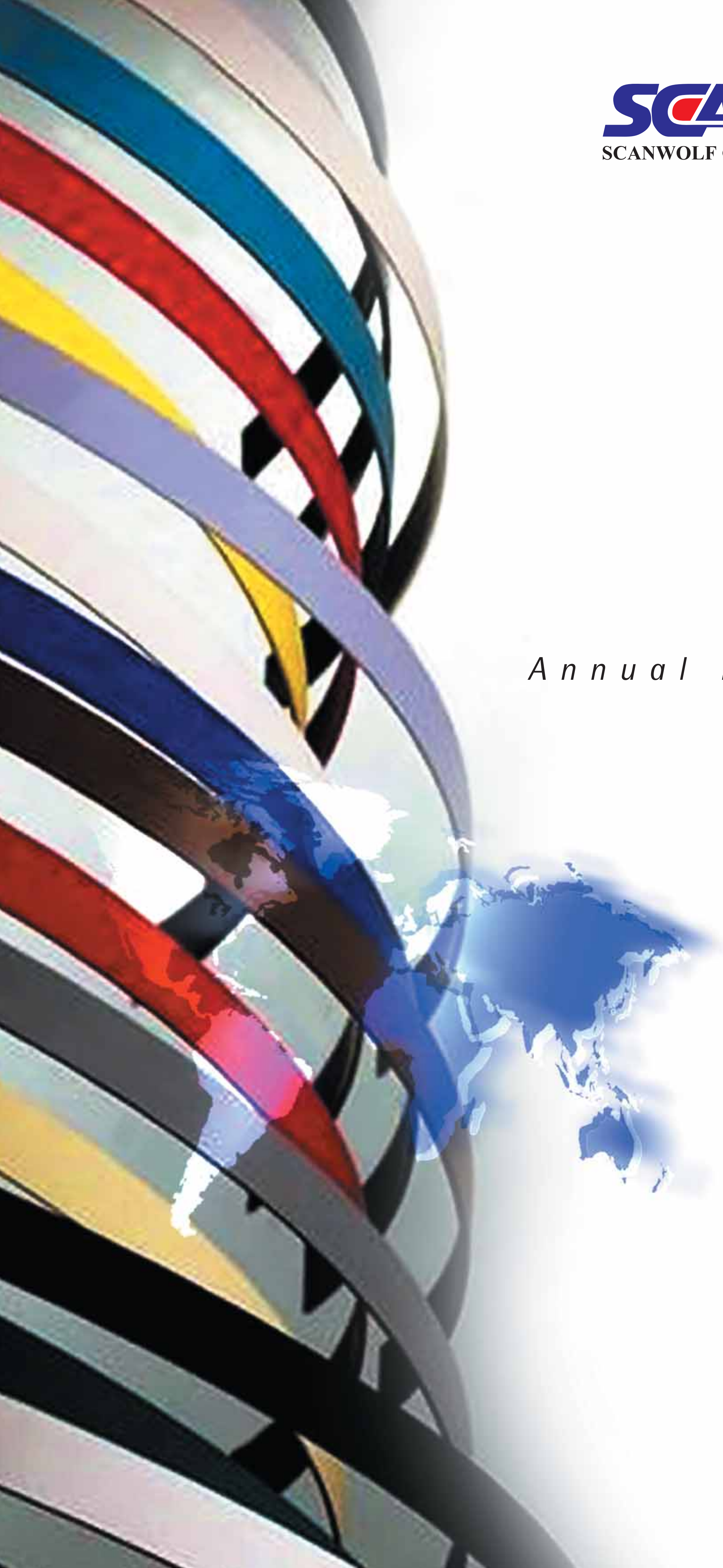


SCANWOLF CORPORATION BERHAD (740909-T)

Annual Report 2008

Contents

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Second Annual General Meeting of Scanwolf Corporation Berhad will be held at 11:00 a.m. on Wednesday, 30 July 2008 at Bonzai A – Level 4, Syuen Hotel, 88, Jalan Sultan Abdul Jalil, 30300 Ipoh, Perak Darul Ridzuan for the following purposes:-

AGENDA

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 March 2008 and the Reports of the Directors and the Auditors thereon. **(Resolution 1)**

2. To declare a first and final dividend of 3 sen per share, tax exempt in respect of the financial year ended March 31, 2008. **(Resolution 2)**

3. To approve the payment of Directors' fees. **(Resolution 3)**

4. To re-elect the following Directors retiring in accordance with Article 103(1) of the Articles of Association of the Company:-

   (i) Neoh Choo Kean **(Resolution 4)**
   (ii) Lim Beng Huat **(Resolution 5)**

5. To appoint Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**

6. As Special Business to consider and, if thought fit, to pass the following Ordinary Resolution:-

   Ordinary Resolution
   Proposed Share Buy-Back of up to ten percent (10%)
   of the issued and paid-up share capital of the Company

   "THAT, subject to the provisions of the Companies Act, 1965, the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad and any applicable laws, rules, orders, requirements, regulations and guidelines for the time being in force or as may be amended, modified or re-enacted from time to time and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to purchase such number of ordinary shares of RM0.50 each in the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company ("Directors") from time to time through Bursa Malaysia Securities Berhad upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company provided that the total aggregate number of shares purchased pursuant to this resolution shall not exceed 10% of the total issued and paid-up share capital of the Company at any point in time of the said purchase(s); and that the Directors of the Company shall allocate an amount of funds which will not be more than the aggregate sum of the retained profits and share premium of the Company for the Proposed Share Buy-Back;

   AND THAT upon completion of the purchase by the Company of its own shares, the Directors are authorised to decide at their discretion to cancel all the shares so purchased and/or to retain the shares so purchased as treasury shares of which may be distributed as dividends to shareholders and/or to resell on the market of Bursa Malaysia Securities Berhad and/or to retain part thereof as treasury shares and cancel the remainder;

