



SINARIA CORPORATION BERHAD

(Company No.: 838172-P)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 MAY 2012

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.05.2012 RM'000	Preceding Year Corresponding Quarter 31.05.2011 RM'000	Current Year-To-Date 31.05.2012 RM'000	Preceding Year Corresponding Period 31.05.2011 RM'000
Revenue	38,666	35,224	129,278	118,632
Cost of sales	(34,599)	(29,680)	(109,451)	(98,229)
Gross profit	4,067	5,544	19,827	20,403
Other operating income	445	101	1,156	435
Operating expenses	(9,960)	(4,611)	(22,573)	(15,489)
Finance costs	(670)	(477)	(2,271)	(1,809)
(Loss)/Profit before tax	(6,118)	557	(3,861)	3,540
Tax income/(expense)	790	(863)	31	(1,360)
Net (loss)/profit for the period	(5,328)	(306)	(3,830)	2,180
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive(loss)/ income for the period	(5,328)	(306)	(3,830)	2,180
Total comprehensive(loss)/ income attributable to:				
Equity holders of the Company	(5,328)	(306)	(3,830)	2,180
Non-controlling interests	-	-	-	-
(Loss)/Earnings per share (Note B11)	(5,328)	(306)	(3,830)	2,180
Basic (Sen)	(5.92)	(0.34)	(4.26)	2.42
Diluted (Sen)	(5.92)	(0.34)	(4.26)	2.42



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Notes to Income Statement :

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 31.05.2012 RM'000	Preceding Year Corresponding Quarter 31.05.2011 RM'000	Current Year-To-Date 31.05.2012 RM'000	Preceding Year Corresponding Period 31.05.2011 RM'000
Interest income	140	57	299	249
Other Income	98	44	240	186
Insurance claim received	122	-	527	-
Forex gain - realised	21	8	41	6
Depreciation and amortisation	886	905	3,347	2,868
Impairment on loans and receivables	1,699	83	2,599	83
Allowance for slow moving inventories	623	74	623	74
Interest expense	670	477	2,271	1,809

Notes:

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 May 2011 and the accompanying explanatory notes attached to the interim financial statements.

Save as disclosed above, the other items as required under Appendix 9B, Part A(16) of the Bursa Securities Main Market Listing Requirements are not applicable.



SINARIA CORPORATION BERHAD

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2012

		UNAUDITED As at 31.05.2012 RM'000	AUDITED As at 31.05.2011 RM'000
	Note		
Non-Current Assets			
Property, plant and equipment		39,153	33,219
Current Assets			
Inventories		25,622	21,877
Receivables, deposits and prepayments		32,436	34,070
Current tax assets		481	278
Cash and cash equivalents		9,978	11,672
		68,517	67,897
TOTAL ASSETS		107,670	101,116
EQUITY AND LIABILITIES			
Equity			
Share capital		45,000	45,000
Reserves		3,679	8,409
TOTAL EQUITY		48,679	53,409
Non-Current Liabilities			
Long-term bank borrowings	B7	10,072	2,051
Deferred taxation		1,887	1,951
		11,959	4,002
Current Liabilities			
Trade and other payables and accruals		14,081	10,077
Current tax liabilities		7	376
Short-term bank borrowings	B7	32,944	33,252
		47,032	43,705
TOTAL LIABILITIES		58,991	47,707
TOTAL EQUITY AND LIABILITIES		107,670	101,116
Net assets per ordinary share attributable to ordinary equity holder of the Company (RM)		0.54	0.59

Notes:

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 May 2011 and the accompanying explanatory notes attached to the interim financial statements.



