act"), none of the Directors of the Company 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:

	Shareholdings registered in the name of Directors and Nominees			**Shareholdings in which Directors are deemed to have an interest**		
	Balance as at 21.10.2012	**Balance as at 30.09.2012**	**Balance as at 01.10.2011**	**Balance as at 21.10.2012**	**Balance as at 30.09.2012**	**Balance as at 01.10.2011**
The Company			***Number of ordinary shares***			
Dato' Jaya J B Tan	90,856,364	90,856,364	90,856,364	183,199,786	183,199,786	183,099,786
Dato' Kamal Y P Tan	90,481,072	90,481,072	90,481,072	183,575,078	183,575,078	183,475,078
Mah Weng Choong	28,347,224	28,347,224	28,347,224	-	-	-
John Lyn Hian Woon	186,000	186,000	186,000	-	-	-
Teo Chee Seng	150,000	150,000	150,000	-	-	-
Tan Yet Meng	60,649,926	60,649,926	60,649,926	213,406,224	213,406,224	213,306,224
Khor Sin Kok	27,400,224	27,400,224	27,400,224	-	-	-
Tan San Chuan	14,809,394	14,809,394	14,809,394	-	-	-

3. Directors' interests in shares or debentures (Continued)

	Shareholdings registered in the name of Directors and Nominees		
	Balance as at 21.10.2012	**Balance as at 30.09.2012**	**Balance as at 01.10.2011**
The Company		***Number of options pursuant to Employee Share Options Scheme to subscribe for ordinary shares***	
Dato' Jaya J B Tan	6,000,000	6,000,000	6,000,000
Dato' Kamal Y P Tan	8,000,000	8,000,000	8,000,000
Mah Weng Choong	4,000,000	4,000,000	4,000,000
Tan Yet Meng	6,000,000	6,000,000	6,000,000
Khor Sin Kok	4,000,000	4,000,000	4,000,000

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

4. Directors' contractual benefits

Since the end of the previous financial year, 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

At an Extraordinary General Meeting held on 8 November 2004, the shareholders approved the Etika Employee Share Options Scheme ("ESOS") granting share options to employees and Directors of the Group, including the controlling shareholder, namely Dato' Kamal Y P Tan.

On 22 January 2010, the Company's shareholders approved the amendments to the rules of the ESOS as contained in the Circular to Shareholders dated 5 January 2010 to be in line with the relevant laws and regulations of the Listing Manual following the transfer of the listing status from Catalist Board to the Main Board of the SGX-ST as well as to better clarify the terms and conditions of the ESOS.

On 24 September 2010, the Company's shareholders approved the participation of the other controlling shareholders, namely Dato' Jaya J B Tan and Tan Yet Meng, in the ESOS.

The Remuneration Committee is responsible for administering the ESOS. As at the date of the report, the members of the Remuneration Committee are Teo Chee Seng, John Lyn Hian Woon and Dato' Jaya J B Tan.

5. Share options (Continued)

Options granted pursuant to the ESOS are in respect of ordinary shares of the Company. Options exercised and cancelled during the financial year and options outstanding as at the end of the financial year under the ESOS were as follows:

Date of grant	Balance at 01.10.2011	Adjustment/ Granted	Exercised	Lapsed/ Cancelled	Balance at 30.09.2012	Exercise price	Exercise period
10.02.2010	13,438,000	-	(1,610,000)	(40,000)	11,788,000	S$0.164*	10.02.2012 to 09.02.2017
13.10.2010	27,230,000	-	-	-	27,230,000	S$0.400	13.10.2012 to 12.10.2017
	40,668,000	-	(1,610,000)	(40,000)	39,018,000		

* Number of valid options and exercise price as at 12 October 2010 has been adjusted for a bonus issue of one for one declared on that date.

All of the above options were granted at a discount of 20% of the Market Price. The Market Price is equal to the weighted average price per share, calculated based on the total value of transactions in the share (the sum of each transacted price multiplied by the respective volume) divided by the volume transacted for the last three traded market days immediately preceding the offer date of that option, as determined by reference to the daily official list or other publication published by the SGX-ST and rounded up to the nearest whole cent in the event of fractional prices.

The information on Directors participating in the option schemes are as follows:

Name	Options adjusted/ granted during financial year	Aggregate options granted since commencement of the plan to 30.09.2012	Aggregate options exercised since commencement of the plan to 30.09.2012	Aggregate options exercised since commencement of the plan to 30.09.2012
Directors who are also controlling shareholders				
Dato' Kamal Y P Tan	-	8,000,000	-	8,000,000
Dato' Jaya J B Tan	-	6,000,000	-	6,000,000
Tan Yet Meng	-	6,000,000	-	6,000,000
Directors				
Mah Weng Choong	-	4,000,000	-	4,000,000
Khor Sin Kok	-	4,000,000	-	4,000,000

Save and except for Dato' Kamal Y P Tan, Dato' Jaya J B Tan and Tan Yet Meng, no directors or employees of the Group received 5% or more of the total number of options available under the ESOS during the financial year under review, the details of options of which have been disclosed above.

These options do not entitle the holder to participate by virtue of the options, in any share issue of any other corporations.

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

6. Audit Committee

The Audit Committee ("AC") comprises the following members, all of whom are Non-Executive Directors and a majority of whom, including the Chairman, are Independent Directors. The members of the Audit Committee during the financial year and at the date of this report are:

John Lyn Hian Woon (Chairman)
Teo Chee Seng
Dato' Jaya J B Tan

The AC meets periodically to perform the following functions:

a. review with the external independent auditors on the audit plan;

b. review the consolidated financial statements of the Group, statement of financial position and statement of changes in equity of the Company, and the external independent auditors' report on those financial statements, before submission to the Board of Directors for approval;

c. review the co-operation given by the management to the external independent auditors;

d. consider the appointment and re-appointment of the external independent auditors;

e. review and approve interested person transactions;

f. review potential conflict of interests, if any;

g. undertake such other reviews and projects as may be requested by the Board and will report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee; and

h. generally undertake such other functions and duties as may be required by statute or the SGX-ST Listing Manual, and by such amendments made thereto from time to time.

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

7. Board Opinion on the Adequacy of Internal Controls Addressing Financial, Operational and Compliance Risks

A system of internal controls has been implemented for all companies within the Group. The controls are designed to provide reasonable assurance that assets are safeguarded, operational controls are in place, business risks are suitably protected, proper accounting records are maintained and financial information used within the business and for publication is accurate and reliable.

During the financial year, the Board with the concurrence of AC, after carrying out a review, is of the opinion that the internal controls of the Group are adequate to address operational, financial and compliance risks. In arriving at the opinion, the Board is of the view that the internal controls of the Group have reasonable assurance about achieving the effectiveness and efficiency of operations; reliability of financial reporting; and compliance with applicable laws and regulations.

While no system can provide absolute assurance against the occurrence of material errors, losses, fraud or other irregularities, the Management, in designing the controls, had taken into account the business risk, its likelihood of occurrence and the cost of protection.

8. Independent auditors

The independent auditors, BDO LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

Dato' Jaya J B Tan	**Dato' Kamal Y P Tan**
Non-Executive Chairman	Group Chief Executive Officer

Singapore
7 December 2012

STATEMENT BY DIRECTORS

In the opinion of the Board of Directors of the Company,

(a) the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company together with the notes thereon are properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 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 2012 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) 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
Non-Executive Chairman

Dato' Kamal Y P Tan
Group Chief Executive Officer

Singapore
7 December 2012

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ETIKA INTERNATIONAL HOLDINGS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Etika International Holdings Limited (the "Company") and its subsidiaries (the "Group") which comprise the statements of financial position of the Group and of the Company as at 30 September 2012, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group and statement of changes in equity of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 56 to 127.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the 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 2012 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.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and the subsidiaries incorporated in Singapore of which we are the independent auditors, have been properly kept in accordance with the provisions of the Act.

BDO LLP
Public Accountants and
Certified Public Accountants

Singapore
7 December 2012

STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2012

		Group		Company	
		2012	2011	2012	2011
	Note	RM'000	RM'000	RM'000	RM'000
Non-current assets					
Property, plant and equipment	4	308,559	259,737	20	24
Prepaid lease payment for land	5	31,639	21,031	-	-
Investments in subsidiaries	6	-	-	38,407	37,776
Trade receivables	11	257	131	-	-
Available-for-sale financial assets	7	235	265	-	-
Deferred tax assets	8	12,789	14,892	-	-
Intangible assets	9	112,126	110,766	124	105
		465,605	406,822	38,551	37,905
Current assets					
Inventories	10	132,072	147,008	-	-
Trade and other receivables	11	156,604	156,083	96,227	90,470
Tax recoverable		9,262	5,002	-	-
Fixed deposits	12	4,487	2,145	-	-
Cash and cash equivalents	13	40,697	29,147	2,415	1,084
		343,122	339,385	98,642	91,554
Less:					
Current liabilities					
Trade and other payables	14	115,966	101,780	31,506	25,678
Bank borrowings	15	202,676	169,414	-	-
Finance lease payables	16	3,081	2,913	-	-
Derivative financial instruments	17	14	317	-	-
Current income tax payable		3,790	1,627	-	-
		325,527	276,051	31,506	25,678
Net current assets		17,595	63,334	67,136	65,876
Less:					
Non-current liabilities					
Other payables	14	2,748	1,640	-	-
Bank borrowings	15	224,697	220,877	-	-
Finance lease payables	16	5,202	5,268	-	-
Financial guarantee contracts	18	-	-	7,645	7,645
Deferred tax liabilities	19	19,687	19,653	-	-
		252,334	247,438	7,645	7,645
Net assets		230,866	222,718	98,042	96,136
Capital and reserves					
Share capital	20	57,064	56,412	57,064	56,412
Treasury shares	20	(183)	(183)	(183)	(183)
Foreign currency translation reserve	21	(3,636)	(2,093)	4,339	3,184
Fair value reserves	22	(541)	(342)	-	-
Share options reserve		9,507	5,259	9,507	5,259
Accumulated profits		165,659	159,355	27,315	31,464
Equity attributable to the owners of the Company		227,870	218,408	98,042	96,136
Non-controlling interests		2,996	4,310	-	-
Total equity		230,866	222,718	98,042	96,136

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2012

	Note	2012 RM'000	2011 RM'000
Revenue	23	984,800	879,603
Cost of goods sold		(780,241)	(699,109)
Gross profit		204,559	180,494
Other operating income		4,197	4,535
Administrative expenses		(45,979)	(52,860)
Selling and marketing expenses		(59,289)	(44,100)
Warehouse and distribution expenses		(38,796)	(33,295)
Research and development expenses		(2,334)	(1,669)
Other operating expenses		(6,370)	(8,266)
Gain on bargain purchase arising from acquisition of subsidiaries	6	-	10,459
Finance costs	24	(25,989)	(21,144)
Profit before income tax	25	29,999	34,154
Income tax expense	26	(9,403)	(5,569)
Profit after income tax		20,596	28,585
Other comprehensive income:			
Currency translation differences arising from consolidation		(1,477)	(544)
Net fair value changes in employee benefit		(169)	(509)
Net fair value changes on available-for-sale financial assets		(30)	20
Total comprehensive income for the financial year		18,920	27,552
Profit attributable to:			
Owners of the Company		21,976	28,823
Non-controlling interests		(1,380)	(238)
		20,596	28,585
Total comprehensive income attributable to:			
Owners of the Company		20,234	27,714
Non-controlling interests		(1,314)	(162)
		18,920	27,552
Earnings per share attributable to owners of the parent	27		
Basic		4.12 sen	5.40 sen
Diluted		4.08 sen	5.03 sen

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2012

		Attributable to owners of the Company								
Group		**Share capital**	**Treasury shares**	**Foreign currency translation reserve**	**Fair value reserves**	**Share options reserve**	**Accumulated profits**	**Total**	**Non-controlling interests**	**Total equity**
2012	**Note**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Balance at 1 October 2011		56,412	(183)	(2,093)	(342)	5,259	159,355	218,408	4,310	222,718
Profit for the year		-	-	-	-	-	21,976	21,976	(1,314)	20,662
Other comprehensive income:										
Currency translation differences arising from consolidation		-	-	(1,543)	-	-	-	(1,543)	-	(1,543)
Net fair value changes in employee benefit		-	-	-	(169)	-	-	(169)	-	(169)
Net fair value changes on available-for-sale financial assets		-	-	-	(30)	-	-	(30)	-	(30)
Total other comprehensive income		-	-	(1,543)	(199)	-	-	(1,742)	-	(1,742)
Total comprehensive income for the financial year		-	-	(1,543)	(199)	-	21,976	20,234	(1,314)	18,920
Issuance of ordinary shares	20	652	-	-	-	-	-	652	-	652
Share options expense		-	-	-	-	4,248	-	4,248	-	4,248
Dividends	28	-	-	-	-	-	(15,672)	(15,672)	-	(15,672)
Balance at 30 September 2012		57,064	(183)	(3,636)	(541)	9,507	165,659	227,870	2,996	230,866
2011										
Balance at 1 October 2010		56,412	(183)	(1,473)	147	582	153,043	208,528	4,472	213,000
Profit for the year		-	-	-	-	-	28,823	28,823	(162)	28,661
Other comprehensive income:										
Currency translation differences arising from consolidation		-	-	(620)	-	-	-	(620)	-	(620)
Net fair value changes in employee benefit		-	-	-	(509)	-	-	(509)	-	(509)
Net fair value changes on available-for-sale financial assets		-	-	-	20	-	-	20	-	20
Total other comprehensive income		-	-	(620)	(489)	-	-	(1,109)	-	(1,109)
Total comprehensive income for the financial year		-	-	(620)	(489)	-	28,823	27,714	(162)	27,552
Share options expense		-	-	-	-	4,677	-	4,677	-	4,677
Dividends	28	-	-	-	-	-	(22,511)	(22,511)	-	(22,511)
Balance at 30 September 2011		56,412	(183)	(2,093)	(342)	5,259	159,355	218,408	4,310	222,718

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

Company 2012	Note	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Share options reserve RM'000	Accumulated profits RM'000	Total equity RM'000
Balance at 1 October 2011		56,412	(183)	3,184	5,259	31,464	96,136
Profit for the year		-	-	-	-	11,523	11,523
Other comprehensive income:							
Exchange differences on translating foreign operation		-	-	1,155	-	-	1,155
Total other comprehensive income		-	-	1,155	-	-	1,155
Total comprehensive income for the financial year		-	-	1,155	-	11,523	12,678
Issuance of ordinary shares	20	652	-	-	-	-	652
Share options expense		-	-	-	4,248	-	4,248
Dividends	28	-	-	-	-	(15,672)	(15,672)
Balance at 30 September 2012		57,064	(183)	4,339	9,507	27,315	98,042
2011							
Balance at 1 October 2010		56,412	(183)	211	582	36,997	94,019
Profit for the year		-	-	-	-	16,978	16,978
Other comprehensive income:							
Exchange differences on translating foreign operation		-	-	2,973	-	-	2,973
Total other comprehensive income		-	-	2,973	-	-	2,973
Total comprehensive income for the financial year		-	-	2,973	-	16,978	19,951
Share options expense		-	-	-	4,677	-	4,677
Dividends	28	-	-	-	-	(22,511)	(22,511)
Balance at 30 September 2011		56,412	(183)	3,184	5,259	31,464	96,136

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2012

	Note	2012 RM'000	2011 RM'000
Cash flows from operating activities			
Profit before income tax		29,999	34,154
Adjustments for:			
Allowance for doubtful receivables		7,470	1,767
Allowance for doubtful receivables no longer required, now written back		(643)	(610)
Amortisation of prepaid lease payment for land		359	235
Amortisation of intangible assets		285	242
Depreciation of property, plant and equipment		22,061	20,570
Foreign currency exchange loss/(gain)		2,941	(671)
Gain on bargain purchase arising from acquisition of subsidiaries		-	(10,459)
Gain on disposal of property, plant and equipment		(190)	(230)
Fair value (gain)/loss arising from derivative financial instruments		(303)	317
Interest income		(419)	(508)
Interest expense		25,989	21,144
Inventories written off		2,377	3,351
Property, plant and equipment written off		97	375
Share options expense		4,248	4,677
Others		-	69
Operating profit before working capital changes		94,271	74,423
Working capital changes:			
Inventories		12,559	(44,825)
Trade and other receivables		(7,475)	2,229
Trade and other payables		15,125	8,972
Cash generated from operations		114,480	40,799
Interest paid		(5,591)	(6,659)
Income tax paid, net		(10,501)	(14,273)
Net cash generated from operating activities		98,388	19,867

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

	Note	2012 RM'000	2011 RM'000
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(71,997)	(40,562)
Payment of prepaid lease for land	5	(11,372)	-
Net cash effect from disposal of a subsidiary	6	-	-
Net cash outflow from acquisition of subsidiaries	6	-	(103,354)
Net cash outflow from prior year acquisition of a subsidiary		-	(542)
Purchase of intangible assets	9	(1,404)	(968)
Proceeds from disposal of property, plant and equipment		535	465
Proceeds from disposal of intangible assets		66	-
Interest received		419	508
Net cash used in investing activities		(83,753)	(144,453)
Cash flows from financing activities			
Dividends paid to shareholders	28	(15,672)	(22,511)
Proceeds from issuance of ordinary shares	20	652	-
Interest paid		(20,398)	(14,485)
(Increase)/Decrease in fixed deposits pledged to banks		(16)	646
Proceeds from bank borrowings		519,830	479,965
Repayment of bank borrowings		(458,650)	(343,797)
Repayment of finance lease obligations		(3,287)	(4,064)
Net cash generated from financing activities		22,459	95,754
Net change in cash and cash equivalents		37,094	(28,832)
Cash and cash equivalents at beginning of financial year		(3,081)	25,333
Effect of exchange rate changes		167	418
Cash and cash equivalents at end of financial year	13	34,180	(3,081)

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2012

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

1. General corporate information

The statement of financial position and statement of changes in equity of Etika International Holdings Limited (the "Company") and the consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 30 September 2012 were authorised for issue in accordance with a Directors' resolution dated 7 December 2012.