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

AND THAT the Directors be and are hereby empowered immediately upon the passing of this Ordinary Resolution until the conclusion of the next annual general meeting of the Company at which time the authority shall lapse unless by ordinary resolution passed at a general meeting, the authority is renewed either unconditionally or subject to conditions; or the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or the earlier revocation or variation of their authority through a general meeting whichever is the earliest, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date." **(Resolution 7)**

7. To transact any other ordinary business of the Company for which due notice has been given.

By Order of the Board

CHAN CHEE KHEONG (MAICSA 0810287)
CHANG POOI YEE (MAICSA 7036213)
Secretaries

Ipoh
7 July 2008

Note:

A member of the Company entitled to attend and vote at the above-mentioned Meeting may appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy. The instrument appointing a proxy must be deposited at the Company's registered office at 41, Jalan Medan Ipoh 6, Bandar Baru Medan Ipoh, 31400 Ipoh, Perak Darul Ridzuan not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.

Ordinary Resolution
Proposed Share Buy-Back of up to ten percent (10%) of the issued and paid-up share capital of the Company

The resolution, if passed, will empower the Directors of the Company to purchase the Company's shares up to ten percent (10%) of the issued and paid-up share capital of the Company by utilising the funds allocated which shall not exceed the total retained profits and share premium of the Company. Please refer to the Share Buy-Back Statement dated 7 July 2008, which is dispatched together with the Company's Annual Report 2008.

Notice of Dividend Entitlement and Payment Dates

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the Second Annual General Meeting to be held on 30 July 2008, a first and final dividend of 3 sen per share, tax exempt in respect of the financial year ended 31 March 2008, will be paid on 18 August 2008 to shareholders registered in the Register of Members at the close of business on 4 August 2008.

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

a. Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 4 August 2008 in respect of ordinary transfers; and

b. Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

CHAN CHEE KHEONG (MAICSA 0810287)
CHANG POOI YEE (MAICSA 7036213)
Secretaries

Ipoh
7 July 2008

Statement Accompanying The Notice of Annual General Meeting

1. **Names of Directors who are standing for re-election:-**

   (i) Neoh Choo Kean (retiring pursuant to Article 103(1) of the Articles of Association of the Company);
   (ii) Lim Beng Huat (retiring pursuant to Article 103(1) of the Articles of Association of the Company)

2. **Details of attendance of Directors at Board Meetings:-**

   Three Board Meetings were held during the financial year from 01 April 2007 to 31 March 2008. Details of attendance of Directors at Board Meetings are stated in the Statement of Corporate Governance on page 16 of the Annual Report.

3. **Date, time and venue of Board Meeting:-**

   The Second Annual General Meeting of the Company will be held at 11:00 a.m. on Wednesday, 30 July 2008 at Bonzai A – Level 4, Syuen Hotel, 88, Jalan Sultan Abdul Jalil, 30300 Ipoh, Perak Darul Ridzuan.

4. **Profile of Directors standing for re-election:-**

   Please refer to pages 8 to 10 of the Annual Report.

5. **Securities Holdings in the Company and its Subsidiaries:-**

   The Company:-
   Please refer to page 93 of the Annual Report.

   Subsidiary Companies:-
   Please refer to page 93 of the Annual Report.

6. **Family Relationship:-**

   None of the Directors standing for re-election have any family relationship with the other Directors or major shareholders of the Company.

7. **Conflict of Interest:-**

   None of the Directors standing for re-election have any conflict of interest with the Company.

8. **Conviction of Offences:-**

   None of the Directors standing for re-election have been convicted of any offences for the past 10 years, other than traffic offences, if any.

Corporate Information

BOARD OF DIRECTORS
Neoh Choo Kean
(Chairman)
Loo Bin Keong
(Chief Executive Officer)
Tan Sin Keat
(Executive Director)
Leuk Sing King
(Executive Director)
Teoh Teik Kean
(Executive Director)
Lau Tiang Hua
(Independent Non-Executive Director)
Lim Beng Huat
(Independent Non-Executive Director)

AUDIT COMMITTEE
Lau Tiang Hua - *Chairman*
(Independent Non-Executive Director)
Lim Beng Huat
(Independent Non-Executive Director)
Neoh Choo Kean
(Independent Non-Executive Director)

REMUNERATION COMMITTEE
Neoh Choo Kean - *Chairman*
(Independent Non-Executive Director)
Lim Beng Huat
(Independent Non-Executive Director)
Loo Bin Keong
(Chief Executive Officer)

NOMINATION COMMITTEE
Lim Beng Huat - Chairman
(Independent Non-Executive Director)
Lau Tiang Hua
(Independent Non-Executive Director)
Teoh Teik Kean
(Executive Director)

COMPANY SECRETARY
Chan Chee Keong (MAICSA 0810287)
Chang Pooi Yee (MAICSA 7036213)

REGISTERED OFFICE
41, Jalan Medan Ipoh 6
Bandar Baru Medan Ipoh
31400 Ipoh, Perak Darul Ridzuan
Tel: 605-5480 888
Fax: 605-5459 222

BUSINESS ADDRESS
Lot PT404, Jalan Bota
Mukim Belanja, 31750
Tronoh, Perak Darul Ridzuan
Tel: 605-3677 866
Fax: 605-3677 852

REGISTRAR
PFA Registration Services Sdn Bhd
41, Jalan Medan Ipoh 6
Bandar Baru Medan Ipoh
31400 Ipoh, Perak Darul Ridzuan
Tel: 605-5451 222
Fax: 605-5459 222