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 31 MAY 2012 (UNAUDITED)

	<-----Attributable to equity holders of the Company ----->					Total RM'000
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Merger Deficit RM'000	Distributable Retained Profits RM'000	
Balance as at 01.06.2011	45,000	-	1,818	(29,297)	35,888	53,409
Loss for the period represents total comprehensive income for the period	-	-	-	-	(3,830)	(3,830)
Dividend paid	-	-	-	-	(900)	(900)
Balance as at 31.05.2012	45,000	-	1,818	(29,297)	31,158	48,679
Balance as at 01.06.2010						
As previously reported	45,000	-	1,742	(29,297)	34,590	52,035
Effect of adopting amendment to FRS 117	-	-	76	-	-	76
Effect of adopting amendment to FRS139	-	-	-	-	18	18
<i>As restated</i>	<i>45,000</i>	<i>-</i>	<i>1,818</i>	<i>(29,297)</i>	<i>34,608</i>	52,129
Profit for the period represents total comprehensive income for the period	-	-	-	-	2,180	2,180
Dividend paid	-	-	-	-	(900)	(900)
Balance as at 31.05.2011	45,000	-	1,818	(29,297)	35,888	53,409

Notes:

The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 May 2011 and the accompanying explanatory notes attached to the interim financial statements.



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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FOURTH QUARTER ENDED
31 MAY 2012 (UNAUDITED)**

	Current Period Ended 31.05.2012 RM'000	Preceding Year Corresponding Period Ended 31.05.2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(3,861)	3,540
Adjustments:		
Allowance for slow moving inventories	623	74
Amortisation and depreciation	3,347	2,868
Impairment on loans and receivables	2,599	83
Gain on disposal of plant, property and equipment	(25)	(55)
Plant, property and equipment written-off	-	1
Unrealised gain financial instruments at fair value through profit or loss	(112)	-
Interest income	(299)	(249)
Interest expense	2,271	1,809
Operating profit before working capital changes	4,543	8,071
Increase in inventories	(4,368)	(234)
Increase in receivables	(811)	(4,931)
Increase/(Decrease) in payables	4,003	(1,649)
Financial instruments at fair value through profit & loss	-	18
Cash generate from operations	3,367	1,275
Tax paid	(851)	(836)
Tax refunded	246	224
Net cash generate from operating activities	2,762	663
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant, property and equipment	(7,199)	(6,313)
Down payment for purchase of land and building materials	(1,982)	-
Proceeds from disposal of plant, property and equipment	53	67
Interest received	299	249
Net cash used in investing activities	(8,829)	(5,997)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (decrease)/increase in short-term borrowings	(3,104)	1,089
Repayment of hire purchase obligations	(738)	(878)
Creation of hire purchase obligations	127	-
Repayment of term loan	(785)	(482)
Drawdown of term loan	9,600	-
Interest paid	(2,313)	(1,816)
Dividend paid	(900)	(900)
Net cash from/(used in) financing activities	1,887	(2,987)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,180)	(8,321)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	8,895	17,215
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	4,715	8,895



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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FOURTH QUARTER ENDED
31 MAY 2012 (UNAUDITED)**

	Current Period	Preceding Year
	Ended	Corresponding
	31.05.2012	Period Ended
	RM'000	31.05.2011
		RM'000
Cash and cash equivalents comprise:		
Fixed and short-term deposits with licensed banks *	6,679	8,712
Cash and bank balances	3,299	2,960
Bank overdrafts	(5,263)	(2,777)
	4,715	8,895

* The time deposits of the group have been pledged as security for credit facilities granted to the Group.

Notes:

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 May 2011 and the accompanying explanatory notes attached to the interim financial statements.



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 MAY 2012

PART A – SELECTED EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARDS (“FRS”) 134: INTERIM FINANCIAL REPORTING

1 Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with Financial Reporting Standard No. 134 - Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the Audited Financial Statements of the Group for the year ended 31 May 2011 and the accompanying explanatory notes attached. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group.