The Company is a public limited company, incorporated and domiciled in Singapore with its registered office at 4 Shenton Way, #17-01 SGX Centre II, Singapore 068807. The Company's registration number is 200313131Z. The principal place of business is located at 20 Maxwell Road, #12-05 Maxwell House, Singapore 069113.

The principal activity of the Company is that of an investment holding company.

The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements are prepared in accordance with the provisions of the Singapore Companies Act, Cap. 50 and Singapore Financial Reporting Standards ("FRS") including related interpretations of FRS ("INT FRS") and are prepared under the historical cost convention, except as disclosed in the accounting policies below.

The individual financial statements of each entity in the Group are measured and presented in the currency of the primary economic environment in which the entity operates (its "functional currency").

The functional currency of the Company is Singapore Dollar. However as the Group's significant operation is in Malaysia, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Ringgit Malaysia.

All financial information presented in Ringgit Malaysia ("RM") has been rounded to the nearest thousands, unless otherwise stated.

During the financial year, the Group and the Company adopted all the new and revised FRS and INT FRS that are relevant to their operations and effective for the current financial year. The adoption of these new or revised FRS and INT FRS did not result in any substantial changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior years, except as disclosed below:

FRS 24 (2010) Related Party Disclosures

FRS 24 (2010) changes certain requirements for related party disclosures for entities under control, joint control or significant influence of a government ("government-related entities"). FRS 24 (2010) also made related party relations symmetrical between each of the related parties and new relationships were included and clarified in the definition of a related party. The Group has applied the amendments to FRS 24 on a retrospective basis for annual periods beginning on or after 1 October 2011. As this is a disclosure standard, it has no impact on the financial position or financial performance of the Company or the Group.

FRS and INT FRS issued but not yet effective

At the date of authorisation of these financial statements, the Group and the Company have not adopted the following new/revised FRS (including consequential amendments) and INT FRS which are potentially relevant to the Group and the Company that have been issued but not yet effective for the current financial year.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

			Effective date (Annual periods beginning on or after)
FRS 1	:	Amendments to FRS 1 – Presentation of Items of Other Comprehensive Income	1 July 2012
FRS 19	:	Employment Benefits	1 January 2013
FRS 107	:	Offsetting of Financial Assets and Financial Liabilities	1 January 2013
FRS 113	:	Fair Value Measurements	1 January 2013
FRS 27	:	Separate Financial Statements	1 January 2014
FRS 28	:	Investments in Associates and Joint Ventures	1 January 2014
FRS 32	:	Offsetting of Financial Assets and Financial Liabilities	1 January 2014
FRS 110	:	Consolidated Financial Statements	1 January 2014
FRS 110	:	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to FRS 110, FRS 111 and FRS 112)	1 January 2014
FRS 112	:	Disclosure of Interests in Other Entities	1 January 2014
Improvements to FRSs 2012			1 January 2013

The Group and the Company have not early adopted any of the above new or revised standards, interpretations and amendments to the existing standards in financial year 2012.

The management anticipates that the adoption of the above FRS and INT FRS, if applicable, in the future periods will not have a material impact on the financial statements in the period of their initial adoption, except as discussed below.

Amendments to FRS 1 – Presentation of Items of Other Comprehensive Income

The amendments to FRS 1 changes the grouping of items presented in other comprehensive income. Items that could be reclassified to the consolidated statement of comprehensive income at a future point in time would be presented separately from items which will never be reclassifified. As the amendments only affect the presentation of items that are already recognised in other comprehensive income, the Group does not expect any impact on its financial position or performance upon adoption of this standard from the financial year beginning 1 October 2012.

FRS 110 Consolidated Financial Statements

FRS 110 changes the definition of control and applies it to all investees to determine the scope of consolidation. FRS 110 requirements will apply to all types of potential subsidiary. FRS 110 requires an investor to reassess the decision on whether to consolidate an investee when events indicate that there may be a change to one of the three elements of control, ie. power, variable returns and the ability to use power to affect returns. This FRS is to be applied for annual periods beginning on or after 1 January 2014. The Group is in the process of assessing its impact to the Group's financial position or performance upon adoption of this standard.

FRS 112 Disclosure of Interests in Other Entities

FRS112 is a new and comprehensive standard on disclosure requirements for all forms of interest in other entities, including join arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. The Group is currently determining the impact of the disclosure requirements. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group upon adoption of this standard from the financial year beginning 1 October 2014.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

FRS and INT FRS issued but not yet effective (Continued)

FRS 113 Fair Value Measurements

FRS 113 provides guidance on how to measure fair values including those for both financial and non-financial items and introduces significantly enhanced disclosure about fair values. It does not address or change the requirements on when fair values should be used. When measuring fair value, an entity is required to use valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. It establishes a fair value hierarchy for doing this. This FRS is to be applied for annual periods beginning on or after 1 January 2013. The Group is in the process of assessing its impact to the Group's financial position or performance upon adoption of this standard.

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the Group's application of accounting policies and reported amounts of assets, liabilities, revenue and exepenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. Critical accounting judgements and key resources of estimation uncertainty used that are significant to the financial statements are disclosed in Note 3 to the financial statements.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries.

Subsidiaries are entities over which the Group has power to govern the financial and operating policies, generally accompanying a shareholding giving rise to a majority of the voting rights so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

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

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting date as the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the Group.

Non-controlling interests is that part of the net results of operations and of net assets of a subsidiary attributable to interests which are not owned directly or indirectly by the Group. Non-controlling interests in subsidiaries are identified separately from the Group's equity therein.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

When the Group loses control of a subsidiary, the gain or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to consolidated statement of comprehensive income or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Investments in subsidiaries are stated at cost less any accumulated impairment loss that has been recognised in the statement of comprehensive income.

2.3 Business combination

Business combination on or after 1 October 2009

The acquisition of subsidiaries and businesses is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in the consolidated statement of comprehensive income as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with FRS 105 *Non-Current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at the lower of cost and fair value less costs to sell.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in the consolidated statement of comprehensive income. Amounts arising from interests in the acquirer prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to the consolidated statement of comprehensive income, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with FRS 102 *Share-Based Payment*; and

- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-Current Assets Held for Sale* and *Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items from which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

2. Summary of significant accounting policies (Continued)

2.3 Business combination (Continued)

Business combination on or after 1 October 2009 (Continued)

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in consolidated statement of comprehensive income as a bargain purchase gain.

Business combination on or before 30 September 2009

The purchase method of accounting is used to account for business combination. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition, irrespective of the extent of any non-controlling interests (formerly known as minority interest).

Any excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill, accounted for in accordance with Note 2.5 (i) to the financial statements.

Any excess of the Group's interest over the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as gain on bargain purchase arising from acquisition of subsidiaries, credited in the consolidated statement of comprehensive income of the Group on the date of acquisition.

2.4 Property, plant and equipment

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

The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure relating to the property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the Company, and the cost can be reliably measured. All other subsequent expenditure is recognised in the consolidated statement of comprehensive income as expenses when incurred.

2. Summary of significant accounting policies (Continued)

2.4 Property, plant and equipment (Continued)

On disposal of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount is recognised in the consolidated statement of comprehensive income.

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

	Years
Factory buildings	40 – 50
Plant and machinery	7.5 – 20
Cold room and freezer	10
Lab equipment	5 - 10
Furniture and fittings	10 - 20
Renovation	5 - 10
Motor vehicles	5 – 6.25
Office equipment	3 – 10
Computer system	5

Assets under construction represent property, plant and equipment under construction, which is stated at cost less any impairment loss and is not depreciated. Assets under construction is reclassified to appropriate categories of property, plant and equipment when completed and ready for use and depreciation will commence at that time.

No depreciation is provided on freehold land.

Assets held under finance lease are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

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

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of comprehensive income.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

2. Summary of significant accounting policies (Continued)

2.5 Intangible assets

(i) Goodwill

Goodwill arising on the acquisition on subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the subsidiary at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of gain or loss on disposal.

(ii) Patents and trademarks

Patents and trademarks acquired by the Group have indefinite useful lives and are initially measured at cost less any accumulated impairment loss.

(iii) Product licenses

Product licenses are stated at cost less accumulated amortisation and impairment loss, if any. The useful life of the product licenses is 5 years, representing the period that benefits are expected to be received.

(iv) Computer software

Acquired computer software licenses are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the software for its intended use. Direct expenditure which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured is added to the original costs of the software. Costs associated with maintaining computer software are recognised as an expense as incurred.

Computer software licenses are subsequently carried at cost less accumulated amortisation and accumulated impairment losses, if any. These costs are amortised to the consolidated statement of comprehensive income using the straight-line method over their estimated useful lives of 5 years.

(v) Franchise fees

Franchise fees are initially capitalised at cost and subsequently measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight line method to allocate the cost over their estimated useful lives of 10 years.

(vi) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill if the assets and their fair values can be measured reliably. The cost of such intangible assets is their fair value as at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at the end of each financial year. The effects of any revision are recognised in the consolidated statement of comprehensive income when the changes arise.

2. Summary of significant accounting policies (Continued)

2.6 Impairment of non-financial assets

Non-financial assets other than goodwill

The carrying amounts of the Group's and the Company's non-financial assets are reviewed at the end of each financial year to determine whether there is any indication of impairment loss and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, or when annual impairment testing for an asset (intangible assets with indefinite useful life and intangible assets not yet available for use) is required, the recoverable amounts are estimated.

An impairment loss is recognised whenever the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent of other assets and groups of assets. Impairment loss is recognised in the consolidated statement of comprehensive income unless it reverses a previous revaluation, credited to equity, in which case it is charged to equity.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. Recoverable amount is determined for individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. The fair value less cost to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. Value in use is the present value of estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life, discounted at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit for which the future cash flow estimates have not been adjusted.

An assessment is made at the end of each financial year as to whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. An impairment loss recognised in prior periods is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment in value was recognised. An impairment loss 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 loss has been recognised. Reversals of impairment loss are recognised in the consolidated statement of comprehensive income unless the asset is carried at revalued amount, in which case the reversal in excess of impairment loss recognised in the consolidated statement of comprehensive income in prior periods is treated as a revaluation increase. After such a reversal, the depreciation or amortisation is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Goodwill

Goodwill is tested annually for impairment, as well as when there is any indication that the goodwill may be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating unit expected to benefit from the synergies of the business combination. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit including the goodwill, the impairment loss is recognised in the consolidated statement of comprehensive income and allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

2. Summary of significant accounting policies (Continued)

2.7 Inventories

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

Cost of raw materials and packing materials are determined on the "first-in, first-out" basis and comprise original cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost of finished goods and work-in-progress includes cost of raw materials, direct labour, other direct costs and manufacturing overheads (based on normal operating capacity) but excludes borrowing cost.

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

2.8 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, bank overdrafts and other short-term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

2.9 Financial assets

All financial assets are recognised on a trade date where the purchase of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. After initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less impairment loss, if any.

The Group and the Company classify their financial assets as loans and receivables and available-for-sale financial assets. The classification depends on the purpose of which the assets were acquired. Management determines the classification of the financial assets at initial recognition and re-evaluates this designation at the end of the financial year where allowed and appropriate.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are classified within "trade and other receivables", "fixed deposits" and "cash and bank balances" on the statements of financial position.

(ii) Available-for-sale financial assets

These assets are non-derivative financial assets that are either designated in this category or not included in other categories of financial assets, and comprise the Group's strategic investments in entities not qualifying as subsidiaries, associates or jointly controlled entities.

Derecognition

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership.

On sale of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in the consolidated statement of comprehensive income. Where the sale relates to an available -for-sale financial asset, the cumulative gain or loss previously recognised in the fair value reserve is included in the consolidated statement of comprehensive income for the period.

2. Summary of significant accounting policies (Continued)

2.9 Financial assets (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Impairment

The Group and the Company assess at the end of each financial year whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognise as allowance for impairment when such evidence exists.

(i) Loans and receivables

An allowance for impairment of loans and receivables is recognised when there is objective evidence that the Group and the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the consolidated statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss shall be reversed either directly or by adjusting an allowance account. Any subsequent reversal of an impairment loss is recognised in the consolidated statement of comprehensive income, to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date.

(ii) Available-for-sale financial assets

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in the consolidated statement of comprehensive income, is transferred from other comprehensive income to the consolidated statement of comprehensive income. Reversal of impairment loss in respect of equity instruments classified as available-for-sale is recognised through equity. Reversal of impairment loss on debt instruments is recognised in the consolidated statement of comprehensive income if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the consolidated statement of comprehensive income.

2. Summary of significant accounting policies (Continued)

2.10 Financial liabilities

The accounting policies adopted for specific financial liabilities are set out below:

(i) Trade and other payables

Trade and other payables are recognised initially at cost which represents the fair value of the consideration to be paid in the future less transaction cost, for goods received or services rendered, whether or not billed to the Group and the Company, and are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the consolidated statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process.

(ii) Financial guarantee contracts

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

Financial guarantees are recognised initially at fair value. Subsequent to initial recognition, financial guarantees are recognised as income in the consolidated statement of comprehensive income over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to the consolidated statement of comprehensive income.

(iii) Bank borrowings

Borrowings are initially recognised at the fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within 12 months after the end of the financial year are presented as current borrowings even though the original term was for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of the financial year and before the financial statements are authorised for issue. Other borrowings due to be settled more than 12 months after the end of the financial year are presented as non-current borrowings in the statements of financial position.

(iv) Foreign currency forward contracts

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risk, including foreign currency forward contracts.

Derivatives are initially recognised at their fair values at the date the derivative contract is entered into and are subsequently re-measured to their fair values at the end of each financial year. Fair value changes are recognised in the consolidated statement of comprehensive income when the changes arise.

Recognition and derecognition

Financial liabilities are recognised on the statements of financial position when, and only when, the Group and the Company becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are derecognised when the contractual obligation has been discharged or cancelled or expired.

On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in the consolidated statement of comprehensive income.

2. Summary of significant accounting policies (Continued)

2.11 Equity instruments and treasury shares

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments and are recorded at the proceeds received, net of direct issue costs.

When share capital recognised as equity is repurchased ("treasury shares"), the consideration paid including any directly attributable incremental cost is presented as a deduction within equity, until they are subsequently cancelled, sold or reissued.

When the treasury shares are subsequently cancelled, the cost of the treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the accumulated profits of the Company if the shares are purchased out of profits of the Company.

When the treasury shares are subsequently sold or reissued pursuant to the employee share options scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised as a change in equity of the Company.

2.12 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the end of the financial year, and are discounted to present value where the effect is material. The expense relating to any provision is recognised in the consolidated statement of comprehensive income.

2.13 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of business of the Group and of the Company. Revenue is presented, net of discounts and sales related taxes. The Group's revenue is in respect of external transactions only.

Sale of goods

Revenue from sale of products is recognised when significant risks and rewards of ownership of goods have been transferred to the buyer upon passage of title to the customers, which generally coincides with their delivery and acceptance.

Interest income

Interest income is recognised when earned, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's carrying amount.

Rental income

Rental income under operating leases is recognised in the consolidated statement of comprehensive income on a straight-line basis over the term of the lease.

2. Summary of significant accounting policies (Continued)

2.14 Research costs

Research costs are recognised as expenses when incurred.

2.15 Employment benefits

Defined contribution plan

Contributions to defined contribution plans are recognised as an expense in the consolidated statement of comprehensive income 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 end of the financial year.

2.16 Leases

When the Group or the Company is the lessee of a finance lease

Leases in which the Group and the Company assume substantially the risks and rewards of ownership are classified as finance lease.

Upon initial recognition, property, plant and equipment acquired through finance leases are capitalised at the lower of its fair value and the present value of the minimum lease payment. Any initial direct costs are also added to the amount capitalised.