PRINCIPAL BANKER
Public Bank Berhad
(Jalan Yang Kalsom Branch)
46-54, Jalan Yang Kalsom
30250, Ipoh, Perak Darul Ridzuan
Tel : 605 – 2547 323
Fax : 605 – 2535 528

HSBC Bank Malaysia Berhad
138, Jalan Sultan Yussuf
30000 Ipoh, Perak Darul Ridzuan
Tel: 605-241 1022
Fax: 605-241 9902

AUDITORS
Deloitte KassimChan
Chartered Accountant
87, Jalan Sultan Abdul Jalil
30450, Ipoh, Perak Darul Ridzuan
Tel: 605 – 2531 358
Fax: 605 – 2530 090

STOCK EXCHANGE LISTING
Second Board of Bursa Malaysia Securities Berhad

Board of Directors

From left:
Teoh Teik Kean, Lau Tiang Hua, Loo Bin Keong, Neoh Choo Kean, Lim Beng Huat, Tan Sin Keat & Leuk Sing King.

Directors' Profile

Neoh Choo Kean, 64, was appointed as our Independent Non-Executive Director on 23 May 2007. He was subsequently appointed non-executive Chairman of the Board of Directors on 2 April 2008. He obtained his Bachelor of Economics degree from the University of Malaya, and has over 25 years of experience in the banking industry with expertise in credit and risk management, strategic planning and human resource management. He held the position of Chief Operating Officer in a local public listed bank before leaving it in 2001. Prior to this, he has also served as a director of BHLB Trustee Berhad and BHLB Properties Sdn Bhd, both wholly-owned subsidiaries of Ban Hin Lee Bank Berhad where he was the General Manager.

Since leaving the banking industry in 2001, he joined an Australian performance management consultancy company as a business associate. He has also undertaken advisory projects for a development financial institution as well as consultancy assignments for RAM Consultancy Services Sdn Bhd, a subsidiary of Rating Agency Malaysia Berhad.

Neoh Choo Kean is the Chairman of Remuneration Committee and a member of Audit Committee. He has attended all three (3) Board Meetings held during the financial year ended 31 March 2008. He does not have any relationship with any Director and/or major shareholders of the Company, nor does he have any conflict of interest with the Company. He has had no conviction for any offences within the past ten (10) years.

Loo Bin Keong, 50, was appointed as Chief Executive Officer ("CEO") on April 2, 2007. He is one of the founders of Scanwolf Plastic Industries Sdn. Bhd. ("SPI"), a wholly-owned subsidiary of the Company, and served as its Chairman/CEO until today. He is also the Chairman/CEO of Scanwolf Building Materials Sdn. Bhd. ("SBM"), which is also a wholly-owned subsidiary of the Company.

Loo Bin Keong has more than 30 years experience in the furniture fittings and plastic extrusion industries. He is credited with the early expansion and transformation of SPI into an integrated manufacturer of a wide range of extrusion products, specialising in edgebands and profiles. He has diverse practical experience in the marketing and management of the business.

Loo Bin Keong is a member of Remuneration Committee. He has attended all three (3) Board Meetings held during the financial year ended 31 March 2008. He does not have any relationship with any Director and/or major shareholders of the Company, nor does he have any conflict of interest with the Company except he is also the CEO and substantial shareholder of the Company. He has had no conviction for any offences within the past ten (10) years.

Tan Sin Keat, 44, was appointed as our Executive Director on April 2, 2007. He is one of the founders of SPI and still served as its Executive Director. He also served as a Director of SBM.

Tan Sin Keat has 25 years experience in the extrusion industry and is currently responsible for the product and business development aspect of the Group. His skill, knowledge and experience in various areas of PVC extrusion business, including machinery fabrication and colour matching, contributed immensely to the growth of the Group.

Tan Sin Keat has attended all three (3) Board Meetings held during the financial year ended 31 March 2008. He does not have any relationship with any Director and/or major shareholders of the Company, nor does he have any conflict of interest with the Company except he is also the Executive Director and substantial shareholder of the Company. He has had no conviction for any offences within the past ten (10) years.

Leuk Sing King, aged 47, was appointed as our Executive Director on April 2, 2007. He is one of the founders of SPI and still served as its Executive Director.

Leuk Sing King graduated with a Bachelor's Degree in Management Economics from the University of Guelph, Ontario, Canada in 1983. He has more than 20 years experience in the extrusion industry. He is currently responsible for the production and quality aspect of the business.

Mr. Leuk Sing King is also the Chairman of the Malaysian Plastic Manufacturers Association, Perak Branch.

Leuk Sing King has attended all three (3) Board Meetings held during the financial year ended 31 March 2008. He does not have any relationship with any Director and/or major shareholders of the Company, nor does he have conflict of interest with the Company except he is also the Executive Director and substantial shareholder of the Company. He has had no conviction for any offences within the past ten (10) years.

Mr. Teoh Teik Kean, 51, was appointed as our Executive Director on 2 April 2007. He joined SPI in March 1, 2004 and is currently serving as its Corporate Planner.

Teoh Teik Kean graduated from Ungku Omar Polytechnic, Ipoh, Perak with a Diploma in Accountancy in 1977. Since his graduation, he has been working with a public listed local banking until he joined SPI on March 1, 2004. His last posting in the banking industry before joining SPI was as a Regional Business Development Manager. His contributions in SCB include ensuring the smooth and successful listing of the Group on the Second Board of Bursa Malaysia Securities Berhad.

Mr. Teoh Teik Kean is an associate member of the Institute of Bankers, Malaysia.

Teoh Teik Kean is a member of Nomination Committee. He has attended all three (3) Board Meetings held during the financial year ended 31 March 2008. He does not have any relationship with any Director and/or major shareholders of the Company, nor does he have any conflict of interest with the Company except he is also the Executive Director and a shareholder of the Company. He has had no conviction for any offences within the past ten (10) years.