2. Changes in Accounting Policies

The significant accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those of the audited financial statements for the year ended 31 May 2011, except for the adoption of the following new and revised Financial Reporting Standards (“FRSs”):

Standard/Interpretation	Effective for financial periods beginning on or after
Amendment to FRS 1 <i>Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters</i>	1 January 2011
Amendments to FRS 1 <i>Additional Exemptions for First-time Adopters</i>	1 January 2011
Amendments to FRS 2 <i>Share-based Payment</i>	1 July 2010
Amendments to FRS 2 <i>Group Cash-settled Share-based Payment Transactions</i>	1 January 2011
Amendments to FRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 July 2010
Amendments to FRS 7 <i>Improving Disclosures about Financial Instruments</i>	1 July 2010
Amendments to FRS 138 <i>Intangible Assets</i>	1 July 2010
Amendments to IC Interpretation 9 <i>Reassessment of Embedded Derivatives</i>	1 July 2010
Amendments to IC Interpretation 14 <i>Prepayments of a Minimum Funding Requirement</i>	1 July 2011
Amendments to FRSs contained in the document entitled “ <i>Improvements to FRSs (2010)</i> ”	1 January 2011
FRS 1 <i>First-time Adoption of Financial Reporting Standards</i> (revised in 2010)	1 July 2010
FRS 3 <i>Business Combinations</i> (revised in 2010)	1 July 2010
FRS 124 <i>Related Party Disclosures</i> (revised in 2010)	1 January 2012
FRS 127 <i>Consolidated and Separate Financial Statements</i> (revised in 2010)	1 July 2010
IC Interpretation 4 <i>Determining whether an Arrangement contains a Lease</i>	1 January 2011
IC Interpretation 12 <i>Service Concession Arrangements</i>	1 July 2010
IC Interpretation 15 <i>Agreements for the Construction of Real Estate</i> IC Interpretation 16 <i>Hedges of a Net Investment in a Foreign Operation</i> IC Interpretation 17 <i>Distributions of Non-cash Assets to Owners</i>	1 January 2012
IC Interpretation 18 <i>Transfers of Assets from Customers</i>	1 July 2010
IC Interpretation 19 <i>Extinguishing Financial Liabilities with Equity Instruments</i>	1 July 2010
	1 January 2011
	1 July 2011

The initial application of the above amended/revised/new FRSs do not have any significant impacts on the financial statements for the financial year ending 31 May 2012.



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3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the preceding audited financial statements of the Company and its subsidiaries for the financial year ended 31 May 2011 were not subject to any qualification.

4. Seasonal or Cyclical Factors

The Group's performance is not significantly affected by seasonal or cyclical factors.

5. Unusual Items

There was no item, which is unusual because of their nature, size or incidence that has affected the assets, liabilities, equity, net income or cash flows of the Group for the current quarter.

6. Material Changes in Estimates

There were no changes in estimates of amounts that have had a material effect in the current quarter.

7. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter.

8. Dividend Paid

There was no dividend paid in the current quarter.

9. Segment Reporting

The Group's segmental report for the current financial period ended 31 May 2012 is as follows:

	Current Year-To-Date 31.05.2012 RM'000	Preceding Year Corresponding Period 31.05.2011 RM'000
Revenue		
<u>Manufacturing</u>		
Meat-based products	123,199	117,280
Vegetable-based products	524	530
Flour-based products	1,318	1,203
	125,041	119,013
<u>Trading</u>		
Meat-based products	53,171	47,616
Vegetable-based products	11,128	8,806
Others	1,188	721
	65,487	57,143
	190,528	176,156
Inter-segments elimination	(61,250)	(57,524)
Total Revenue	129,278	118,632
(Loss)/Profit Before Tax	(3,861)	3,540

Segmental reporting by geographical location is not applicable as the Group's operations are substantially carried out in Malaysia.



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10. Valuations of Property, Plant and Equipment

The valuations of land and building have been brought forward, without amendment from the audited financial statements for the year ended 31 May 2011.

11. Events subsequent to the Balance Sheet date

There were no events subsequent to the end of the financial year ended 31 May 2012 that have not been reflected in the interim financial statements as at the date of this report.

12. Changes in the Composition of the Group

There were no changes in the composition of the Group during the quarter under review.

13. Changes in contingent liabilities or contingent assets

The Group does not have any material contingent liabilities since the last audited financial statements for the financial year ended 31 May 2011.

14. Related Party Transactions

Related parties are those defined under FRS 124 - Related Party Disclosures. The significant related party transactions and balances described below were carried out in the ordinary course of business and on commercial terms that are no more favourable than that available to other third parties.