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payments are apportioned between finance charge and reduction of the lease liability. The finance charge is allocated to each period during the lease term so as to achieve a constant periodic rate of interest on the remaining balance of the finance lease liability. Finance charge is recognised in the consolidated statement of comprehensive income.

Capitalised leased asset is depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group and the Company will obtain ownership by the end of the finance lease term.

When the Group is the lessee of an operating lease

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under the lease (net of any incentives received from the lessor) are recognised in the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

Prepaid operating leases

The Group leases property under operating leases and the leases run for a period of 25 to 84 years. The upfront lump-sum payments made under the leases are amortised to the consolidated statement of comprehensive income on a straight-line basis over the term of the leases. The amortisation amount is included in operating lease expenses.

2. Summary of significant accounting policies (Continued)

2.17 Borrowing costs

Borrowing costs are recognised in the consolidated statement of comprehensive income using the effective interest method except for those costs that are directly attributable to the construction or the production of the qualifying assets.

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

2.18 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the financial year.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rate (and tax laws) that have been enacted or substantively enacted by the end of the financial year. Deferred tax is charged or credited to the consolidated statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate income taxes levied by the same taxation authority and the Group intends to settle the current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in the consolidated statement of comprehensive income, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

2. Summary of significant accounting policies (Continued)

2.18 Income tax (Continued)

Revenue, expenses and assets are recognised net of the amount of sales tax except:

(i) when the sales tax that is incurred on purchase of assets or services is not recoverable from the tax authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and

(ii) receivables and payables that are stated with the amount of sales tax included.

2.19 Foreign currency transactions and translations

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are translated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising on the settlements of monetary items and on re-translating of monetary items are included in the consolidated statement of comprehensive income for the financial year. Exchange differences arising on the translation of non-monetary items carried at fair value are included in the consolidated statement of comprehensive income for the financial year except for differences arising on the re-translation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Ringgit Malaysia using exchange rates prevailing at the end of the financial year. Income and expense items are translated at the average exchange rates for the financial year, unless exchange rates fluctuated significantly during that financial year, in which case the exchange rates of the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's foreign currency translation reserve. Such translation differences are recognised in the consolidated statement of comprehensive income in the financial year in which the foreign operation is disposed of.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on acquisition of foreign operation are treated as assets and liabilities of the foreign operation, and translated at the closing exchange rate.

2.20 Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders. Dividends proposed or declared after the end of the financial year are not recognised as a liability at the end of the reporting period.

2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who make strategic decisions.

2. Summary of significant accounting policies (Continued)

2.22 Share-based payment

The Group issues equity settled share based payments to certain employees and directors.

The fair value of the employee services received in exchange for the grant of options is recognised as an expense in consolidated statement of comprehensive income with a corresponding increase in the share options reserve over the vesting period.

The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of grant. In the valuation process, no account is taken of any performance conditions except of conditions linked to the price of the shares of the Company ("market conditions"), if applicable.

The expense recognised in the consolidated statement of comprehensive income at each reporting date reflects the manner in which the benefits will accrue to employees under the option plan over the vesting period. The consolidated statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

When the options are exercised and new ordinary shares issued, the proceeds received (net of any attributable transaction costs) and the corresponding amount share options reserve are credited to share capital, or to the treasury shares account, when treasury shares are reissued to employees.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

2.23 Contingencies

A contingent liability is:

(i) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(ii) a present obligation that arises from past events but is not recognised because:

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(b) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingencies are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair value can be reliably determined.

3. Critical accounting judgements and key sources of estimation uncertainty

3.1 Critical judgements made in applying the accounting policies

In the process of applying the Group's and Company's accounting policies, the management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements except as discussed below.

(i) *Impairment of investment in subsidiaries and financial assets*

The Group and the Company follow the guidance of FRS 36 and FRS 39 in determining whether investments in subsidiaries or financial assets are impaired. This determination requires the assumption made regarding the duration and extent to which the fair value of an investment or a financial asset is less than its costs and the financial health of and near-term business outlook for the investment or financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Management's assessment for impairment of investment in subsidiaries is based on the estimation of value in use of the cash-generating unit ("CGU") by forecasting the expected future cash flows for a period of up to five years, using a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of investment in subsidiaries at 30 September 2012 was approximately RM38,407,000 (2011: RM37,776,000).

(ii) *Acquisition accounting*

The Group accounts for the acquired businesses/companies using the acquisition method accounting which requires that the assets acquired and liabilities assumed be recorded at the date of acquisition at their fair values. The application of the acquisition method requires certain estimates and assumptions especially concerning the determination of the fair values of the acquired intangible assets and property, plant and equipment, as well as the liabilities assumed at the date of the acquisition. As part of this process, it is also necessary to identify and recognise certain assets and liabilities which are not included on the acquiree's statement of financial position, for example, the value of internally generated brands and other intangible assets. Significant judgement is required in determining whether the intangible have indefinite or finite useful life and in determining the useful life of finite intangible. The judgements made in the context of the purchase price allocation can materially impact the Group's future results of operations. Accordingly, the Group obtains assistance from independent valuation specialists. These independent valuation specialists used highly subjective assumptions and estimates to determine the valuation of the identified net assets of the acquired companies. These assumptions and estimates involve inherent uncertainties and the application of judgements. As a result, if factors change and these independent valuation specialists use different assumptions and estimates, the fair value of the identified net assets could be materially different. The valuations are based on information available at the acquisition date.

In accordance with FRS 103 (Revised) *Business Combinations*, adjustments may be made to provisional values of identifiable assets and liabilities as a result of ongoing due diligence or upon receipt of additional information. If these adjustments arise within 12 months following the date of acquisition, they are recognised as a retrospective adjustment to the goodwill on the acquisition. Once this 12-month period elapsed, the effect of any adjustments is recognised in the consolidated statement of comprehensive income unless it involves the correction of an error which will then, be accounted for under FRS 8 *Accounting Policies, Changes in Accounting Estimates and Errors.*

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.1 Critical judgements made in applying the accounting policies (Continued)

(iii) Patents and trademarks

Patents and trademarks are capitalised in accordance with the accounting policy in Note 2.5. Initial capitalisation of costs is based on management's judgement that the assets are separated from the entity, the entity controls the assets and it is probable that expected future economic benefits of the assets will flow to the entity. The management has applied judgement in determining the useful lives of patents and trademarks after having considered various factors such as competitive environment, product life cycles, operating plans and the macroeconomic environment of the patents and trademarks. In addition, management believes there is no foreseeable limit to the period over which the indefinite patents and trademarks are expected to generate net cash inflows for the Group.

(iv) Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and reported amounts of revenue and expenses within the next financial year, are discussed below.

(i) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 3 to 50 years. The carrying amounts of the Group's and the Company's property, plant and equipment as at 30 September 2012 were approximately RM308,559,000 and RM20,000 (2011: RM259,737,000 and RM24,000). Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of these assets. Therefore, future depreciation charges could be revised.

(ii) Income taxes

The management has exercised significant judgement when determining the Group's and the Company's provisions for income taxes. These involve assessing the probabilities that deferred tax assets resulting from deductible temporary differences, unutilised tax losses and unabsorbed tax allowances, if any, can be utilised to offset future taxable income. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of action. Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income.

Given the wide range of international business arrangements, the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate adjustments to tax income and expense in future periods. The Group and the Company establish reasonable provision for possible consequences of audits by the tax authorities of the respective countries. The amount of such provisions and/or its subsequent reversals is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group and Company domicile. The carrying amount of income tax payable for Group and Company as at 30 September 2012 were approximately RM3,790,000 and nil (2011: RM1,627,000 and nil) and the carrying amount of deferred tax assets, tax recoverable and deferred tax liabilities for Group as at 30 September 2012 are as disclosed in the statement of financial position.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(iii) Impairment of goodwill and patents and trademarks

The management determines whether goodwill and patents and trademarks are impaired at least on an annual basis and as and when there is an indication that goodwill and patents and trademarks may be impaired. This requires an estimation of the value in use of patents and trademarks and the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill and patents and trademarks as at 30 September 2012 were approximately RM59,741,000 and RM50,512,000 (2011: RM59,446,000 and RM50,512,000), respectively. More details on the impairment testing of goodwill and patents and trademarks are disclosed in Note 9 to the financial statements.

(iv) Allowance for doubtful receivables

The management establishes allowance for doubtful receivables on a case-by-case basis when they believe that payment of amounts owed is unlikely to occur. In establishing these allowances, the management considers its historical experience and changes to its customers' financial position. If the financial conditions of receivables were to deteriorate, resulting in impairment of their abilities to make the required payments, additional allowances may be required. The carrying amounts of the Group's and the Company's trade and other receivables as at 30 September 2012 were approximately RM156,861,000 and RM96,227,000 (2011: RM156,214,000 and RM90,470,000), respectively.

(v) Inventories and related allowance

Inventories are stated at the lower of cost and net realisable value. The management primarily determines cost of inventories using the "first-in, first-out" method. The management estimates the net realisable value of inventories based on assessment of receipt or committed sales prices and provide for excess and obsolete inventories based on historical usage, estimated future demand and related pricing. In determining excess quantities, the management considers recent sales activities, related margin and market positioning of its products. However, factors beyond its control, such as demand levels, technological advances and pricing competition, could change from period to period. Such factors may require the Group to reduce the value of its inventories. The carrying amount of the Group's inventories as at 30 September 2012 was approximately RM132,072,000 (RM147,008,000).

(vi) Equity-settled share-based payments

The charge for equity-settled share-based payments is calculated in accordance with estimates and assumptions which are described in Note 20 to the financial statements. The Binomial option-pricing model used requires highly subjective assumptions to be made including the future volatility of the Company's share price, expected dividend yields and risk-free interest rates. The management draws upon a variety of external sources to aid them in the determination of the appropriate data to use in such calculations. The carrying amounts of share options reserve for the Group and the Company as at 30 September 2012 were approximately RM9,507,000 and RM9,507,000 (2011: RM5,259,000 and RM5,259,000), respectively.

(vii) Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that the taxable profit will be available against which deferred tax assets recognised can be utilised. Management's judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future tax planning strategies. The carrying amount of the Group's deferred tax assets as at 30 September 2012 was approximately RM12,789,000 (2011: RM14,892,000). Management is of the view that these deferred tax assets are considered to be fully recoverable based on anticipated future profitability of the Group.

4. Property, plant and equipment

Group	Freehold land RM'000	Factory buildings RM'000	Plant and machinery RM'000	Cold room and freezer RM'000	Lab equipment RM'000	Furniture and fittings RM'000	Renovation RM'000	Motor vehicles RM'000	Office equipment RM'000	Computer system RM'000	Assets under construction RM'000	Total RM'000
Cost												
Balance at 1 October 2011	38,083	62,215	154,405	1,148	892	3,445	1,748	13,192	3,814	1,713	32,098	312,753
Additions	1,520	3,186	19,989	1,746	135	655	351	3,920	480	198	43,218	75,398
Currency realignment	-	(965)	(2,800)	-	1	(33)	(35)	(68)	(186)	63	(253)	(4,276)
Reclassification	-	4,070	11,949	1,120	-	35	-	165	2	-	(17,341)	-
Transfer to intangible assets	-	-	-	-	-	-	-	-	-	(12)	-	(12)
Disposals	-	-	(703)	(13)	-	(6)	-	(1,706)	(67)	-	-	(2,495)
Written off	-	-	(162)	(222)	-	(752)	-	(161)	(81)	-	-	(1,378)
Balance at 30 September 2012	39,603	68,506	182,678	3,779	1,028	3,344	2,064	15,342	3,962	1,962	57,722	379,990
Accumulated depreciation												
Balance at 1 October 2011	-	5,835	37,046	623	683	1,347	481	4,686	1,305	1,010	-	53,016
Depreciation for the financial year	-	2,309	14,321	378	216	516	205	3,360	594	162	-	22,061
Currency realignment	-	(67)	(99)	-	(1)	(5)	(8)	(9)	(52)	29	-	(212)
Transfer to intangible assets	-	-	-	-	-	-	-	-	-	(3)	-	(3)
Disposals	-	-	(463)	(5)	-	(3)	-	(1,656)	(23)	-	-	(2,150)
Written off	-	-	(69)	(222)	-	(751)	-	(161)	(78)	-	-	(1,281)
Balance at 30 September 2012	-	8,077	50,736	774	898	1,104	678	6,220	1,746	1,198	-	71,431
Carrying amount												
Balance at 30 September 2012	39,603	60,429	131,942	3,005	130	2,240	1,386	9,122	2,216	764	57,722	308,559

4. **Property, plant and equipment (Continued)**

Group	Freehold land RM'000	Factory buildings RM'000	Plant and machinery RM'000	Cold room and freezer RM'000	Lab equipment RM'000	Furniture and fittings RM'000	Renovation RM'000	Motor vehicles RM'000	Office equipment RM'000	Computer system RM'000	Assets under construction RM'000	Total RM'000
Cost												
Balance at 1 October 2010	38,083	52,065	117,459	508	715	1,540	1,120	7,191	1,339	1,600	3,704	225,324
Additions	-	1,286	11,760	96	112	774	579	4,066	647	76	28,879	48,275
Acquisition of subsidiaries	-	9,737	24,041	550	-	1,215	-	4,069	1,561	-	-	41,173
Currency realignment	-	(32)	690	-	-	32	3	(17)	(4)	54	(44)	682
Currency realignment due to acquisition of subsidiaries	-	108	201	-	-	-	-	(1)	41	-	-	349
Reclassification	-	(949)	756	-	65	(2)	55	45	455	-	(425)	-
Transfer to intangible assets	-	-	-	-	-	-	-	-	(177)	-	-	(177)
Disposals	-	-	(28)	(6)	-	(19)	(9)	(2,161)	(21)	(17)	-	(2,261)
Written off	-	-	(474)	-	-	(95)	-	-	(27)	-	(16)	(612)
Balance at 30 September 2011	38,083	62,215	154,405	1,148	892	3,445	1,748	13,192	3,814	1,713	32,098	312,753
Accumulated depreciation												
Balance at 1 October 2010	-	3,653	24,527	89	519	891	327	3,381	743	843	-	34,973
Depreciation for the financial year	-	2,207	13,048	537	160	527	116	3,253	588	134	-	20,570
Currency realignment	-	(25)	(329)	-	-	27	1	(7)	(3)	39	-	(297)
Reclassification	-	-	(43)	-	4	(1)	39	-	1	-	-	-
Disposals	-	-	(28)	(3)	-	(5)	(2)	(1,941)	(8)	(6)	-	(1,993)
Written off	-	-	(129)	-	-	(92)	-	-	(16)	-	-	(237)
Balance at 30 September 2011	-	5,835	37,046	623	683	1,347	481	4,686	1,305	1,010	-	53,016
Carrying amount												
Balance at 30 September 2011	38,083	56,380	117,359	525	209	2,098	1,267	8,506	2,509	703	32,098	259,737

4. Property, plant and equipment (Continued)

Company **2012**	**Computer system** **RM'000**
Cost	
Balance at 1 October 2011	119
Additions	8
Balance at 30 September 2012	127
Accumulated depreciation	
Balance at 1 October 2011	95
Currency realignment	(1)
Depreciation for the financial year	13
Balance at 30 September 2012	107
Carrying amount	
Balance at 30 September 2012	20
2011	
Cost	
Balance at 1 October 2010	106
Additions	13
Balance at 30 September 2011	119
Accumulated depreciation	
Balance at 1 October 2010	80
Currency realignment	(1)
Depreciation for the financial year	16
Balance at 30 September 2011	95
Carrying amount	
Balance at 30 September 2011	24

During the financial year, the Group acquired property, plant and equipment as follows:

	2012 **RM'000**	**2011** **RM'000**
Additions of property, plant and equipment	75,398	48,275
Acquired under finance lease	(3,401)	(7,713)
Cash payments made to acquire property, plant and equipment	71,997	40,562

Property, plant and equipment of the Group with a carrying amount of approximately RM125,362,000 (2011: RM136,839,000) have been pledged to financial institutions for banking facilities granted to certain subsidiaries as disclosed in Note 15 to the financial statements.

4. Property, plant and equipment (Continued)

Included in property, plant and equipment are the following assets acquired under finance lease arrangements:

	Group	
	2012	**2011**
	RM'000	**RM'000**
Carrying amount		
Plant and machinery	581	1,968
Motor vehicles	7,966	7,315
Office and factory equipment	230	322
	8,777	9,605

Assets under construction represent costs of the assets work-in-progress. Included in the additions are borrowing costs capitalised of RM940,000 (2011: RM645,000).