Lau Tiang Hua, 55, was appointed as our Independent Non-Executive Director on 23 May 2007. He is a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. He articled with Peat, Marwick, Mitchell & Co (now known as KPMG) and later served as an Audit Manager with Arthur Young & Co (now known as Ernst & Young). He was General Manager for Finance and Administration, with Star Publications (Malaysia) Berhad before starting his own practice, JB Lau & Associates, Chartered Accountants in Penang in 1985.

Currently, he also sits on the board of PanGlobal Berhad, Malaysia Building Society Berhad, Tomei Consolidated Berhad, Land & General Berhad and Ewein Berhad.

Lau Tiang Hua is the Chairman of the Audit Committee and a member of Nomination Committee. He has attended all three (3) Board Meetings held during the financial year ended 31 March 2008. He does not have any relationship with any Director and/or major shareholders of the Company nor does he have any conflict of interest with the Company. He has had no conviction for any offences within the past ten (10) years.

Lim Beng Huat, 56, was appointed as our Independent Non-Executive Director on 23 May 2007. Upon completion of his secondary school in St Xavier's Institution, Penang, he joined Ban Hin Lee Bank Berhad (now known as CIMB Bank Berhad) in 1973. He held various managerial positions in the bank for a period of 34 years.

Lim Beng Huat is a Chairman of Nomination Committee and a member of Remuneration Committee. He has attended all three (3) Board Meetings held during the financial year ended 31 March 2008. He does not have any relationship with any Director and/or major shareholders of the Company nor does he have any conflict of interest with the Company. He has had no conviction for any offences within the past ten (10) years.

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the inaugural Annual Report and Audited Financial Statements of Scanwolf Corporation Berhad and its Group of Companies ("the Group") for the financial year ended 31 March 2008.

THE YEAR IN REVIEW

The year 2007 marks a significant milestone in the history of the Group. Scanwolf Corporation Berhad was successfully listed on the Second Board of Bursa Malaysia Securities Berhad ("Bursa Malaysia") on 16 July 2007.

Scanwolf Corporation Berhad ("SCB") is principally an investment holding company with two wholly-owned subsidiary companies, namely Scanwolf Plastic Industries Sdn. Bhd. and Scanwolf Building Materials Sdn. Bhd.

Our Group is primarily a designer and manufacturer of Plastic Extrusions for the furniture industry. Our secondary activities include manufacturing of PVC Compounding, processing of PVC Coils and trading of industrial consumables as well as other building materials.

SCB can be proud of the fact that it is currently the only designer and manufacturer of plastic extrusions to be listed on Bursa Malaysia.

Since its listing, your management has stepped up its initiative to expand its customer base particularly in the international marketing space. During the year, we participated in three (3) exhibitions, which include Interzum Guangzhou 2008 held in Guangzhou, China, Index Dubai 2007 held in Dubai, UAE and Malaysian International Furniture Fair held in Kuala Lumpur. In addition, our Group's distributors have also actively participated in exhibitions and trade fairs on our behalf whereby they promote our Group's brands and products. These exhibitions and trade fairs include Worldbex 2007 in The Philippines and 3rd International Kitchenware and Equipments Exhibition of Iran in Teheran, Iran. Our Group markets our products locally and currently in 27 countries worldwide.

The greater marketing efforts put in by your management was also complemented by the Group's continuous effort to improve the utilization of its production capacity.

We have also expanded our extrusion capacity during the year by adding three (3) new high capacity extruders from Germany. With this addition, we now have a total of 39 extrusion lines of which three (3) are palletizing extrusion machines. Thus we are able to increase our total machine design capacity from 5,268 tonnes to 6,093 tonnes per annum representing an increase of 16%.

On the corporate front, I am pleased to report that your Company is actively planning for the future expansion of its operations overseas. On 18 January 2008, SCB signed a Letter of Confirmation with Vietnam Singapore Industrial Park JV Co. Ltd for the lease of a piece of land measuring about 28,000 square meters in Vietnam for a total consideration of USD1,064,000-00. The handover date of the land is estimated to be on or about 3rd quarter 2009.

The rationale of the Land Lease is to enable our Group to construct a factory to expand its production capacity to meet the increasing demand of the Indochina market.

The Land Lease will not have any effect on the issued and paid-up share capital and the shareholdings of the substantial shareholders of the Group as the consideration is wholly in cash.

The Board of Directors of the SCB is of the opinion that the Land Lease is in the best interest of the Group.

FINANCIAL PERFORMANCE

The financial year ended 31 March 2008 marked the first year of operation following our listing on the Second Board of Bursa Malaysia. Group revenue increased by 34.4% to RM42.25 million from RM31.43 million achieved in financial year 2007.

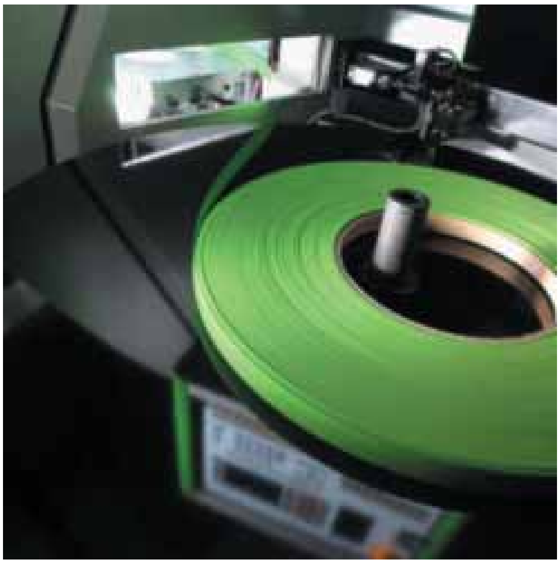
The Group registered a pre-tax profit of RM8.12 million representing an improvement of 32.3% over RM6.14 million recorded in the previous financial year. Profit after tax attributable to shareholders in 2008 amounted RM7.32 million, an increase of 35.1% from RM5.42 million previously.