	Transactions for the year-to-date ended 31.05.2012 RM'000
Sale of goods by the Group to Angliss Food Sdn Bhd ("AFSB")	4,544
Commission paid by the Group to AFSB for sale of the Group's goods.	796

Note : AFSB is deemed a related party as the brother of Executive Chairman of the Group is the substantial shareholder of AFSB and is deemed a person connected.

15. Capital Commitments

	As at 31.05.2012 Approved and Contracted for RM'000	As at 31.05.2012 Approved and Not Contracted for RM'000
Freezers and machinery	2,453	-
Land	5,200	-

The capital commitment for the Land is the balance payment for the purchase consideration of the leasehold land acquired by Sunwish Venture Sdn. Bhd., a wholly-owned subsidiary of the Company



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 MAY 2012

PART B : EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. Review of Performance

The Group's revenue increased to RM38.7 million for the current quarter under review. This represented RM3.5 million increase from that of RM35.2 million recorded in the preceding year corresponding quarter. For the 12 months ended 31 May 2012, the revenue booked at RM129.3 million as compared to that of RM118.6 million recorded in the preceding year ended 31 May 2011. The increase in revenue mainly due to increase in demand of own manufactured meat-based products and trading meat-based as well as vegetable-based products. On top of the sales promotion activities, the Company also spends on above-the-line advertising programme to enhance the building of brand equity and this has starting to bring effect to enlarge product's segment penetration.

The Company recorded a loss before tax ("LBT") of RM6.1 million in the current quarter as compared to that the profit before tax ("PBT") of RM0.6 million reported in the preceding year corresponding quarter. The LBT for year-to-date ended 31 May 2012 was RM3.9 million against the PBT for year-to-date ended 31 May 2011 of RM3.5 million. The contraction in profit was mainly attributed to impairment on receivables of RM2.6 million and allowance for slow moving inventories of RM0.6 million. Other contributory factors was the advertising programme for the current quarter and forth coming periods of RM2.8 million which have been settled in the current quarter. This programme was initiated by the management for re-branding purposes in order to preserve the Company's competitiveness and continue to tap into competitors' market share. Major part of the advertising spending was incurred in "Above the Line" or mass media advertising that includes radio advertising, sponsorship of radio programme, and online advertising in some of the prominent website in the country. Other marketing expenses that are included in advertising spending consists of billboard advertising, primarily along the North South Highway and some strategic locations in major cities, insertions in newspapers and food magazines, as well as collaboration with major radio stations' road cruiser for product introduction road shows nationwide. Other operating income was the insurance claim of RM0.5 million. On the positive note, the Company's Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") recorded at RM1.8 million, which gave an indication that our business viability is still sound.

2. Variation of Results against Preceding Quarter

	Current Quarter ended 31.05.2012 RM'000	Preceding Quarter ended 29.02.2012 RM'000	Variance RM'000
Revenue	38,666	31,956	6,710
Profit/(loss) Before Tax	(6,118)	74	(6,192)

The Group's revenue for current quarter under review was RM38.7 million, an increase of RM6.7 million from the revenue of RM32.0 million recorded in the preceding quarter. This is mainly contributed to the increase in demand for manufactured in-house brand products as well as trading products. The Group recorded at loss before tax of RM6.1 million in the current quarter as compared to the profit before tax of RM74,000 in the preceding quarter. The reduction in the profit mainly attributed to the allowance for slow moving inventories of RM0.6 million and additional allowance for doubtful debt of RM1.7 million. Other factor was the advertising programme for the current quarter and forth coming periods of RM2.8 million which have been settled in the current quarter as mentioned above that was initiated by the management for re-branding purposes in order to preserve the Company's competitiveness and continues to tap into competitors' market share.