As at 30 September 2012, information relating to the Group's freehold properties are as follows:

Location	**Description**	**Existing use**	**Gross land area (sq ft)**	**Gross floor area (sq ft)**
Dairies division				
Lot LS-1, Persiaran Satu, Meru Industrial Park, Persiaran Hamzah Alang, 42200 Klang, Selangor Darul Ehsan, Malaysia	Industrial land	Factory building	348,916	197,500
Lot LS-2, Persiaran Satu, Meru Industrial Park, Persiaran Hamzah Alang, 42200 Klang, Selangor Darul Ehsan, Malaysia	Industrial land	Factory building	174,458	180,562
Lot LS-3, Persiaran Satu, Meru Industrial Park, Persiaran Hamzah Alang, 42200 Klang, Selangor Darul Ehsan, Malaysia	Industrial land	Factory building	173,143	118,650
Lot LS-5, Persiaran Satu, Meru Industrial Park, Persiaran Hamzah Alang, 42200 Klang, Selangor Darul Ehsan, Malaysia	Industrial land	Vacant	131,654	-
Lot LS-6, Persiaran Satu, Meru Industrial Park, Persiaran Hamzah Alang, 42200 Klang, Selangor Darul Ehsan, Malaysia	Industrial land	Vacant	172,773	-
Lot 1, Mukim Kapar, 42200 Klang, Selangor Darul Ehsan, Malaysia	Industrial land	Vacant	100,788	-
Lot 2, Mukim Kapar, 42200 Klang, Selangor Darul Ehsan, Malaysia	Industrial land	Vacant	100,913	-

4. Property, plant and equipment (Continued)

Location	Description	Existing use	Gross land area (sq ft)	Gross floor area (sq ft)
Trading and Frozen Food Division				
Lot 55, Hicom Glenmarie Industrial Park, Selangor, Malaysia	Warehouse	Office, warehouse, cold room and processing factory	68,674	43,200
Lot 1-3-1, Sri Kerjaya Apartment, Shah Alam, Selangor, Malaysia	Apartment	Staff quarters	-	883
Lot 1-3-3, Sri Kerjaya Apartment, Shah Alam, Selangor, Malaysia	Apartment	Staff quarters	-	893
49, Lorong Wong Ah Jang, Kuantan, Pahang, Malaysia	Shop office	Cold room/Office	1,560	2,976
Lot 1237 & 1238, Jalan Makloom, Penang, Malaysia	Industrial land	Office, warehouse, and cold room	12,202	16,860
3, Jalan Bertam 6, Taman Daya, 81100 Johor Bahru, Johor, Malaysia	Industrial warehouse	Cold room/Office	2,400	3,300
1, Jalan Bertam 6, Taman Daya, 81100 Johor Bahru, Johor, Malaysia	Industrial warehouse	Cold room	4,690	3,200
7, Jalan Bertam 6, Taman Daya, 81100 Johor Bahru, Johor, Malaysia	Industrial warehouse	Cold room	2,400	2,400
Intersection of Jalan Bertam 2 & Jalan Bertam 5, Taman Daya, 81100 Johor Bahru, Johor, Malaysia	Industrial land	Vacant	16,878	-
Others Divisions				
Lot 17225, Jalan Haruan 6, Oakland Industrial Park, 70200 Seremban, Negeri Sembilan, Malaysia	Industrial land	Factory building	64,810	29,550
PT 4974, Jalan Haruan 8, Oakland Industrial Park, 70200 Seremban, Negeri Sembilan, Malaysia	Industrial land	Factory building	53,346	36,258

5. Prepaid lease payment for land

	Group	
	2012	2011
	RM'000	RM'000
Cost		
Balance at 1 October	21,576	7,209
Acquisition of subsidiaries	-	14,232
Addition	11,372	-
Currency realignment	(406)	135
Balance at 30 September	32,542	21,576
Accumulated amortisation		
Balance at 1 October	545	309
Amortisation for the financial year	359	235
Currency realignment	(1)	1
Balance at 30 September	903	545
Carrying amount		
Balance at 30 September	31,639	21,031

Prepaid lease payment for land comprises upfront lump-sum payments made for long-term leasehold land.

Prepaid lease payment for land of the Group with a carrying amount of approximately RM12,780,000 (2011: RM13,483,000) have been pledged to financial institutions for banking facilities granted to certain subsidiaries as disclosed in Note 15 to the financial statements.

As at 30 September 2012, information relating to the Group's leasehold properties are as follows:

Location	Description	Existing use	Gross land area (sq ft)	Gross floor area (sq ft)
Dairies division				
Lot 204531, Mukim Hulu Kinta, Daerah Kinta, Perak, Malaysia	Industrial land	Detached factory	7,363	5,396
Lot 31, Jalan 213, Section 51, 460505 Petaling Jaya, Selangor Darul Ehsan, Malaysia	Industrial land	Industrial cum office building	22,596	28,602
PLO 169, Jalan Angkasa Mas 3, Kawasan Perindustrian Tebrau II, 81100 Johor Bahru, Johor, Malaysia	Industrial land	Factory and office building	43,561	33,070
Hamlet 12, Tan Thanh Dong Commune, Cu Chi District, Ho Chi Minh City, Vietnam	Industrial land	Factory building	99,082	75,202
8 VSIP II-A, Street 19, Vietnam-Singapore Industrial Park II A, Tan Uyen District, Binh Duong Province, Vietnam	Industrial land	Vacant	861,123	-

5. Prepaid lease payment for land (Continued)

Location	Description	Existing use	Gross land area (sq ft)	Gross floor area (sq ft)
Others Divisions				
Lot 3, Jalan 203, 74, Seksyen 20, Petaling Jaya, Selangor Darul Ehsan, Malaysia	Industrial land	Factory building	51,727	38,400
Jalan Industri, District of Klari, City of Karawang, Province of West Java, Indonesia	Industrial land	Factory building	515,376	125,378
Jalan Raya Gunung Gangsir, KM 4.5, Sub District of Randupitu, District of Gempol, City of Pasuruan, Province of East Java, Indonesia	Industrial land	Factory building	379,858	82,290

6. Investments in subsidiaries

6.1 Investments in subsidiaries comprise:

	Company	
	2012 RM'000	**2011 RM'000**
Unquoted equity shares in corporations, at cost	27,491	27,491
Issuance of financial guarantee contracts	7,997	7,997
Issuance of share options to Group's employees	2,919	2,288
	38,407	37,776

6.2 Particulars of subsidiaries

Name of company (Country of incorporation/operation)	Principal activities	Effective equity held by the Group 2012 %	2011 %
Held by the Company			
Etika Beverages Sdn Bhd (2) (Malaysia)	Manufacturing and distribution of beverage products	100	100
Etika Brands Pte Ltd (1) (Singapore)	Collecting royalties for the brands that it owns	100	100
Etika Capital (Labuan) Inc (2) (Malaysia)	Intra-group lending and investment holding	100	100

6. Investments in subsidiaries (Continued)

6.2 Particulars of subsidiaries (Continued)

Name of company (Country of incorporation/operation)	Principal activities	Effective equity held by the Group 2012 %	Effective equity held by the Group 2011 %
Held by the Company (Continued)			
Etika Dairies Sdn Bhd (2) (Malaysia)	Manufacturing of dairy products	100	100
Etika Foods International Inc (2) (Malaysia)	Dormant	100	100
Etika Foods (M) Sdn Bhd (2) (Malaysia)	Investment holding	100	100
Etika Foods Marketing Sdn Bhd (2) (Malaysia)	Distribution of dairy products (local market)	100	100
Etika Foods (Singapore) Pte Ltd (1) (Singapore)	Investment holding	100	100
Etika Global Resources Sdn Bhd (2) (Malaysia)	Distribution of dairy products (export market)	100	100
Etika Industries Holdings Sdn Bhd (2) (Malaysia)	Investment holding	100	100
Etika IT Services Sdn Bhd (2) (Malaysia)	IT service	100	100
Etika (NZ) Limited (3) (New Zealand)	Investment holding	100	100
Etika Vixumilk Pte Ltd (1) (Singapore)	Investment holding	100	100
Eureka Capital Sdn Bhd (2) (Malaysia)	Dormant	100	100
Golden Difference Sdn Bhd (2) (Malaysia)	Investment holding	100	100
Platinum Appreciation Sdn Bhd (2) (Malaysia)	Investment holding	100	100
PT Etika Indonesia (4) (Indonesia)	Investment holding	100	100
PT Etika Marketing (4) (Indonesia)	Investment holding	100	100

6. Investments in subsidiaries (Continued)

6.2 Particulars of subsidiaries (Continued)

Name of company (Country of incorporation/operation)	Principal activities	Effective equity held by the Group 2012 %	2011 %
Held by subsidiaries			
- Etika Capital (Labuan) Inc			
PT Sentrafood Indonusa [(4) (5)] (Indonesia)	Manufacturing and distribution of instant noodle	100	100
- Etika Foods (M) Sdn Bhd			
Daily Fresh Bakery Sdn Bhd [(2)] (Malaysia)	Trading of cakes, breads, biscuits and confectioneries	100	100
Family Bakery Sdn Bhd [(2)] (Malaysia)	Manufacturing and trading of cakes, breads, biscuits and confectioneries	100	100
Hot Bun Food Industries Sdn Bhd [(2)] (Malaysia)	Dormant	100	100
Pok Brothers Sdn Bhd [(2)] (Malaysia)	Wholesalers of foodstuff, provision and frozen meat	100	100
- Etika Industries Holdings Sdn Bhd			
General Packaging Sdn Bhd [(2)] (Malaysia)	Manufacturing and distribution of tin cans	99	99
- Etika (NZ) Limited			
Etika Dairies NZ Limited [(3)] (New Zealand)	Manufacture of dairies and water based products	60.7	60.7
Naturalac Nutrition Limited [(3)] (New Zealand)	Marketing of branded sport nutrition and weight management foods	100	100
Naturalac Nutrition (UK) Limited [(6)] (United Kingdom)	Dormant	100	100
- Etika Vixumilk Pte Ltd			
Tan Viet Xuan Joint Stock Company [(7)] (Vietnam)	Manufacturing and distribution of dairy products	100	100

6. Investments in subsidiaries (Continued)

6.2 Particulars of subsidiaries (Continued)

Name of company (Country of incorporation/operation)	Principal activities	Effective equity held by the Group 2012 %	2011 %
Held by subsidiaries (Continued)			
- Golden Difference Sdn Bhd			
Susu Lembu Asli (Johore) Sdn Bhd [(2)] (Malaysia)	Processing and distribution of pasteurised milk and related products	100	100
Susu Lembu Asli Marketing Sdn Bhd [(2)] (Malaysia)	Distribution and marketing of pasteurised milk and related products	100	100
Etika Consumer Sdn Bhd [(2)] (Malaysia)	Trading and distribution of fast moving consumer goods	100	-
- Pok Brothers Sdn Bhd			
De-luxe Food Services Sdn Bhd [(2)] (Malaysia)	Manufacturing of convenient value added frozen food	100	100
Pok Brothers (Johor) Sdn Bhd [(2)] (Malaysia)	Wholesalers of foodstuff, provision and frozen meat	81.3	81.3
Pok Brothers (Pahang) Sdn Bhd [(8)] (Malaysia)	Dormant	100	100
Pok Brothers (Penang) Sdn Bhd [(8)] (Malaysia)	Dormant	100	100
Pok Brothers (Selangor) Sdn Bhd [(2)] (Malaysia)	Dormant	100	100
- PT Etika Marketing			
PT Vixon Indonesia [(3)] (Indonesia)	Wholesale and distribution of imported foods and beverages	100	100
- PT Etika Indonesia			
PT Sentraboga Intiselera [(4) (9)] (Indonesia)	Leasing of land to a related company	100	100
- Etika Foods (Singapore) Pte Ltd			
Etika Foods (Vietnam) Co Ltd [(7)] (Vietnam)	Dormant	100	-
- Platinum Appreciation Sdn Bhd			
Texas Chicken (Malaysia) Sdn Bhd [(2)] (formerly known as Elite Cafe Sdn Bhd) (Malaysia)	Quick service restaurant	100	-

6. Investments in subsidiaries (Continued)

6.2 Particulars of subsidiaries (Continued)

(1) Audited by BDO LLP, Singapore, a member firm of BDO International Limited.

(2) Audited by BDO, Malaysia, a member firm of BDO International Limited.

(3) Audited by BDO New Zealand Limited, a member firm of BDO International Limited.

(4) Audited by KAP Tanubrata Sutanto Fahmi & Rekan, Indonesia, a member firm of BDO International Limited.

(5) Etika Capital (Labuan) Inc, PT Etika Indonesia and PT Etika Marketing hold 68%, 31% and 1% respectively.

(6) Exempted from audit under Section 480 of the Companies Act 2006 (United Kingdom) relating to dormant company.

(7) Audited by BDO Audit Services Company Limited, a member firm of BDO International Limited.

(8) Not required for audit as the companies are in the process of striking-off.

(9) PT Etika Indonesia, Etika Capital (Labuan) Inc and PT Etika Marketing hold 56%, 43% and 1% respectively.

6.3 Incorporation and acquisition of subsidiaries in financial year 2012

(i) On 1 December 2011, Etika Foods (Vietnam) Co., Ltd was incorporated with a charter capital of VND81,655,200,000 (equivalent to RM11,643,000).

In line with the Group's expansion strategy and to enhance the market presence regionally, a manufacturing plant will be set-up in Vietnam Singapore Industrial Park II-A, to increase the production capacity to meet both local and export demand.

(ii) On 6 January 2012, the Group acquired 100% equity interest in Etika Consumer Sdn Bhd ("ECSB"), a dormant entity, for a cash consideration of RM2.

ECSB has taken over the business operation of sale of consumer goods from a related company with effect from 1 May 2012.

(iii) On 25 April 2012, the Group acquired 100% equity interest in Elite Cafe Sdn Bhd, a dormant entity, now known as Texas Chicken (Malaysia) Sdn Bhd ("TCMSB") for a cash consideration of RM2.

TCMSB has entered into an International Multiple Unit Franchise Agreement with US-based Cajun Global LLC to develop and operate "Texas Chicken" restaurants over the next 10 years.

This downstream expansion in high-quality and well known fast-food chain is aimed at tapping on the synergistic opportunities of the Group's existing frozen food and beverage products.

6.4 Dissolution of subsidiaries in financial year 2012

On 20 June 2012, the Group has submitted an application to strike-off Pok Brothers (Pahang) Sdn Bhd and Pok Brothers (Penang) Sdn Bhd.

These subsidiaries had ceased operation since 1 October 2006.

6. Investments in subsidiaries (Continued)

6.5 Acquisition of subsidiaries in financial year 2011

(i) Daily Fresh Bakery Sdn Bhd, Family Bakery Sdn Bhd and Hot Bun Food Industries Sdn Bhd (collectively known as "Family Group")

On 1 October 2010, the Group acquired 100% equity interest in Family Group for a cash consideration of RM18,680,000. The acquisition was accounted for using the acquisition method.

The resulted goodwill of RM2,020,000 is attributable to the anticipated profitability of the acquired business. It is expected to provide synergistical benefits in view of the fundamental similarity with the Group's existing bakery business.

The provisional carrying amounts and fair values of the identifiable assets and liabilities of Family Group as at the date of acquisition were:

Net cash outflow from acquisition of Family Group	**Fair value recognised on acquisition RM'000**	**Carrying amount before combination RM'000**
Property, plant and equipment	6,268	5,387
Intangible assets	9,488	-
Trade and other receivables	4,537	4,537
Inventories	645	645
Cash and bank balances	4,114	4,114
Trade and other payables	(4,330)	(4,330)
Borrowings	(3,164)	(3,164)
Deferred tax liabilities	(898)	(678)
Net identifiable assets acquired	16,660	6,511
Goodwill arising on consolidation	2,020	
Total purchase consideration	18,680	
Less : Cash and bank balances acquired	(4,114)	
Net cash outflow from acquisition	14,566	

There was no change in the initial fair values of the identifiable assets and liabilities of Family Group.

(ii) PT Sentraboga Intiselera and PT Sentrafood Indonusa (collectively known as "PT Sentra Group")

On 6 October 2010, the Group acquired 70% of the equity interest in PT Sentra Group. On 4 July 2011, the Group completed its 100% acquisition for a total purchase consideration of IDR78,000,010,000 equivalent to RM26,742,000. The acquisition was accounted for using the acquisition method.

With the acquisition of PT Sentra Group, the Group ventured into the instant noodle business which signifies a new direction for the Group's business expansion plan and diversification of the Group's existing range of product offerings. Additionally, it is expected to provide benefits to the Group in terms of setting-up of condensed milk manufacturing facilities in Indonesia, where production and distribution locally will help the Group to remain competitive in the condensed milk market.