Looking back on what was a successful year, I am very pleased to report that your Company has met all the key forecasted targets as set out in our prospectus dated 26 June 2007 as shown in the table.

	Forecast RM'000	Actual RM'000	Inc/(Dec) %
Revenue	35,449	42,251	19.2
Profit Before Tax	7,804	8,121	4.1
Taxation	(718)	(806)	12.3
Profit After Tax	7,086	7,315	3.2
Earnings per share (sen)	9.77	10.05	2.9

The good results were achieved through meeting our sales targets as well as through our upgrading and expanding our production capacity while keeping a close watch on the Group's expenses. Export sales contributed 67.4% of out total revenue, increasing by 50.2% to RM28.47 million from the RM18.96 million achieved in the previous financial year. Meanwhile local sales revenue grew by 10.6 per cent to RM13.78 million when compared to the previous year's record.

At the close of the financial year ended 31 March 2008, shareholders' fund stood at RM49.48 million.



MARKET PROSPECTS AND OUTLOOK

The financial year ahead is expected to be a challenging one in view of international economic uncertainties arising from continuing rise in petroleum prices, unpredictable currency fluctuations, US economic downturn and more recently shortage and rising food prices. Under these circumstances, your Management will continue to monitor closely the economic and business conditions as they unfold but will continue to forge ahead with its business plans and strategies for the year ahead.

Our Group strategies going forward will be to further entrench our products across all furniture and building material market segments, to further expand our geographical reach both in domestic and overseas markets, as well as to introduce more new products to serve our existing and new customers.

Our Group will continue to capitalize on our reputation as a market leader in Malaysia, product quality, efficient service and established network to strengthen our market position locally and abroad. In addition, our Group will continue to explore new potential foreign markets by participating in international trade fairs for our products.

In anticipation of inflationary pressures, our Group will strive to enhance its efficiency levels to ensure cost effectiveness. Significant focus on productivity, stringent quality control and constant endeavour in adding value to our product will continue to be our key differentiating factors in this highly competitive and challenging industry to enable us to stand distinctly apart from our competitors both locally and abroad.

Barring unforeseen circumstances, our Group is expected to perform satisfactorily in the coming financial year.

DIVIDEND

The Board of Directors is pleased to recommend a first and final tax-exempt dividend of 3 sen per ordinary share of RM0.50 each amounting to RM2.40 million in respect of the financial year ended 31 March 2008 for the shareholders' approval at the forthcoming Annual General Meeting.

ACKNOWLEDGEMENT

First of all, the Board of Directors would like to place on record its deep appreciation and thanks to all the relevant parties, particularly those Governmental authorities and Bursa Malaysia that have contributed to our Group's successful listing.

Our grateful thanks also go to all our customers and supporters, both local and overseas who have contributed to the growth and success of the Group all these past years, as we look forward to their continued support in the years to come.

The Board of Directors would also like to express our sincere appreciation to our shareholders, business associates, government authorities and bankers for their continued confidence and support in the Group.

To our loyal and hardworking management and staff, we would like to record our sincere thanks for their continued dedication, commitment to the Group. Their cooperation and productive contribution has been and will be the foundation of our continued success.

The Board of Directors also wishes to extend its thanks and appreciation to Encik Zakaria Merican who served the Board as its Chairman until his resignation on 24 January 2008

On a personal note, I thank my fellow Directors for the support, cooperation and useful advice that have made my job as Chairman much easier.

NEOH CHOO KEAN
Chairman

THE MALAYSIAN CODE ON CORPORATE GOVERNANCE SETS OUT THE PRINCIPLES AND BEST PRACTICES ON STRUCTURES AND PROCESSES USED TO DIRECT AND MANAGE THE BUSINESS AND AFFAIRS OF THE COMPANY TOWARDS ENHANCING CORPORATE ACCOUNTABILITY WITH THE OBJECTIVE OF REALISING LONG-TERM SHAREHOLDERS' VALUE, WHILST TAKING INTO CONSIDERATION THE INTEREST OF OTHER STAKEHOLDERS.

The Board of Directors of Scanwolf Corporation Berhad ("SCB") is committed to ensuring that the highest standards of corporate governance are practised throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and the performance of the Group.

The Board is pleased to report on the main corporate governance practices of the Group for the year ended 31 March 2008.

BOARD OF DIRECTORS ("THE BOARD")

The Board of SCB undertakes full responsibility of controlling and providing the direction for the Group in formulating policies, setting strategic focus and priorities and overseeing viable investments and the sound operations of the Group.

In compliance with the Listing Requirements, the Board comprises of four (4) executive directors and three (3) independent non-executive directors. The profile of each director is presented on pages 8 to 10 of this Annual Report.

Board Balance

The Board of SCB has a good combination of directors with appropriate skills in management, operational and decision-making processes and enjoys the benefit of good balance in terms of participating minds during deliberation and discussions. The members of the Board have always acted independently in expressing their thoughts and views without any influence from any other members. This enables the Board to operate in an atmosphere of equitable power and authority, thus avoiding situations where individuals or a group of individual may seek to dominate.

All members of the Board are individuals who are committed to business integrity and professionalism. Their extensive work experiences in various fields enable them to exercise balance and sound judgment on issues of group strategy, performance, resource planning and utilization and standards of conduct.