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3. Current Year Prospects

Frozen processed foods (“FPP”) continued to expect growth due to hectic and stressful lifestyle of the Malaysia demographic, which in return, contributed towards the growing demand for convenient and easy to prepare meals. FPP are easier to prepare than fresh food and can be stored in the freezer for an extended period of time as well as enjoy a very healthy image that appeals to health-conscious consumer of today. The Company has in the past primarily concentrated in the lower income group, which resulted in gradual decline of profitability. To overcome this scenario, the Company management has earmarked a few transformation initiatives for future growth and sustainability. First, the Company will invest in brand building to target middle income segment whose purchasing decision centred more on brand name and quality. The Company will also continue to launch new innovative products that are tailored specifically for the middle income group. The Company is convinced the penetration into the middle income group segment not only can diversify its core customer groups, but can also increase overall profitability in the future. The second growth driver that was identified by management is the expansion of international business through export of the FPP products. The Company has thus far made significant progress in penetrating a few countries in South East Asia region and the Middle East. Lastly, due to the continued erosion of profitability in the Modern Trade sales, the Company will expand its general trade market through aggressive deployment of freezer. On operational side, the Company has tightened up the credit control policy and improve the efficiency and effectiveness of the credit control by using a standard and reputable ERP system.

4. Variance between Actual Profit and Forecast Profit

Not applicable.

5. Taxation

	Current Quarter 31.05.2012 RM'000	Current Year To Date 31.05.2012 RM'000
Income tax		
Current year	306	(164)
Prior year	131	131
Deferred tax		
Current year	461	172
Prior year	(108)	(108)
	790	31

Income tax expenses incurred due to the profitable subsidiary. Deferred tax income was mainly arose from the reversal of deferred tax liability from the loss making subsidiary.

6. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at the date of this interim financial report.



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7. Group Borrowings and Debt Securities

The Group's borrowings as at 31 May 2012 are as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings:-			
Bank overdrafts	4,876	387	5,263
Bankers' acceptances	25,470	834	26,304
Hire purchase payables	443	-	443
Term loan	934	-	934
	31,723	1,221	32,944
Long term borrowings:-			
Hire purchase payables	389	-	389
Term loan	9,683	-	9,683
	10,072	-	10,072
Total	41,795	1,221	43,016

8. Gains and losses arising from fair value changes of financial liabilities

There were no gains or losses arising from fair value changes in financial liabilities in the current quarter.

9. Material Litigation

There were no material litigations for the current financial period to date.

10. Proposed Dividend

There was no dividend proposed or declared for the current quarter under review.

11. Earnings Per Share

Basic

The basic earnings per share has been calculated by dividing the Company's profit for the current financial quarter and current financial year to-date by the number of ordinary shares in issue during the current financial quarter and current financial year under review.

	Individual Quarter		Cumulative Quarters	
	Current Quarter 31.05.2012	Preceding Year Corresponding Quarter 31.05.2011	Current Year 31.05.2012	Preceding Year Corresponding Period 31.05.2011
(Loss)/Profit attributable to ordinary Equity holders of the Company (RM'000)	(5,328)	(306)	(3,830)	2,180
Weighted average number of ordinary shares in issue ('000)	90,000	90,000	90,000	90,000
Basic Earnings/(Loss) per Share (sen)	(5.92)	(0.34)	(4.26)	2.42



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Diluted

The Company does not have any convertible share or convertible financial instruments for the current financial quarter under review.

12. Disclosure of realised and unrealised profits

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits or losses, pursuant to the directive, is as follows:

	As at 31.05.2012 RM'000	As at 31.05.2011 RM'000
Total retained profits of the Company and its subsidiaries:-		
Realised	55,575	60,480
Unrealised	(1,750)	(1,925)
	<hr/> 53,825	<hr/> 58,555
Consolidation adjustments and eliminations	(22,667)	(22,667)
Total group retained profits as per consolidated accounts	<hr/> <hr/> 31,158	<hr/> <hr/> 35,888

The determination of realised and unrealised profits or losses is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010. The disclosure of realised and unrealised profits or losses is made solely for complying with the disclosure requirements as stipulated in the directive of Bursa Malaysia Securities Bhd and is not made for any other purposes.

13. Authorisation for issue

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution of the Board.