6. Investments in subsidiaries (Continued)

6.5 Acquisition of subsidiaries in financial year 2011 (Continued)

(ii) PT Sentraboga Intiselera and PT Sentrafood Indonusa (collectively known as "PT Sentra Group") (Continued)

The provisional carrying amounts and fair values of the identifiable assets and liabilities of PT Sentra Group as at the date of acquisition were:

Net cash outflow from acquisition of PT Sentra Group	Fair value recognised on acquisition RM'000	Carrying amount before combination RM'000
Property, plant and equipment	19,107	10,162
Prepaid lease payment for land	8,269	3,475
Intangible assets	2,463	-
Deferred tax assets	10,070	17,170
Trade and other receivables	4,102	4,102
Inventories	1,953	1,953
Cash and bank balances	108	108
Trade and other payables	(5,436)	(66,171)
Borrowings	-	(18,435)
Deferred tax liabilities	(3,435)	-
Net identifiable assets acquired	37,201	(47,636)
Gain on bargain purchase	(10,459)	
Total purchase consideration	26,742	
Less : Cash and bank balances acquired	(108)	
Less : Bank financing	(18,435)	
Net cash outflow from acquisition	8,199	

There was no change in the initial fair values of the identifiable assets and liabilities of PT Sentra Group.

(iii) Susu Lembu Asli (Johore) Sdn Bhd and Susu Lembu Asli Marketing Sdn Bhd (collectively known as "Susu Lembu Group")

On 4 January 2011, the Group acquired 100% equity interest in Susu Lembu Group for a cash consideration of RM87,110,000. The acquisition was accounted for using the acquisition method.

The resulted goodwill of RM39,948,000 is attributable to the anticipated profitability of the acquired business by gaining a foothold into the larger ready-to-drink dairy segment through a wider range of healthier products under established brands which have gained wide market acceptance in Malaysia.

6. Investments in subsidiaries (Continued)

6.5 Acquisition of subsidiaries in financial year 2011 (Continued)

(iii) Susu Lembu Asli (Johore) Sdn Bhd and Susu Lembu Asli Marketing Sdn Bhd (collectively known as "Susu Lembu Group") (Continued)

The provisional carrying amounts and fair values of the identifiable assets and liabilities of Susu Lembu Group as at the date of acquisition were:

Net cash outflow from acquisition of Susu Lembu Group	**Fair value recognised on acquisition RM'000**	**Carrying amount before combination RM'000**
Property, plant and equipment	15,798	3,121
Prepaid lease payment for land	5,963	1,965
Intangible assets	24,743	-
Trade and other receivables	17,233	17,234
Inventories	1,036	1,036
Deferred tax assets	250	250
Cash and bank balances	6,521	6,521
Tax recoverable	188	188
Trade and other payables	(16,367)	(16,367)
Borrowings	(4,034)	(4,034)
Deferred tax liability	(4,169)	-
Net identifiable assets acquired	47,162	9,914
Goodwill arising on consolidation	39,948	
Total purchase consideration	87,110	
Less : Cash and bank balances acquired	(6,521)	
Net cash outflow from acquisition	80,589	

There was no change in the initial fair values of the identifiable assets and liabilities of Susu Lembu Group.

The following are the pertinent information in respect of the acquisitions in the financial year 2011:

	Acquisition of Family Group RM'000	**Acquisition of PT Sentra Group RM'000**	**Acquisition of Susu Lembu Group RM'000**	**Total RM'000**
Contributed revenue since acquisition	37,666	15,776	32,042	85,484
Contributed net profit/(loss) since acquisition	1,237	(7,467)	9,619	3,389
Goodwill on acquisition (Note 9)	2,020	-	39,948	41,968
Gain on bargain purchase rising from acquisition	-	(10,459)	-	(10,459)
Net cash outflow on acquisition	14,566	8,199	80,589	103,354
Acquisition transaction costs recognised in "Administrative expenses"	60	269	133	462

Had these acquisitions been completed on 1 October 2010, the management is of the opinion that the revenue and net profit/(loss) would not be significantly different from the contributed revenue and net profit as disclosed above.

6. Investments in subsidiaries (Continued)

6.6 Disposal of a subsidiary in financial year 2011

On 1 August 2011, the Group disposed its entire equity interest in a 70% owned subsidiary, Quality Wines Sdn Bhd ("QWSB"), a company incorporated in Malaysia, which is engaged in trading of wines for a total disposal consideration of RM350,000.

The decision to dispose the subsidiary is in line with the intention of the Group to focus on the core business. The disposal was completed on 1 August 2011.

The management did not expect any significant impact on the financial statements arising from the disposal.

The value of assets and liabilities of QWSB as at the date of disposal were:

Net cash flow effect of the disposal of QWSB	**RM'000**
Property, plant and equipment	33
Inventories	1,032
Trade and other receivables	227
Cash and cash equivalents	72
Trade and other payables	(843)
Deferred tax liabilities	(2)
Net identifiable assets	519
Non-controlling interest	(156)
Net identifiable assets disposed	363
Loss on disposal	(13)
Total disposal consideration	350
Less: Cash and cash equivalents	(72)
Less: Amount set-off against intangible assets purchased	(278)
Net cash effect from disposal of a subsidiary	-

7. Available-for-sale financial assets

	Group	
	2012	**2011**
	RM'000	**RM'000**
At fair value		
Balance at 1 October	265	245
Fair value (loss)/gain recognised directly in other comprehensive income	(30)	20
Balance at 30 September	235	265

Available-for-sale financial assets represent investments in quoted equity shares in Malaysia and are denominated in Ringgit Malaysia. It has no fixed maturity date or coupon rate. The fair value is based on quoted market prices.

8. Deferred tax assets

	Group	
	2012	2011
	RM'000	RM'000
Balance at 1 October	14,892	1,488
Currency realignment	(1,163)	380
Acquisition of subsidiaries	-	10,320
Recognised in consolidated statement of comprehensive income	(940)	2,704
Balance at 30 September	12,789	14,892

The followings are the major deferred tax assets recognised by the Group and movements thereon during the financial year.

Group	Property, plant and equipment RM'000	Unutilised tax losses RM'000	Other deductible temporary differences RM'000	Total RM'000
Balance at 1 October 2010	488	-	1,000	1,488
Currency realignment	1	577	(198)	380
Acquisition of subsidiaries	250	10,015	55	10,320
Recognised in consolidated statement of comprehensive income	474	703	1,527	2,704
Balance at 1 October 2011	1,213	11,295	2,384	14,892
Currency realignment	36	(1,132)	(67)	(1,163)
Recognised in consolidated statement of comprehensive income	(1,130)	1,149	(959)	(940)
Balance at 30 September 2012	119	11,312	1,358	12,789

	Group	
	2012	2011
Deferred tax assets not recognised	RM'000	RM'000
Balance at 1 October	-	-
Deferred tax assets not recognised during the financial year	885	-
Balance at 30 September	885	-

At the end of the financial year, the above deferred tax assets not recognised comprises unutilised tax losses and other temporary differences of approximately RM1,774,000 (2011: nil) and RM1,767,000 (2011: nil) respectively and are available for set-off against future taxable profits. No deferred tax asset has been recognised in respect of these items due to the unpredictability of the profit streams. The unutilised tax losses are subject to agreement by relevant tax authorities. These deductible temporary differences do not expire under current tax legislation.

9. Intangible assets

Group	Goodwill RM'000	Patents and trademarks RM'000	Product licences RM'000	Software RM'000	Franchise fee RM'000	Total RM'000
Cost						
Balance at 1 October 2011	59,446	50,512	10	1,427	-	111,395
Additions	-	-	-	422	982	1,404
Currency realignment	295	-	(2)	12	-	305
Disposal	-	-	-	(128)	-	(128)
Transfer from property, plant and equipment	-	-	-	12	-	12
Balance at 30 September 2012	59,741	50,512	8	1,745	982	112,988
Accumulated amortisation						
Balance at 1 October 2011	-	-	9	620	-	629
Amortisation for the financial year	-	-	1	266	18	285
Currency realignment	-	-	(2)	9	-	7
Disposal	-	-	-	(62)	-	(62)
Transfer from property, plant and equipment	-	-	-	3	-	3
Balance at 30 September 2012	-	-	8	836	18	862
Carrying amount						
Balance at 30 September 2012	59,741	50,512	-	909	964	112,126

In financial year 2012, the Group had paid a franchise fee of RM982,000, through a subsidiary, which entered into an International Multiple Unit Franchisee Agreement to develop and operate "Texas Chicken" restaurants over 10 years, [See note 6.3(ii)].

Group	Goodwill RM'000	Patents and trademarks RM'000	Product licences RM'000	Software RM'000	Total RM'000
Cost					
Balance at 1 October 2010	16,852	12,718	10	1,253	30,833
Additions	-	1,100	-	146	1,246
Acquisition of subsidiaries	41,968	36,694	-	-	78,662
Currency realignment	626	-	-	-	626
Disposal	-	-	-	(20)	(20)
Written off	-	-	-	(129)	(129)
Transfer from property, plant and equipment	-	-	-	177	177
Balance at 30 September 2011	59,446	50,512	10	1,427	111,395
Accumulated amortisation					
Balance at 1 October 2010	-	-	8	478	486
Amortisation for the financial year	-	-	1	241	242
Currency realignment	-	-	-	(6)	(6)
Disposal	-	-	-	(3)	(3)
Written off	-	-	-	(90)	(90)
Balance at 30 September 2011	-	-	9	620	629
Carrying amount					
Balance at 30 September 2011	59,446	50,512	1	807	110,766

In financial year 2011, the Group purchased patents and trademarks of RM1,100,000 through the partial setting off of amount receivable of RM278,000 from the disposal of a subsidiary (see Note 6.6 to the financial statements). This set-off is a non-cash transaction.

9. Intangible assets (Continued)

	Software	
Company	**2012 RM'000**	**2011 RM'000**
Cost		
Balance at 1 October	165	160
Currency realignment	6	5
Additions	51	-
Balance at 30 September	222	165
Accumulated amortisation		
Balance at 1 October	60	28
Amortisation for the financial year	33	33
Currency realignment	5	(1)
Balance at 30 September	98	60
Carrying amount		
Balance at 30 September	124	105

Product licenses are licenses for dairy products and are amortised over their useful life of 5 years.

Patents and trademarks relate to various trademarks under the brand names of Horleys, Vixumilk, Goodday, Salam Mie and Daily Fresh acquired through business combinations in prior financial years.

The useful lives of the patents and trademarks are estimated to be indefinite because based on the current market share of the patents and trademarks, management believes that there is no foreseeable limit to the period over which the patents and trademarks are expected to generate net cash flow for the Group. As such there is no amortisation of the costs of patents and trademarks.

Impairment testing of goodwill, patent and trademarks and other intangible assets

Goodwill acquired in a business combination is allocated to the cash generating units ("CGUs") that are expected to benefit from that business combination.

For presentation purposes, the carrying amounts of goodwill, patents and trademarks and other intangible assets allocated to the respective CGUs have been regrouped to the following segments:

(a) Dairies Division;
(b) Trading and Frozen Food Division;
(c) Nutrition Division; and
(d) Others Divisions.

The above segments differ from the prior year due to the re-organisation of operating segments in the current year as disclosed in Note 31.

In the prior year, the carrying amounts of goodwill, patents and trademarks and other intangible assets allocated to the respective CGUs have been grouped in the following segments:

(a) Dairies Division;
(b) Frozen Food Division;
(c) Packaging Division; and
(d) Others Divisions.

9. Intangible assets (Continued)

Impairment testing of goodwill, patents and trademarks and other intangible assets (Continued)

2012 Carrying amount	Dairies RM'000	Trading and Frozen Food RM'000	Nutrition RM'000	Others RM'000	Total RM'000
Goodwill	43,486	6,062	8,346	1,847	59,741
Patents and trademarks	29,350	13,051	8,111	-	50,512
Software	226	550	-	133	909
Franchise fee	-	-	-	964	964
	73,062	19,663	16,457	2,944	112,126

2011 Carrying amount	Dairies RM'000	Frozen Food RM'000	Packaging RM'000	Others RM'000	Total RM'000
Goodwill	43,486	6,062	1,847	8,051	59,446
Patents and trademarks	29,328	13,051	-	8,133	50,512
Product licences	1	-	-	-	1
Software	287	411	-	109	807
	73,102	19,524	1,847	16,293	110,766

Others in financial year 2012 include intangible assets that are related mainly to the Packaging Division, while Others in financial year 2011 include intangible assets that are related mainly to the Nutrition Division.

The recoverable amount of a CGU is determined based on value in use calculations. These calculations use cash flow projections based on financial budgets approved by Directors for periods covering a 5-year period. The management has considered and determined the factors applied in the financial budgets which include budgeted gross margins, pre-tax discount rates and estimated growth rates. The budgeted gross margins are based on past performance and the average growth rates and discount rates used are based on management's best estimate. Key assumptions used for value in use calculations are as follows:

2012	Dairies %	Trading and Frozen Food %	Nutrition %	Others %
Gross margin (1)	17.36	21.84	48.17	35.11
Growth rate (2)	18.34	17.18	5.45	33.50
Discount rate (3)	8.17	7.78	13.53	9.57

2011	Dairies %	Frozen Food %	Packaging %	Others %
Gross margin (1)	18.53	33.79	10.86	47.33
Growth rate (2)	34.87	21.49	25.44	6.44
Discount rate (3)	11.29	8.72	7.85	16.30

(1) Average budgeted gross margin.
(2) Weighted average growth rate used to extrapolate cash flows for the 5 year period.
(3) Average pre-tax discount rate applied to the cash flow projections.

9. Intangible assets (Continued)

Impairment testing of goodwill, patent and trademarks and other intangible assets (Continued)

Sensitivity to changes in assumptions

The management believes that changes in any of the above key assumptions would not cause the carrying amounts of the respective CGUs to be materially different from their recoverable amount.

10. Inventories

	Group	
	2012	**2011**
	RM'000	**RM'000**
Finished goods	64,889	64,079
Raw materials	57,563	73,890
Packaging materials	5,091	3,717
Work in progress	3,957	4,725
Consumables	572	597
	132,072	147,008

The cost of inventories recognised as an expense and included in "cost of goods sold" in the consolidated statement of comprehensive income amounted to approximately RM759,202,000 (2011: RM661,804,000).

As at the end of the financial year, the Group's inventories with a carrying amount of approximately RM6,729,000 (2011: RM5,384,000) is subject to a floating charge for the banking facilities granted to a subsidiary.

11. Trade and other receivables

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current receivables				
Trade receivables	156,824	148,654	-	-
Allowance for doubtful trade receivables	(12,597)	(7,459)	-	-
	144,227	141,195	-	-
Other receivables	3,364	1,461	137	342
Allowance for doubtful other receivables	(113)	(120)	-	-
	3,251	1,341	137	342

11. Trade and other receivables (Continued)

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Prepayments	3,815	5,604	-	-
Deposits	1,284	2,215	41	40
Advances to suppliers	4,027	5,728	-	-
Due from subsidiaries - non-trade	-	-	96,049	90,088
	9,126	13,547	96,090	90,128
	156,604	156,083	96,227	90,470
Non-current receivables				
Trade receivables	207	131	-	-
Deposit	50	-	-	-
	257	131	-	-
	156,861	156,214	96,227	90,470

The trade amounts owing by third parties are repayable within the normal trade credit terms of 30 days to 90 days (2011 : 30 days to 90 days). In the opinion of the management, based on the review of the trade receivables, including balances that are outstanding for more than 90 days, allowance for doubtful receivables as at 30 September 2012 is adequate (2011: adequate).

Other receivables owing by third parties comprise mainly goods and service tax.

The non-trade amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

The non-current trade receivables pertaining to several third-party customers amounting to approximately RM254,000 (2011: RM166,000) are being paid through installments over periods of 2 to 10 years. The amortised cost recognised in the consolidated statement of comprehensive income amounted to approximately RM47,000 (2011: RM35,000).

Movements in allowance for doubtful trade receivables:

	Group	
	2012	**2011**
	RM'000	**RM'000**
Balance at 1 October	7,459	6,738
Currency realignment	(82)	(26)
Allowance made during the financial year	7,470	1,647
Write back of allowance no longer required	(643)	(610)
Bad receivables written off against allowance	(1,607)	(290)
Balance at 30 September	12,597	7,459

11. Trade and other receivables (Continued)

Allowance for doubtful trade receivables arose mainly from customers who have difficulty in settling the amount due. Write back of allowance no longer required is due to amount either recovered during the financial year or has been reassessed as recoverable.

Movements in allowance for doubtful other receivables:

	Group	
	2012	2011
	RM'000	RM'000
Balance at 1 October	120	-
Currency alignment	(7)	-
Allowance made during the financial year	-	120
Balance at 30 September	113	120

Trade and other receivables are denominated in the following currencies:

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	111,134	115,821	6,849	16,036
Singapore Dollar	2,747	3,930	40,581	37,684
United States Dollar	17,773	21,588	28,642	15,674
Indonesian Rupiah	12,637	4,387	9,696	10,577
New Zealand Dollar	3,580	2,984	6,592	6,857
Australian Dollar	4,718	4,745	-	-
Euro	51	568	3,853	3,627
Vietnamese Dong	4,196	2,191	14	15
Swiss Franc	25	-	-	-
	156,861	156,214	96,227	90,470

12. Fixed deposits

Fixed deposits are placed for a period of 1 month to 12 months (2011: 1 month to 12 months) and the effective interest rates on the fixed deposits ranging from 0.5% to 3.1% (2011: 3% to 14%) per annum. As at the end of the financial year, fixed deposits of RM396,000 (2011: RM380,000) of the Group have been pledged as security for the banking facilities granted to its subsidiaries.