The Board has nominated the Audit Committee Chairman as the Senior Independent Non-Executive Director to whom concerns may be conveyed.

Role of the Chairman and the Chief Executive Officer

There is a clear accepted division of responsibility between the Non-Executive Chairman of SCB and its Chief Executive Officer ("CEO"). The positions of the Chairman and the CEO are held by separate persons to ensure a clear demarcation of responsibilities.

The Non-Executive Chairman is entrusted, along with the other members of the Board, the task of developing the Group's overall business policies and strategic direction whilst the CEO is responsible for the implementation of such policies and decisions as well as serve as a link to the Board in providing feedbacks on the business operations. The CEO, in his day-to-day management of the Company, is ably assisted by the Executive Directors.

Board Responsibilities and Duties

During the year under review, the Board retained full and effective control over the affairs of the Group. The primary focus of the Board is on the overall strategic planning, performing periodic reviews of business and financial performance, adopting and reviewing risk management, exercising internal controls and enforcing legal statutory compliance.

The presence of Independent Non-Executive Directors further strengthens the Board in providing unbiased and independent views, advices and judgements as well as to safeguard the interest of the minority shareholders. The Board also contributes to the formulation of policies and decision-making through their expertise and experience.

Apart from the above, the Board's more specific responsibilities include the following:-

- Reviewing and guiding the Group's corporate strategy and adopting a strategic plan for the Group through the development of risk policy, annual budgets and long term business plans, reviewing major capital expenditures and acquisitions.

- Monitoring corporate performance and the conduct of the Group's business and ensuring compliance to best practices and principles of corporate governance.

- Identifying and implementing appropriate systems to manage principal risks. The Board undertakes this responsibility through the Audit Committee.

- Ensuring the existence of and reviewing the adequacy and soundness of the Group's financial systems, internal control systems and management systems in compliance with applicable standards and laws and regulations.

- Developing and implementing an investor relation programme as well as a shareholders' communication policy for the Group.

Board Meetings

Board meetings are planned ahead and the meeting dates are approved in advance by the Board at each quarterly meeting to enable the directors to plan and adjust their schedules to ensure good attendance and the expected degree of attention given to the Board agenda. A minimum of four (4) scheduled meetings are planned for the financial year.

The scheduled meetings of the Board are timed to take into account the need to review and deliberate on the Group's quarterly financial results before their announcement to Bursa Malaysia Securities Berhad.

The Board meetings are also scheduled to facilitate review of financial and operational performance of the Group at appropriately paced intervals. Additional meetings are held as and when deemed necessary.

The agenda for the Board meetings are discussed and cleared with the Chairman prior to the meeting dates. All Board papers for consideration are distributed in advance to ensure the directors have sufficient time to prepare for the relevant discussion during the meetings.

The Board receives support and guidance in discharging its duties and responsibilities from the Company Secretary. The Company Secretary is required to update the Board on the latest rules and regulations from Bursa Malaysia and all other relevant governmental authorities.

There were three (3) meetings held during the financial year ended 31 March 2008. All Directors attended the three (3) meetings. In addition, the Executive Directors meet regularly to discuss corporate strategy, business operations and results of the business units in the Group.

Board Committees

To ensure its effectiveness in the periodic monitoring, deliberating and safeguarding of shareholders' interest, the Board has delegated certain of its responsibilities to the Board Committees which operate within clearly defined Terms of Reference to carry out their responsibilities in a supporting role to the Board. These Board Committees provide added assurance and accountability to shareholders.

The Board Committees, comprising of members from the Board itself, are empowered to deliberate and examine issues delegated to them and provide feedbacks to the Board with their recommendations and comments.

The Board Committees are as follows:-

- **Audit Committee**

  The Audit Committee operates under a clearly defined terms of reference stating its roles and responsibilities in ensuring the quality and integrity of the practices of the Group.

  The Audit Committee comprises of three (3) Board members, all of whom, including the Chairman, are Independent Non-Executive Directors. The selection of members of the Audit Committee is designed to ensure a balance in the members' roles and responsibilities within the Committee.

  The principal objective of the Committee is to assist the Board in ensuring the Group's process of assessing internal controls, corporate governance and other compliance requirements of the Group have been, and are in full effect.

  In accordance with the best practices of corporate governance, the Audit Committee presents its report on pages 27 to 30 of this Annual Report.

- **Nomination Committee**

  The primary responsibility of the Nomination Committee is to ensure proper Board succession for the Group by considering and recommending eligible candidates for directorship in the Board.

  The Nomination Committee comprises of three (3) Board members, two (2) of whom, including the Chairman, are Independent Non-Executive Directors and the other is an Executive Director.

  The Committee's duties and other responsibilities include:-

  i. Making appropriate recommendations to the Board on matters of renewal, extension, retirement, appointment and re-appointment of Director.

  ii. Assessing and recommending suitable candidate for directorship and ensuring an appropriate plan for Board succession for the Group.

iii. Reviewing annually the mix of skills and experience and the effectiveness of the Board as a whole, the committees of the Board and contributions of each individual Director to the decision making process of the Board.

During the year under review, the Nomination Committee met a total of three (3) times to carry out its responsibilities, attended by all members of the Nomination Committee.

- **Remuneration Committee**

The Remuneration Committee operates in accordance with the established structure and policy given by the Board which includes the following responsibilities and duties:-

i. To review and recommend to the Board the remuneration policy and framework for the directors' remuneration and benefits including those for Executive Directors and key senior management personnel, ensuring that the level of remuneration and benefits are sufficiently competitive to attract, motivate and retain a team of Executive Directors and key management executives to manage the Group successfully and profitably.

ii. Reviewing and recommending to the Board the contributions and performance of Executive Directors and key management executives on an annual basis to determine the level of rewards, both monetary and non-monetary, to be awarded to them based on the Group's financial performance.

iii. To evaluate and recommend to the Board, any other policies and matters related to payments to directors and key management executives as may be referred to it by the Board from time to time.