Fixed deposits are denominated in the following currencies:

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	505	488	-	-
United States Dollar	3,033	-	-	-
Indonesian Rupiah	949	-	-	-
Vietnamese Dong	-	1,657	-	-
	4,487	2,145	-	-

13. Cash and cash equivalents

For the purpose of presenting the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:

	Group	
	2012	2011
	RM'000	RM'000
Cash and bank balances	40,697	29,147
Fixed deposits	4,487	2,145
Bank overdraft	(10,608)	(33,993)
	34,576	(2,701)
Pledged fixed deposits	(396)	(380)
Cash and cash equivalents, per consolidated statement of cash flows	34,180	(3,081)

Cash and bank balances are denominated in the following currencies:

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	26,425	20,421	445	684
Singapore Dollar	1,833	593	1,434	248
United States Dollar	5,758	99	-	-
New Zealand Dollar	1,908	2,028	536	152
Australian Dollar	774	2,222	-	-
Indonesian Rupiah	2,737	2,312	-	-
Vietnamese Dong	1,262	1,472	-	-
	40,697	29,147	2,415	1,084

14. Trade and other payables

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Current liabilities				
Trade payables	71,166	69,841	-	-
Other payables	20,090	14,848	247	361
Customers' deposits	4,124	1,399	-	-
Accruals	20,586	15,692	2,407	2,325
Due to subsidiaries – non-trade	-	-	28,852	22,992
	115,966	101,780	31,506	25,678
Non-current liabilities				
Other payables	2,748	1,640	-	-
	118,714	103,420	31,506	25,678

The trade amounts are repayable within the normal trade credit terms of 7 days to 90 days (2011: 7 days to 90 days).

14. Trade and other payables (Continued)

Current portion of other payables comprise mainly other operating expenses payable, goods and service tax, and advances from non-controlling interest holders. Non-current other payables comprise long term employment benefits. In view of the insignificant effect of the long term employment benefits on the Group's financial position and results, the management did not separately disclosure information as required by FRS 19 *Employee Benefits*.

The non-trade amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

Trade and other payables are denominated in the following currencies:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Ringgit Malaysia	85,107	81,145	24,972	11,022
Singapore Dollar	2,743	2,462	-	4,427
United States Dollar	6,570	3,342	3,715	7,550
British Pound	-	523	-	-
Australian Dollar	677	648	-	-
Euro	41	75	-	-
Swiss Franc	-	141	-	-
New Zealand Dollar	8,555	4,170	2,174	1,761
Indonesian Rupiah	10,811	8,156	645	918
Vietnamese Dong	4,210	2,758	-	-
	118,714	103,420	31,506	25,678

15. Bank borrowings

	Group	
	2012	**2011**
	RM'000	**RM'000**
Current liabilities		
Secured:		
Bank overdrafts	10,608	33,993
Banker's acceptance	109,475	103,016
Short term revolving credit	9,458	-
Offshore foreign currency loans	23,308	20,720
Term loans	29,599	5,732
	182,448	163,461
Unsecured:		
Banker's acceptance	15,728	5,953
Short term revolving credit	4,500	-
	20,228	5,953
	202,676	169,414
Non-current liabilities		
Secured:		
Offshore foreign currency loans	41,404	32,276
Term loans	183,293	188,601
	224,697	220,877
	427,373	390,291

The carrying amounts of bank borrowings approximate their fair values as they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

15. Bank borrowings (Continued)

Bank borrowings are denominated in the following currencies:

	Group	
	2012	**2011**
	RM'000	**RM'000**
Ringgit Malaysia	339,868	315,964
United States Dollar	42,378	32,478
New Zealand Dollar	22,334	23,389
Indonesian Rupiah	22,793	18,460
	427,373	390,291

In financial year 2011, the Group entered into a syndicated facility of RM368,000,000 with a consortium of three leading Malaysian financial institutions, each on equal proportion. The facility was made available for utilisation by certain subsidiaries in Dairies, Trading and Frozen Food, and Others Divisions. The facility comprises RM363,000,000 Islamic financing and tradelines and RM5,000,000 conventional foreign exchange contract facility. Out of RM368,000,000, RM152,000,000 was used to redeem the existing bank borrowings in Malaysia, RM159,000,000 was used for trade working capital whilst the remaining balance is to fund the merger and acquisition plans, as well as capital expansion of the Group.

	Group	
	2012	**2011**
	RM'000	**RM'000**
Term loans analysed by division:		
Dairies Division		
Term loan repayable by 2 quarterly installments of RM3,892,857 each commencing July 2012 and followed by 26 quarterly installments of RM7,739,011 each commencing January 2013	197,604	172,543
Term loan acquired through business combination with remaining 31 monthly installments of RM40,314 each commenced in January 2011 via acquisition of a subsidiary	389	824
Term loan acquired through business combination with remaining 37 monthly installments of RM88,167 each commenced in January 2011 via acquisition of a subsidiary	1,338	2,258
Term loan repayable by 14 half yearly installments of USD714,285 equivalent to RM2,277,498 each commenced in June 2011	24,280	29,607
Term loan repayable by 8 half-yearly installments of USD500,000 equivalent to RM1,544,450 each commencing December 2013 and 4 half-yearly instalments of USD1,500,000 equivalent to RM4,633,350 each commencing December 2017	18,098	-
Trading and Frozen Food Division		
Term loan acquired through business combination with remaining 107 monthly installments of RM3,140 each commenced in September 2009 via acquisition of a subsidiary	227	247

15. Bank borrowings (Continued)

	Group	
	2012	**2011**
	RM'000	**RM'000**
Term loans analysed by division: (Continued)		
Others Divisions		
Term loan repayable until the expiry date commenced in February 2007	1,026	1,485
Term loan repayable by 40 quarterly installments of NZD73,693 equivalent to RM189,133 each commenced in February 2007	3,404	4,014
Term loan repayable until the expiry date commenced in April 2010	9,753	9,407
Term loan repayable until the expiry date commenced in December 2010	3,850	3,713
Term loan repayable by 37 quarterly installments of NZD83,784 equivalent to RM215,032 commenced in February 2008	4,301	4,771
Term loan repayable by 90 monthly installments of IDR417,755,379 equivalent to RM132,156 each commencing January 2012	10,648	15,098
Term loan repayable by 90 monthly installments of IDR105,397,070 equivalent to RM33,342 each commencing January 2012	2,686	3,362
	277,604	247,329

	Group	
	2012	**2011**
	RM'000	**RM'000**
Offshore foreign currency loans and term loans analysed into:		
Current	52,907	26,452
Non-current	224,697	220,877
	277,604	247,329

	Group	
	2012	**2011**
	%	**%**
Effective interest rates		
Bank overdrafts	6.89 - 7.60	7.10 - 11.75
Banker's acceptance	2.99 - 4.84	3.10 - 11.75
Offshore foreign currency loans	3.80 - 7.10	3.79 - 6.35
Short term revolving credit	5.05 - 11.25	-
Term loans	6.95 -11.25	7.10 - 12.75

15. Bank borrowings (Continued)

Non-current bank borrowings are repayable as follows:

	Group 2012 RM'000	Group 2011 RM'000
After one year	39,512	37,210
Two to five years	116,777	118,106
After five years	68,408	65,561
	224,697	220,877

The secured bank borrowings are secured by:

(a) Various fixed charges over specific land and buildings of the Group as indicated in Note 4 and 5;
(b) Various debentures incorporating fixed charges over specific plant and machinery of the Group as indicated in Note 4;
(c) Various security documents in respect of immovable properties or specific assets acquired and financed under the syndicated facility;
(d) Various memorandum of deposit incorporating legal charges over shares of any companies acquired;
(e) Limited charge on Horley's brand name; and
(f) Pledged of unquoted shares of certain subsidiaries.

All the above secured borrowings and unsecured borrowings, except for a secured term loan of RM227,000 (2011: RM247,000) granted to a subsidiary, are guaranteed by the Company.

16. Finance lease payables

Group	Minimum lease payments RM'000	Future finance charges RM'000	Present value of lease payments RM'000
2012			
Current			
- within one year	3,499	(418)	3,081
Non-current			
- two to five years	5,571	(443)	5,128
- more than five years	75	(1)	74
	5,646	(444)	5,202
Group			
2011			
Current			
- within one year	3,328	(415)	2,913
Non-current			
- two to five years	5,741	(473)	5,268

16. Finance lease payables (Continued)

The effective interest rates range from 2.25% to 12.69% (2011: 2.25% to 7.21%) per annum.

The Group's obligations under finance leases are secured by the lessors' titles to the leased assets.

Finance leases are denominated in the following currencies:

	Group	
	2012	**2011**
	RM'000	**RM'000**
Ringgit Malaysia	8,212	8,181
Indonesian Rupiah	71	-
	8,283	8,181

17. Derivative financial instruments

	2012		2011	
Group	**Contract/ Notional amount**	**Liabilities**	**Contract/ Notional amount**	**Liabilities**
At fair value	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Forward currency contracts	1,531	14	6,304	317

Forward currency contracts have been entered into to operationally hedge forecast sales and purchases denominated in foreign currencies that are expected to occur at various dates within three (3) months from the end of the reporting period. The forward currency contracts have maturity dates that coincide with the expected occurrence of these transactions. The fair value of these components has been determined based on the difference between the quarterly future rates and the strike rate discounted at the convenience yield of the instruments involved.

During the financial year, the Group recognised total gains/losses of RM303,000 (2011: RM317,000) arising from fair value changes of derivative liabilities. The fair value changes are attributable to changes in foreign exchange spot and forward foreign exchange and interest rates.

The fair value of a forward foreign exchange contract is the amount that would be payable or receivable upon termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and the forward exchange rate as at the end of the reporting period applied to a contract of similar amount and maturity profile.

The transaction involving derivative financial instruments are conducted with creditworthy banks with no recent history of default.

18. Financial guarantee contracts

	Company 2012 RM'000	Company 2011 RM'000
Balance at 1 October	7,645	6,897
Issuance of financial guarantee contracts, at initial recognition	-	748
Balance at 30 September	7,645	7,645

The balance as at 30 September 2012 of RM7,645,000 (2011: RM7,645,000) represents the fair value of financial guarantee contracts which was discounted at interest rates ranging from 4.42% to 11.25% (2011: 4.42% to 11.75%) for over 5 to 6 years.

19. Deferred tax liabilities

	Group 2012 RM'000	Group 2011 RM'000
Balance at 1 October	19,653	11,577
Currency realignment	(130)	(494)
Acquisition of subsidiaries	-	8,502
Disposal of a subsidiary	-	(2)
Recognised in consolidated statement of comprehensive income	164	70
Balance at 30 September	19,687	19,653

The followings are the major deferred tax liabilities recognised by the Group and movements thereon during the financial year.

	Fair value adjustments on property, plant and equipment RM'000	Property, plant and equipment RM'000	Other taxable temporary differences RM'000	Total RM'000
Group				
Balance at 1 October 2010	2,794	7,772	1,011	11,577
Currency realignment	-	(489)	(5)	(494)
Acquisition of subsidiaries	7,604	220	678	8,502
Disposal of a subsidiary	-	(2)	-	(2)
Recognised in consolidated statement of comprehensive income	114	(77)	33	70
Balance at 1 October 2011	10,512	7,424	1,717	19,653
Currency realignment	-	(7)	(123)	(130)
Recognised in consolidated statement of comprehensive income	(5,109)	6,677	(1,404)	164
Balance at 30 September 2012	5,403	14,094	190	19,687

20. Share capital

	Group and Company			
	2012		2011	
	S$'000	RM'000	S$'000	RM'000
Issued and fully paid:				
Balance at 1 October	24,666	56,412	24,666	56,412
Issuance of ordinary shares arising from the exercise of share options	264	652	-	-
Balance at 30 September	24,930	57,064	24,666	56,412

The Company has only one class of ordinary shares which carry no right to fixed income.

The holders of ordinary shares of the Company are entitled to receive dividends as and when declared by the Company. All ordinary shares of the Company carry one vote per share without restriction.

Share capital does not have a par value.

All of these newly issued ordinary shares rank pari-passu with the existing ordinary shares.

Movements in number of shares issued and outstanding warrants:

	Group and Company Number of ordinary shares	
	2012	2011
	'000	'000
Balance at 1 October	534,582	267,291
Issuance of bonus shares	-	267,291
Issuance of ordinary shares arising from the exercise of share options	1,610	-
Balance at 30 September	536,192	534,582

On 12 October 2010, the Company has allotted and issued 1 bonus share for every 1 ordinary share held by shareholders in the Company.

Treasury shares

Movement in treasury shares:

	Group and Company			
	Number of treasury shares		Amount	
	2012	2011	2012	2011
	'000	'000	RM'000	RM'000
Balance at 1 October	1,210	605	183	183
Issuance of bonus shares	-	605	-	-
Balance at 30 September	1,210	1,210	183	183

The total amount paid to repurchase the shares has been deducted from shareholders' equity. The repurchased shares are held as "treasury shares". The company intends to reissue these repurchased shares to employees when the employees exercise their share options under the Etika Employee Share Options Scheme in the future.

20. Share capital (Continued)

Etika Employee Share Options Scheme ("ESOS")

Statutory and other information regarding the ESOS is set out below:

(i) The Remuneration Committee ("the Committee") may at its discretion, fix the subscription price at a discount up to 20% off market price, or a price equal to the average of the last dealt market prices for the 5 consecutive market days immediately preceding the grant of the options.

(ii) Consideration for the grant of an option is S$1.00.

(iii) Options can be exercised 1 year after grant for market price options and 2 years for discounted options.

(iv) Options granted expire after 10 years for employees of the Group or such earlier date as may be determined by the Committee.

(v) Options granted will lapse when participant ceases to be a full-time employee with the Group, subject to certain exceptions at the discretion of the Company.

(vi) The aggregate number of shares over which options may be granted on any date, when added to the number of shares issued and issuable in respect of all options granted under the ESOS, shall not exceed 15% of the issued share capital of the Company on the day preceding that date of grant.

Information in respect of the share options granted under the ESOS is as follows:

	2012		2011	
	Number of share options '000	Weighted average exercise price S$	Number of share options '000	Weighted average exercise price S$
Outstanding at 1 October	40,668	0.321	6,851	0.328
Exercised	(1,610)	0.164	-	-
Granted	-	-	27,230	0.400
Adjustment for one for one bonus issue	-	-	6,843	0.164
Lapsed/cancelled	(40)	0.164	(256)	0.169
Outstanding at 30 September	39,018	0.328	40,668	0.321
Exercisable as at 30 September	11,788	0.290	-	

In financial year 2011, 27,230,000 share options were granted. The estimated fair value of the share options were S$3,033,000 for vesting period from October 2010 to October 2012.

The fair value of share options as at the date of grant is estimated by an external independent valuer using the Binomial option-pricing model, taking into account the terms and conditions upon which the options were granted. The significant inputs into the model were share prices at date of grant, exercise price, yield, expected volatility, risk-free interest rate, option life expected.

20. Share capital (Continued)

Etika Employee Share Options Scheme ("ESOS") (Continued)

Information in respect of the share options granted under the ESOS is as follows: (Continued)

Volatility, measured as the standard deviation of expected share price returns, was based on the average 10-day volatility over one year observation period in accordance with convention laid down by Bank for International Settlements. The inputs to the model used are shown below.

Date of grant	Expected dividend yield (%)	Expected volatility (%)	Risk-free interest rate (%)	Expected life of options (years)	Exercise Price S$	Share price at date of grant S$
10.02.2010	6.82	30	1.54	7	0.164*	0.415
13.10.2010	3.50	20	1.24	7	0.400	0.495

* exercise price has been adjusted for a bonus issue of one for one.

21. Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations where functional currencies are different from that of the Group's presentation currency. This is non-distributable and the movements in this account are set out in the consolidated statement of changes in equity.

22. Fair value reserves

Fair value reserves represent the cumulative change in the fair value of available-for-sale financial assets until they are derecognised and cumulative change in the fair value of employee benefits. Movements in these reserves are set out in the consolidated statements of changes in equity.