The Committee consists of three (3) Directors of which two (2) are Independent Non-Executive Directors. The Chairman is an Independent Non-Executive Director.

During the year under review, the Remuneration Committee met a total of three (3) times, attended by all members of the Remuneration Committee.

SUPPLY OF INFORMATION

Every member of the Board has full and unrestricted access to senior management within the Group and is entitled to seek advice and services of the Company Secretary.

The Board members are supplied with required and timely information which allow them to discharge their responsibilities effectively and efficiently. Prior to each meeting, every director is given the complete agenda and a set of Board papers for each agenda item to be deliberated.

The Directors have the consent of the Board, whether acting as full Board or in their individual capacity to take independent professional advice, where necessary, in furtherance of their duties. However, no such advice was sought by any of the Directors during this financial year.

DIRECTORS' TRAINING

The Board encourages its Directors to participate in talks, seminars, workshops and conferences to update and enhance their skills and knowledge to enable them to carry out their roles effectively and in discharging their responsibilities towards corporate governance with particular attention to operational and regulatory issues.

In compliance with the Listing Requirements of Bursa Malaysia Securities Berhad, all members of the Board have completed the Mandatory Accreditation Programme (MAP).

APPOINTMENT AND RE-ELECTION OF DIRECTORS

- **Appointment of Directors**

  The Board appoints its members through a formal process that is consistent with the Company's Articles of Association.

  The proposed appointment of new members to the Board, as well as proposed re-appointment and retirement of Directors by rotation seeking re-election at the Annual General Meeting are recommended by the Nomination Committee to the Board for approval.

  New members of the Board are encouraged to undergo an in-house company training programme to familiarize with the operation of the Group.

- **Re-election of Directors**

  In accordance with the Articles of Association of the Company, one-third of the Board of Directors shall retire from office at each Annual General Meeting and, subject to eligibility, may offer themselves for re-election.

  Directors who are appointed by the Board during any part of the year shall hold office until the next Annual General Meeting of the Company and they shall retire and be eligible for re-election.

  The Articles of Association also provide that all Directors shall retire at least once in 3 years.

DIRECTORS' REMUNERATION

The Board has empowered the Remuneration Committee to deliberate, examine and propose the compensation level of remuneration for Directors guided by the need to attract and retain Directors with the right caliber and experience to run the Group successfully.

The Remuneration Committee is charged with the responsibility to set the framework and benchmark values on compensation and benefits in line with market norms and industry practices. The Committee strives to ensure adoption of fair structure of compensation comparable to those organizations of similar size, market sector and business complexity.

Details of the Directors' remuneration for the financial year ended 31 March 2008 are as follows:-

Category	Fees RM	Salaries RM	Benefits in Kind RM	Other emoluments RM	Total RM
Executive Directors	48,000	588,000	103,750	184,800	924,550
Non-Executive Directors	76,000	-	-	-	76,000
Total	124,000	588,000	103,750	184,800	1,000,550

The number of Directors whose remuneration fell within the following bands is shown below:-

Director's Remuneration	Executive Directors	Non-Executive Directors
Below 50,000	-	4**
150,001 to 200,000	1	-
200,001 to 250,000	2	-
300,001 to 350,000	1	-

The Directors' fees payable are subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

** Includes one Director who resigned during the financial year.

ACCOUNTABILITY AND AUDIT

- **Financial Reporting**

  The Board of SCB acknowledges its responsibility to ensure that the Group's financial statements present a true and fair assessment of the state of affairs and are in accordance with the applicable and approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

  The Board is also committed to provide the highest level of disclosure possible to ensure integrity and consistency of financial reports.

  The Group publishes full financial statements annually and condensed financial statements quarterly as required by the Listing Requirements of Bursa Malaysia Securities Berhad.

  The Audit Committee assists the Board in scrutinizing information for disclosure to ensure accuracy, adequacy and completeness.

- **Directors' Responsibility Statement in respect of the Financial Statements**

  The Directors are required under the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and Company at the end of the financial year and of the results and cash flows of the Group and Company for the financial year.

  The Directors are satisfied that in preparing the financial statements of the Group and the Company for the financial year ended 31 March 2008, the Group has used the appropriate accounting policies and applied them consistently. The Directors are also of the view that relevant approved accounting standards have been followed in the preparation of these financial statements.

  The Statement by Directors pursuant to Section 169 of the Companies Act 1965 is set out on page 91.

- **Internal Control**

  The Board of SCB acknowledges its overall responsibility for continuous maintenance of a sound system of internal control to safeguard shareholders' investments and Company's assets.

  The Internal Audit function which was outsourced for the financial year ending 31 March 2009, will act as support to the Board through the Audit Committee to undertake review, assess and provide feedbacks on the effectiveness of the internal control systems in place and the compliance of the operating system to such controls. The Internal Auditor will report to the Board's Audit Committee which reviews the tasks and results of the audit assignment periodically. The Internal Auditor will operate independently from the management of the Group.

  In line with the requirement of the Bursa Malaysia Securities Berhad, a Statement on Internal Control is set out from pages 25 to 26 in this Annual Report.

- **Relationship With Auditors**

  The Group's external auditors continue to provide independent assurance to shareholders on the Group's operational controls and financial statements. The Group, through the Audit Committee, has established a transparent and appropriate relationship with the auditors to meet their professional requirements.

  The auditors are invited to attend the Audit Committee meetings as and when required apart from the scheduled meeting when the external auditors present the audited financial statement of the Group to the Committee. During such meetings, the auditors highlight and discuss the nature, scope of the audit, internal controls and problems that may require the attention of the Board.