23. Revenue

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

24. Finance costs

	Group	
	2012 RM'000	2011 RM'000
Interest expense		
- bank overdrafts	209	1,328
- banker's acceptance	5,292	3,839
- term loans	17,210	11,381
- offshore foreign currency loans	2,619	2,598
- finance lease	570	506
- others	89	1,492
	25,989	21,144

25. Profit before income tax

In addition to the charges and credits disclosed elsewhere in the financial statements, profit before income tax is arrived at after charging/(crediting) the following:

	Group	
	2012	2011
	RM'000	RM'000
Allowance for doubtful receivables	7,470	1,767
Non-audit fees paid to other auditors	106	200
Amortisation of intangible assets	285	242
Amortisation of prepaid lease payment for land	359	235
Depreciation of property, plant and equipment	22,061	20,570
Directors' remuneration		
- Directors of the Company	4,959	4,316
- Directors of the subsidiaries	4,901	4,878
Directors' fee		
- Directors of the Company	513	654
Inventories written off	2,377	3,351
Foreign currency exchange loss	1,865	3,990
Operating lease expense	5,092	3,333
Property, plant and equipment written off	97	375
Share options expense	4,248	4,677
Staff costs:		
- Salaries, bonuses and allowances	59,043	48,884
- Employer contributions to defined contribution plans	4,710	3,728
Allowance for doubtful receivables no longer required		
- trade	(643)	(610)
Bad debts recovered	(53)	(5)
Fair value (gain)/loss arising from derivative financial instruments	(303)	317
Gain on disposal of property, plant and equipment	(190)	(230)
Interest income from fixed deposits	(419)	(508)
Rental income	(39)	(110)

26. Income tax expense

	Group	
	2012	**2011**
	RM'000	**RM'000**
Current tax:		
- current year	8,572	9,012
- over provision in previous years	(273)	(809)
	8,299	8,203
Deferred tax expense:		
- current year	1,777	(3,330)
- (over)/under provision in previous years	(673)	696
	1,104	(2,634)
	9,403	5,569

Reconciliation of effective income tax rate

	Group	
	2012	**2011**
	RM'000	**RM'000**
Profit before income tax	29,999	34,154
Income tax calculated at Malaysia statutory tax rate of 25% (2011: 25%)	7,500	8,538
Effect of different tax rates in other countries	2,826	(300)
Expenses not deductible for tax purposes	9,438	6,116
Income not subject to tax	(6,377)	(3,983)
Tax incentives	(6,593)	(4,717)
Income tax over provided in prior years	(273)	(809)
Deferred tax (over)/under provided in prior years	(673)	696
Expiration of unutilised tax losses and capital allowances	3,236	-
Utilisation of previously unrecognised deferred tax assets	(1,728)	(107)
Effect of deductible temporary differences not recognised	885	-
Withholding tax	1,516	113
Others	(354)	22
	9,403	5,569

27. Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the Group's profit after income tax attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue, after adjusted for bonus issue on 12 October 2010, during the financial year.

	Group	
	2012 RM'000	2011 RM'000
Profit after income tax attributable to owners of the Company (RM'000)	21,976	28,823
Weighted average number of ordinary shares in issue during the financial year ('000)	533,942	533,372
Basic earnings per share	4.12 sen	5.40 sen

(b) Diluted

For the purpose of calculating diluted earnings per share, the Group's profit after income tax attributable to the equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the potential dilutive effect arising from the exercise of employee share options into ordinary shares as at 30 September of the respective financial year.

	Group	
	2012	2011
Profit after income tax attributable to owners of the Company (RM'000)	21,976	28,823
Weighted average number of shares in issue ('000)	533,942	533,372
Adjustment for:		
- Employee share options ('000)	4,055	39,698
	537,997	573,070
Diluted earnings per share	4.08 sen	5.03 sen

28. Dividends

	Group and Company	
	2012 RM'000	2011 RM'000
Dividends paid:		
Final tax exempt 1-tier dividend of S$0.007 (2011: S$0.0125) per share paid in respect of financial years ended 30 September 2011 and 2010, respectively	9,126	15,975
Interim tax exempt 1-tier dividend of S$0.005 (2011: S$0.005) paid in respect of financial years ended 30 September 2012 and 2011 respectively	6,546	6,536
	15,672	22,511

The Directors of the Company propose that a final tax exempt 1-tier dividend of S$0.003 per share amounting to S$1,605,000 (equivalent to RM4,040,000) to be paid for the financial year ended 30 September 2012 subject to the approval of the shareholders at the forthcoming Annual General Meeting.

The proposed dividend is not accrued as a liability in the statement of financial position in the current financial year and will be based on the issued share capital of the Company as at books closure date.

29. Significant related party transactions

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:
- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:
- (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) both entities are joint ventures of the same third party.
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Associates are related parties and include those that are associates of the holding and/or related companies.

In addition to information disclosed elsewhere in the financial statements, significant related party transactions between the Group and the Company and its related parties during the financial year were as follows:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
With related parties:				
- Insurance premium paid to a related party	3,080	2,655	51	33
- Rental of premises paid to a related party	924	924	-	-
- Purchase of packing materials from related parties	1,494	1,770	-	-
- Rental of premises paid to a director of a subsidiary	18	18	-	-
- Rental of shop office paid to a director of a subsidiary	8	45	-	-
- Loss on disposal of a subsidiary to a director of the disposed subsidiary	-	13	-	-
- Purchase of intangible assets from a director of the disposed subsidiary	-	1,100	-	-
- Management fees	-	-	(7,429)	(5,084)
- Dividend income	-	-	(16,173)	(22,812)
- IT service fees charged by a subsidiary	-	-	25	23

29. Significant related party transactions (Continued)

The remuneration of Directors and other members of key management of the Group and of the Company are as follows:

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Short-term benefits	6,748	7,433	3,621	3,646
Post-employment benefits	374	435	64	51
Share options expense	3,937	3,332	2,473	2,625
	11,059	11,200	6,158	6,322
Analysed into:				
- Directors of the Company	5,472	4,970	5,472	4,970
- Directors of the subsidiaries	4,901	4,878	-	-
- Other key management personnel	686	1,352	686	1,352
	11,059	11,200	6,158	6,322

During the financial years 2012 and 2011, certain directors and key management personnel were granted share options, in respect of their services to the Group and the Company, under the share options scheme of the Company, further details of which are set out in Note 20 to the financial statements. The fair value of such options which has been recognised in the consolidated statement of comprehensive income over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current financial year is included in the above directors and key management personnel remuneration disclosures.

30. Contingent liabilities and commitments

30.1 Capital commitments

As at the end of the financial year, the Group had the following capital commitments:

	Group	
	2012	2011
	RM'000	RM'000
Purchase of property, plant and equipment	13,818	18,500

30.2 Operating lease commitments

As at the end of the financial year, there were operating lease commitments for rental payable in subsequent accounting periods as follows:

	Group	
	2012	2011
	RM'000	RM'000
Within one year	2,425	2,127
Two to five years	4,464	3,172
More than five years	6,223	5,565
	13,112	10,864

As at the end of the financial year, the Group leases office premises and other operative facilities under operating leases. Leases are negotiated and rentals are fixed for a period of 1 to 15 years with an option to renew at the prevailing market rates. There is no contingent rental.

30. Contingent liabilities and commitments (Continued)

30.3 Contingent liabilities - unsecured

Company

The Company has undertaken to provide financial support to certain subsidiaries, to enable them to operate as going concern and to meet their obligations for at least 12 months from the date of their respective directors' report relating to the financial statements for the financial year ended 30 September 2012. In the opinion of the Directors, no losses are expected to arise.

As at the end of the financial year, the contingent liabilities in respect of guarantees given by the Company to banks in connection with banking facilities granted to certain subsidiaries are:

	2012 RM'000	2011 RM'000
Facilities in Ringgit Malaysia	461,192	393,892
Facilities In United States Dollar	61,778	63,770
Facilities In New Zealand Dollar	27,229	26,263
Facilities In Indonesian Rupiah	24,385	27,452
	574,584	511,377

The amount of banking facilities outstanding as at 30 September 2012 amounted to RM427,146,000 (2011: RM390,044,000).

31. Segment information

Business segments

A segment is a distinguishable component of the Group's business 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.

Management has determined the operating segments based on the reports reviewed that are used to make strategic decisions.

The Group's reportable segments are strategic business units that are organised based on their function and targeted customer groups. They are managed separately because each business unit requires different skill sets and marketing strategies.

Management monitors the operating results of the segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operation profit or loss which is similar to the accounting profit or loss.

The accounting policies of the operating segments are the same of those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments.

Management evaluates performance on the basis of profit or loss from operation before tax expense not including non-recurring gains and losses and foreign exchange gains or losses.

There is no change from prior periods in the measurement methods used to determine reported segment profit or loss.

31. Segment information (Continued)

Business segments (Continued)

The Group's core business segments during the previous financial year were as follows:

- Dairies Division;
- Frozen Food Division – comprising frozen food trading, butchery and bakery sub-divisions and the noodles manufacturing and distribution business;
- Packaging Division; and
- Others Division – comprising nutrition and beverage.

During the financial year, the Group's core business segments have been reorganised as follows:

- Dairies Division;
- Trading and Frozen Food Division – comprising frozen food trading, butchery and bakery sub-divisions and the distribution business;
- Nutrition Division; and
- Others Division – comprising packaging, beverage and noodles business.

The Group has reorganised the reportable business segments for better evaluation on the results of the performance of the business activities. The management did not change the basis of determining business segments.

2012	Dairies RM'000	Trading and Frozen Food RM'000	Nutrition RM'000	Others RM'000	Unallocated RM'000	Total RM'000
Revenue						
External revenue	705,680	196,098	54,748	28,274	-	984,800
Results						
Segments results	57,176	8,345	2,154	(233)	(11,873)	55,569
Interest income	269	93	22	29	6	419
Finance costs	(14,299)	(5,610)	(885)	(5,195)	-	(25,989)
Profit/(Loss) before income tax	43,146	2,828	1,291	(5,399)	(11,867)	29,999
Income tax	(6,612)	(2,259)	409	(765)	(176)	(9,403)
Profit/(Loss) after income tax	36,534	569	1,700	(6,164)	(12,043)	20,596
Segment assets	470,956	151,565	54,661	106,015	3,479	786,676
Unallocated assets	4,040	2,907	2,566	12,537	1	22,051
Total assets	474,996	154,472	57,227	118,552	3,480	808,727
Segment liabilities	439,227	15,400	31,500	65,419	2,838	554,384
Unallocated liabilities	13,632	1,136	19	8,632	58	23,477
Total liabilities	452,859	16,536	31,519	74,051	2,896	577,861

31. Segment information (Continued)

Business segments (Continued)

2012	Dairies RM'000	Trading and Frozen Food RM'000	Nutrition RM'000	Others RM'000	Unallocated RM'000	Total RM'000
Other information						
Capital expenditure	39,816	22,069	3,548	9,957	8	75,398
Depreciation and amortisation	11,684	4,220	1,217	5,538	46	22,705
Allowance for doubtful receivables	4,914	1,108	-	1,448	-	7,470
Inventories written off	2,314	63	-	-	-	2,377
Property, plant and equipment written off	94	3	-	-	-	97

Restated 2011	Dairies RM'000	Trading and Frozen Food RM'000	Nutrition RM'000	Others RM'000	Unallocated RM'000	Total RM'000
Revenue						
External revenue	609,123	188,873	55,302	26,305	-	879,603
Results						
Segments results	38,594	9,776	8,021	1,136	(2,737)	54,790
Interest income	362	85	30	13	18	508
Finance costs	(11,687)	(4,206)	(369)	(3,977)	(905)	(21,144)
Profit/(Loss) before income tax	27,269	5,655	7,682	(2,828)	(3,624)	34,154
Income tax	(3,203)	(976)	(1,611)	342	(121)	(5,569)
Profit/(Loss) after income tax	24,066	4,679	6,071	(2,486)	(3,745)	28,585
Segment assets	432,282	137,895	51,444	102,490	2,202	726,313
Unallocated assets	2,994	2,480	1,001	13,412	7	19,894
Total assets	435,276	140,375	52,445	115,902	2,209	746,207
Segment liabilities	397,835	15,352	28,098	58,069	2,855	502,209
Unallocated liabilities	12,173	1,118	355	7,626	8	21,280
Total liabilities	410,008	16,470	28,453	65,695	2,863	523,489
Other information						
Capital expenditure	17,729	19,811	4,219	6,503	13	48,275
Depreciation and amortisation	11,475	4,131	50	5,342	49	21,047
Allowance for doubtful receivables	687	1,072	8	-	-	1,767
Inventories written off	3,351	-	-	-	-	3,351
Property, plant and equipment written off	361	13	-	1	-	375

31. Segment information (Continued)

Geographical segments

The Group's business segments operate in three main geographical areas. 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.

2012	Malaysia RM'000	Africa RM'000	Asean (excluding Malaysia) RM'000	Others RM'000	Total RM'000
Total revenue from external customers	558,130	106,432	235,753	84,485	984,800
Segment assets	597,201	8,964	132,538	47,973	786,676
Capital expenditure	58,170	-	13,680	3,548	75,398
Depreciation and amortisation	16,298	-	5,190	1,217	22,705
Allowance for doubtful receivables	5,927	-	1,543	-	7,470
Inventories written off	2,377	-	-	-	2,377
Property, plant and equipment written off	85	-	12	-	97
2011					
Total revenue from external customers	481,173	141,872	159,684	96,874	879,603
Segment assets	585,260	14,189	79,050	47,814	726,313
Capital expenditure	42,410	-	1,646	4,219	48,275
Depreciation and amortisation	16,071	-	4,926	50	21,047
Allowance for doubtful receivables	1,586	-	173	8	1,767
Inventories written off	2,715	-	636	-	3,351
Property, plant and equipment written off	375	-	-	-	375

32. Financial risk and capital risk management

The Group's activities expose the Group to financial risks (including credit risks, foreign currency risks, interest rate risks and liquidity risks) arising in the normal course of business. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance. The Group also enters into derivative transactions, including principally forward currency contracts. The purpose is to manage the currency risks arising from the Group's operations and its sources of finance.

The management is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management continually monitors the Group's financial risk management process to ensure that an appropriate balance between risk and control is achieved.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks. The Group and the Company do not hold or issue derivative financial instruments for trading purposes.

32.1 Credit risks

The Group and the Company have no significant concentration of credit risks except for amounts due from subsidiaries in the Company's statement of financial position and the trade amounts owing by third parties. The maximum exposures to credit risks are represented by the carrying amount of the financial assets on the statement of financial position.

Trade receivables that are neither past due nor impaired are substantially from companies with good collection track record with the Group.

32. Financial risk and capital risk management (Continued)

32.1 Credit risks (Continued)

The age analysis of trade receivables of the Group which are past due but not impaired is as follows:

	Group	
	2012	**2011**
	RM'000	**RM'000**
Past due 1 day to 3 months	44,519	52,034
Past due 3 to 6 months	8,329	4,219
Past due 6 to 12 months	4,385	1,753
Past due over 12 months	1,184	1,264
	58,417	59,270

Although the above balances exceeded the normal credit terms, management is of the view that they are still collectible through, but are not limited to, the following:

(i) several customers have made arrangements to pay their overdue accounts by installments; and

(ii) some of the trade receivables can be offset against the outstanding trade payables.

32.2 Foreign currency risks

The Group and the Company incur foreign currency risks on transactions and balances that are denominated in currencies other than the entity's functional currency. The currencies giving rise to these risks are primarily Singapore Dollar, British Pound, United States Dollar, Euro, New Zealand Dollar, Indonesian Rupiah, Vietnamese Dong and Australian Dollar. Exposure to foreign currency risks is monitored on an on-going basis to ensure that the net exposure is at an acceptable level and hedging through currency forward exchange contracts is done where appropriate.

During the year, the Group entered into foreign currency forward contracts to manage exposures to currency risk for receivables which are denominated in a currency other than the functional currency of the company.

The notional amount and maturity date of the forward foreign exchange contracts outstanding as at 30 September 2012 were as follows:

Contract	**Expiry dates**	**Contract amount USD'000**	**RM'000 equivalent**
Forward foreign exchange contracts	31/05/2013 -11/06/2013	500	1,531

At the end of the financial year, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective entity's functional currency are disclosed in the respective notes to the financial statements.

Foreign currency sensitivity analysis

The following table details the sensitivity to a 10% increase and decrease in the respective foreign currencies against the functional currency of the Group and the Company. 10% is the sensitivity rate used when reporting foreign currency risks internally to key management personnel and represents the management's assessment of the possible change in foreign exchange rates.

32. Financial risk and capital risk management (Continued)

32.2 Foreign currency risks (Continued)

Foreign currency sensitivity analysis (continued)

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where they gave rise to an impact on the Group's net income.

If the respective foreign currency weakens by 10% (2011: 10%) against the functional currency, profit before income tax of the Group will increase/(decrease) by:

	Consolidated statement of comprehensive income	
	2012	**2011**
Group	**RM'000**	**RM'000**
Singapore Dollar	-	(81)
United States Dollar	3,118	1,026
British Pound	-	52
Australian Dollar	(404)	(410)
Vietnamese Dong	1	57
Euro	(1)	(3)
	2,714	641

If the respective foreign currency weakens by 10% (2011: 10%) against the functional currency, profit before income tax of the Company will decrease by:

	Statement of comprehensive income	
	2012	**2011**
	RM'000	**RM'000**
Company		
Singapore Dollar	248	230

As at the end of the financial year, the Company's equity is not affected by changes in the foreign currency.

A 10% strengthening of the respective foreign currency against the functional currency would have an equal but opposite effect to the Group and the Company.

32. Financial risk and capital risk management (Continued)

32.3 Interest rate risks

The Group's and the Company's exposure to market risks for changes in interest rates relates primarily to fixed deposits and bank borrowings with financial institutions. The Group maintains an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and long and short term borrowings.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate risks for financial liabilities at the end of the financial year. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the financial year was outstanding for the whole year. The sensitivity analysis assumes an instantaneous 3% (2011: 3%) change in the interest rates from the end of the financial year, with all variables held constant.

If the interest rate increases by 3% (2011: 3%), profit before tax of the Group will decrease/(increase) by:

	Group	
	2012 RM'000	**2011 RM'000**
Bank borrowings	12,503	10,689
Bank overdrafts	318	1,020
Fixed deposits	(135)	(64)
	12,686	11,645

A 3% decrease in the interest rates would have an equal but opposite effect to the Group.

The Company has no bank borrowings for financial years 2012 and 2011.

32.4 Liquidity risks

The Group and the Company actively manage their operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of their overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash and cash equivalents to meet their working capital requirements. Short-term funding is obtained from overdraft facilities from banks and finance leases from financial institutions.

The following table details the Group's remaining contractual maturity for its non-derivative financial instruments. The table has been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group is expected to pay. The table includes both interest and principal cash flows.

	Less than 1 year RM'000	**1 to 2 years RM'000**	**2 to 5 years RM'000**	**More than 5 years RM'000**	**Total RM'000**
Group					
2012					
Bank borrowings	201,373	42,537	137,104	62,164	443,178
Bank overdrafts	11,414	-	-	-	11,414
Finance lease payables	3,499	2,668	2,903	75	9,145
Trade and other payables	115,966	-	-	2,748	118,714
	332,252	45,205	140,007	64,987	582,451
2011					
Bank borrowings	139,726	40,850	125,952	70,265	376,793
Bank overdrafts	36,665	-	-	-	36,665
Finance lease payables	3,328	2,727	3,014	-	9,069
Trade and other payables	101,780	-	-	1,640	103,420
	281,499	43,577	128,966	71,905	525,947

32. Financial risk and capital risk management (Continued)

32.4 Liquidity risks (Continued)

The repayment terms of the bank loans, overdrafts and finance leases are disclosed in Notes 15 and 16 to the financial statements.

	Less than 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	More than 5 years RM'000	Total RM'000
Company					
2012					
Trade and other payables	31,506	-	-	-	31,506
2011					
Trade and other payables	25,678	-	-	-	25,678

32.5 Fair values of financial assets and financial liabilities

The carrying amount of cash and cash equivalents, trade and other current debtors and creditors approximate their respective fair values due to the relative short term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the consolidated financial statements.

The fair value of financial assets and financial liabilities are determined as follows:

(a) the fair values of financial assets and financial liabilities with standard terms and conditions and which trade in active liquid markets are determined with reference to quoted market prices (Level 1 of fair value hierarchy).

(b) in the absence of quoted market prices, the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined using the other observable inputs such as quoted prices for similar assets/liabilities in active market, quoted prices for identical or similar assets/liabilities in non-active markets or inputs other than quoted prices that are observable for the asset or liability (Level 2 of fair value hierarchy).

(c) in the absence of observable inputs, the fair value of the remaining financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models (Level 3 of fair value hierarchy).

(d) the fair value of derivative instruments are calculated using quoted prices (Level 1 of fair value hierarchy). Where such prices are unavailable, discounted cash flow analysis is used, based on the applicable yield curve of the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives (Level 3 of fair value hierarchy).

The Group has carried its quoted investments that are classified as available-for-sale financial assets at their fair values. These financial assets belong to level 1 of the fair value hierarchy. The derivative financial instruments are measured at fair value through profit or loss and belong to Level 2 of the fair value hierarchy.

32. Financial risk and capital risk management (Continued)

32.5 Fair values of financial assets and financial liabilities (Continued)

The following table sets out the financial instruments as at the end of the financial year:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Financial assets				
Loans and receivables (including fixed deposits and cash and cash equivalents)	192,919	173,959	98,601	91,514
Available-for-sale financial assets	235	265	-	-
Financial liabilities				
Amortised cost (including loans and payables)	554,370	501,892	31,506	25,678
Derivative financial instruments	14	317	-	-

32.6 Capital risk management policies and objectives

The Group and the Company manage their capital to ensure that the Group and the Company are able to continue as a going concern and maintain an optimal capital structure so as to maximise shareholders' values.

The Company may purchase its own shares from the market and the timing of these purchases depends on market prices. Primarily, such actions are intended to enhance the return to the Company's shareholders and to be used for issuing shares under the Group's share options scheme in the future. Buy and sell decisions are made on a specific transaction basis by the management. The Company does not have a defined buy-back plan.

The management monitors capital based on gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as interest bearing liabilities less cash and cash equivalents. Total capital is calculated as equity plus net debt. The Group overall strategy remains unchanged since financial year 2011 which is to maintain a gearing ratio of less than 75%.

Management constantly reviews the capital structure to ensure the Group and the Company are able to service all debt obligations (include principal repayment and interests) based on its operating cash flows.

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Net debt/(cash)	390,472	401,554	(2,415)	(1,084)
Total equity	230,866	222,718	98,042	96,136
Total capital	621,338	624,272	95,627	95,052
Gearing ratio	62.8%	64.3%	(2.5%)	(1.1%)

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 30 September 2012 and 2011.

33. Subsequent event

On 6 December 2012, the Company has entered into a Subscription Agreement (the "Agreement") with Tee Yih Jia Food Manufacturing Pte Ltd ("TYJFM"). Pursuant to the Agreement, the Company has agreed to allot and issue to TYJFM 75,000,000 new ordinary shares (the "New Shares") in the share capital of the Company at issue price of S$0.1998 each per share (the "Subscription"). Completion of the Subscription is conditional upon, inter alia, receipt of approval in-principle from the SGX-ST for the listing of and quotation of the New Shares on the Main Board and such approval not being revoked or amended.

Upon completion, TYJFM will hold approximately 12.3% of the enlarged issued share capital of the Company. As such, the Subscription does not result in a transfer of a controlling intrest in the Company but TYJFM shall be entitled to nominate a person to be appointed on the board of directors of the Company subject to the internal corporate governance and nominating and appointment procedures within the Company.

The Subscription will allow the Company to raise a gross proceeds of approximately S$14,985,000. The net proceeds will be used for the followings:

(i) 50% for capital expenditure; and
(ii) 50% for working capital of the Group covering the daily operating expenditures including payment to suppliers, costs associated with staff, transportation and promotion expenses.

STATISTICS OF SHAREHOLDINGS

AS AT 5 DECEMBER 2012

Issued and fully paid-up capital	:	S$ 25,139,068.955
Number of ordinary shares in issue	:	536,337,528
Class of shares	:	Ordinary share
Voting rights	:	One vote per share
Number of Treasury Shares held	:	1,210,000
Number of ordinary shares excluding Treasury Shares	:	535,127,528
Percentage of Treasury Shares	:	0.226%[1]

Note :

[1] Calculated based on 535,127,528 voting shares as at 5 December 2012.

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 31% of the issued ordinary shares of the Company are held in the hands of the public as at 5 December 2012 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	18	1.49	7,648	0.00
1,000 – 10,000	407	33.61	2,683,278	0.50
10,001 – 1,000,000	745	61.52	62,764,870	11.73
1,000,001 and above	41	3.38	469,671,732	87.77
TOTAL	**1,211**	**100.00**	**535,127,528**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1.	TAN YET MENG	60,649,926	11.33
2.	MAYBAN NOMINEES (S) PTE LTD	53,400,000	9.98
3.	CIMB SECURITIES (SINGAPORE) PTE LTD	52,614,000	9.83
4.	HONG LEONG FINANCE NOMINEES PTE LTD	31,617,000	5.91
5.	SBS NOMINEES PTE LTD	29,000,000	5.42
6.	PHILLIP SECURITIES PTE LTD	24,879,494	4.65
7.	KWONG YUEN SENG	24,457,220	4.57
8.	UOB KAY HIAN PTE LTD	23,489,000	4.39
9.	MAH WENG CHOONG	20,347,224	3.80
10.	KHOR SIN KOK	19,100,224	3.57
11.	AMFRASER SECURITIES PTE. LTD.	17,126,000	3.20
12.	TAN SAN CHUAN	14,809,394	2.77
13.	TAN SAN LIN	14,331,394	2.68
14.	POK YORK KEAW	9,200,000	1.72
15.	DBS NOMINEES PTE LTD	9,063,000	1.69
16.	POK YOKE KUNG	7,149,000	1.34
17.	PHANG MAH THIANG	5,966,000	1.11
18.	HEW MARGARET WYE YOONG OR HEW LEONARD YOKE LEONG	5,600,000	1.05
19.	CHUNG CHEE FOOK	4,936,462	0.92
20.	DBS VICKERS SECURITIES (S) PTE LTD	3,732,000	0.70
	TOTAL	**431,467,338**	**80.63**

SUBSTANTIAL SHAREHOLDERS

(as recorded in the Register of Substantial Shareholders)

	Name	Direct Interest	%	Deemed interest	%	Total Interest	%
(1)(2)	Dato' Jaya J B Tan	90,856,364	16.98	183,199,786	34.23	274,056,150	51.21
(1)(2)	Dato' Kamal Y P Tan	90,481,072	16.91	183,575,078	34.30	274,056,150	51.21
(1)	Tan Yet Meng	60,649,926	11.33	213,406,224	39.88	274,056,150	51.21
(2)	Mah Weng Choong	28,347,224	5.30	-	-	28,347,224	5.30
(2)	Khor Sin Kok	27,400,224	5.12	-	-	27,400,224	5.12

Note :-

(1) *Deemed interested in each others shares through the shares held by Dato' Jaya, Dato' Kamal and spouse, Ms Tan Yet Meng and children.*

(2) *Direct interest includes shares held through nominees.*

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Etika International Holdings Limited will be held at Orchid Room, Basement One, Holiday Inn Singapore Orchard City Centre, 11 Cavenagh Road, Singapore 229616 on Friday, 25 January 2013 at 10.00 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 2012 and the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors retiring pursuant to the Company's Articles of Association :-

   (i) Dato' Kamal Y P Tan (Article 87 and Article 91) **(Resolution 2a)**
   (ii) Mr Teo Chee Seng (Article 91) **(Resolution 2b)**

3. To re-appoint Mr Mah Weng Choong as a Director of the Company pursuant to Section 153(6) of the Companies Act, Chapter 50. **(Resolution 3)**

4. To approve the payment of Directors' fees of S$216,000 for the financial year ended 30 September 2012 (FY2011: S$208,000). **(Resolution 4)**

5. To approve the payment of a final tax exempt 1-tier dividend of 0.3 Singapore cents per share (save and except for shares to be issued or issued pursuant to the Subscription Agreement between the Company and Tee Yih Jia Food Manufacturing Pte Ltd dated 6 December 2012) for the financial year ended 30 September 2012. **(Resolution 5)**

6. To re-appoint Messrs BDO LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

7. 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:-

8. **AUTHORITY TO ISSUE SHARES** **(Resolution 7)**

   "THAT pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company be authorized and empowered to :-

   (a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

   (ii) make 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 (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares.

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any instruments made or granted by the Directors of the Company while this Resolution was in force, provided that :

   (i) the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued pursuant to this Resolution does not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company does not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below).

(ii) (subject to such calculation as may be prescribed by SGX-ST), for the purpose of determining the aggregate number of shares that may be issued in under sub-paragraph (i) above, the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of passing this Resolution, after adjusting for:-

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from the exercising share options or vesting of shares awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares.

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(iv) unless revoked or varied by the Company in a general meeting, such authority shall 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 (a)]

9. **AUTHORITY TO GRANT OPTIONS AND ISSUE SHARES** **(Resolution 8)**

"THAT pursuant to Section 161 of the Companies Act, Chapter 50, the Directors of the Company be and are hereby authorized and empowered to offer and grant options under the Etika Employee Share Option Scheme ("the Scheme") and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the Scheme, whether during the subsistence of this authority or otherwise, the aggregate number of additional ordinary shares to be issued pursuant to the Scheme shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a 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 earlier." [See Explanatory Note (b)]

10. **RENEWAL OF SHARE BUY-BACK MANDATE** **(Resolution 9)**

"THAT:

(a) for the purposes of the Companies Act, Chapter 50, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares in the capital of the Company (the "shares") not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of market purchases (each a "Market Purchase") on the Singapore Exchange Securities Trading Limited ("SGX-ST"); or off-market purchases ("Off-Market Purchase") (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme(s) (the "Share Buy-back Mandate"), be and is hereby authorized and approved generally and unconditionally;

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy-back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next Annual General Meeting of the Company is held or required by law to be held;

(ii) the date on which the share purchases are carried out to the full extent mandated; or

(iii) the date on which the authority contained in the Share Buy-back Mandate is varied or revoked;

(c) in this Resolution:

"Prescribed Limit" means 10% of the issued ordinary share capital of the Company as at the date of passing of this Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares that may be held by the Company from time to time);

"Relevant Period" means the period commencing from the date on which the last Annual General Meeting of the Company was held and expiring on the date the next Annual General Meeting of the Company is held or is required by law to be held, whichever is the earlier, after the date of this Resolution; and

"Maximum Price" in relation to a fully-paid ordinary share in the capital of the Company (a "Share") to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding 105% of the Average Closing Price in the case of a Market Purchase and not exceeding 120% of the Average Closing Price in the case of an Off-Market Purchase.

where:

"Average Closing Price" means the average of the closing market prices of a Share over the last five market days, on which the Shares are transacted on the SGX-ST, immediately preceding the date of the Market Purchase by the Company, and deemed to be adjusted in accordance with the rules of the SGX-ST, for any corporate action that occurs after the relevant five-day period;

"Day of the Making of the Offer" means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share; and

(d) any of the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as he may consider expedient or necessary to give effect to the transactions contemplated by this Resolution." [See Explanatory Note (c)]

BY ORDER OF THE BOARD

S Surenthiraraj @ S Suressh
Kok Mor Keat
Company Secretaries

Singapore
4 January 2013

Explanatory Notes on Special Business to be transacted

(a) Ordinary Resolution 7, if passed, will enable the Directors to issue shares in the Company up to 50% of the total number of issued shares excluding treasury shares in the capital of the Company (in the case of issuance other than on a pro-rata basis to existing shareholders, such aggregate number of shares not to exceed 20% of the total number of issued shares excluding treasury shares in the capital of the Company) for such purposes as they consider to be in the interests of the Company.

(b) Ordinary Resolution 8, 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 total number of issued shares excluding treasury shares of the Company from time to time pursuant to the exercise of the options under the Scheme.

(c) Ordinary Resolution 9, if passed, will empower the Directors from the date of the above Meeting until the next Annual General Meeting to repurchase ordinary issued shares of the Company by way of market purchases or off-market purchases of up to 10% of the total number of issued shares (excluding treasury shares) in the capital of the Company at the Maximum Price. Information relating to this proposed Resolution is set out in the Circular attached.

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 office of the Company's Share Registrar at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623 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 8 February 2013 for the preparation of dividend warrants.

Duly completed registrable transfers of shares[(1)] received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623 up to 5.00 p.m. on 7 February 2013 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[(1)] at 5.00 p.m. on 7 February 2013 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 2013, will be made on 28 February 2013.

Note:

[(1)] *New shares to be issued or issued pursuant to the Subscription Agreement between the Company and Tee Yih Jia Food Manufacturing Pte Ltd dated 6 December 2012 are not entitled to this dividend.*

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ETIKA INTERNATIONAL HOLDINGS LIMITED
Company Registration No: 200313131Z
(Incorporated in the Republic of Singapore)

PROXY FORM

ANNUAL GENERAL MEETING

IMPORTANT
1. For investors who have used their CPF monies to buy shares of Etika International Holdings Limited, the Annual Report 2012 is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. 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.
3. CPF Investors who wish to attend the Annual General Meeting as an observer must submit their requests through their CPF Approved Nominees in accordance with their instructions within the timeframe specified.
4. 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 No.**	**Proportion of Shareholdings (%)**

and/or (delete as appropriate)

Name	**Address**	**NRIC/ Passport No.**	**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 2013 at 10.00 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 2012				
2a	Re-election of Dato' Kamal Y P Tan as Director				
2b	Re-election of Mr Teo Chee Seng as Director				
3	Re-appointment of Mr Mah Weng Choong as Director				
4	Approval of payment of Directors' fees				
5	Approval of payment of final tax exempt 1-tier dividend				
6	Re-appointment of Messrs BDO LLP as auditors and authorize Directors to fix their Remuneration				
7	Authority to allot and issue new shares				
8	Authority to allot and issue shares under Etika Employee Share Option Scheme				
9	Renewal of Share Buy-back Mandate				

* 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 _______________ 2013.

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 office of the Company's Share Registrar at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623 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.etika-intl.com

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