  During the year under review, the Audit Committee met a total of two (2) times with the external auditors. Meetings with auditors were held without the presence of the Executive Directors.

SHAREHOLDERS' COMMUNICATIONS

The Board is continuously maintaining adequate communication with shareholders by dissemination of information on performance and strategic decisions via the distribution of Annual Reports, Circulars, Quarterly Financial Reports, press releases and announcements.

The Annual General Meeting ("AGM") of the Group provides a forum for shareholders to participate effectively in the deliberation on the Group's affairs including resolutions tabled at the AGM. All shareholders will have direct access to Board members at this AGM.

ADDITIONAL COMPLIANCE INFORMATION

- **CORPORATE SOCIAL RESPONSIBILITY STATEMENT**

  "Corporate Social Responsibility is the continuing commitment by businesses to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large" (Source: World Business Council for Sustainable Development)

  Scanwolf Corporation Berhad ("SCB") recognizes the initiatives taken by the Government and Bursa Malaysia Securities Berhad to increase the awareness of corporate social responsibility ("CSR") among Malaysian companies. The principal approach towards CSR is the integration of business practices with strong ethical value towards achieving the fiscal goals of the Group, while at the same time aligning with the aspirations of society, local community and other stakeholders in general.

  At SCB, we are also conscious of the environment we operate in and continuously seek to equip our employees, with the tools and skills they need to effectively support the organization. We are also committed to society at large, contributing in meaningful ways to make difference in their lives.

  It is with this underlying appreciation that SCB presents the CSR Statement for the financial year ended March 31, 2008.

  Human Resource Development

  SCB believes that employees with good knowledge, competent skills and positive attitude are among the cornerstones for its continuous success. Thus we actively create opportunities for our employees to develop and realize their true potential through formal and informal training opportunities, whether on the job or outside the job. This includes participation in external or internally organized trainings in various job related areas.

  Employee performance review is conducted for each employee on an annual basis. The objective of the performance review is to provide a systematic and comprehensive approach in evaluation of employee performance in relation to competencies and agreed deliverables. The outcome of the review is used to establish the employees' development plan, training needs, career aspirations and appropriate remuneration package.

  To achieve better working relationship among colleagues, annual events such as staff annual dinner and short holiday trip are organized to foster better unity and understanding among the workforce.

Safety And Health

The Occupational Safety and Health policy in SCB is committed to the provision of a safe and healthy working environment for employees in the Group. The Occupational Safety and Health Committee was set up as part of the Group's plan to ensure a healthy and safe working environment for the employees. The Committee is chaired by an Executive Director and its members include employees from various departments of the Company. The Committee ensures that all initiatives on safety and health implemented by the Group are appropriately adhered to.

Environmental Management

As part of our CSR agenda, we strive to minimize any adverse impact our operation may have on the environment and to achieve continuous improvement with regards to our factory's environmental performance.

Industrial wastes are properly disposed of by a licensed industrial waste collector on a regular and systematic manner. Recyclable items such as carton boxes, plastic containers and wooden pallets are sold off and the proceeds contributed to staff fund for the benefit of the staff.

Community

As a responsible corporate citizen, SCB has from time to time made financial contributions and donations to various organizations and schools. SCB places great importance in educating and providing healthy sporting and social activities for the young in our country and as part of it corporate social responsibility, it has contributed financially to schools, colleges, youth bodies and charitable organizations for them to carry out their various programmes.

For this financial year, two (2) schools, a university, a private education fund and a cancer hospital received the Company's support.

Our Commitment

Scanwolf Corporation Berhad will continue to enhance its commitment towards Corporate Social Responsibility to ensure that all stakeholders will be able to benefit from our existence.

- **Utilisation of Proceeds**

  As at 31 March 2008, the status of the utilisation of proceeds raised by the Group from its Initial Public Offering are as follows:-

	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000
Capital expenditure	6,200	6,200	-
Working capital	4,076	4,076	-
Repayment of bank borrowings	9,500	9,500	-
Defray listing expenses	2,000	1,562	*438
Total	**21,776**	**21,338**	**438**

  * Utilised as working capital

- **Material Contracts**

  There were no material contracts entered into during the financial year ended 31 March 2008 involving Directors' and major shareholders' interests.

- **Sanctions and/or Penalties**

  During the financial year ended 31 March 2008, no material sanctions and/or penalties were imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies.

- **Non-Audit Fees**

  Non-audit fees paid /payable during the financial year ended 31 March 2008 amounted to RM3,000.

- **Share Buy-Back**

  The Company does not have a scheme to buy back its own shares.

- **Option, Warrants or Convertible Securities**

  The Company did not issue options, warrants or convertible securities during the financial year ended 31 March 2008.

- **American Depository Receipt (ADR) or Global Depository Receipt (GDR)**

  The Company did not sponsor any ADR or GDR during the financial year ended 31 March 2008.

- **Results Variation**

  Variation of results from profit forecast are shown in page 12. There was no variance by more than 10% between the audited results for the year from the unaudited results that were announced.

- **Profit Guarantee**

  There were no profit guarantee given by the Group during the financial year

- **Revaluation Policy**

  The Group has not adopted a revaluation policy on its landed properties during the financial year ended 31 March 2008 except that the carrying amount of investment property of the Group was stated at its fair value.

STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE CODE

In compliance with the Best Practices of the Code, the Board hereby provides the assurance that it has maintained a high standard of corporate governance throughout the Group and has strived to achieve the highest level of integrity and ethical standard in all its business dealings.

This statement is made in accordance with the resolution of the Board of Directors dated 16 June 2008.

Statement on Internal Control

Introduction

Your Board of Directors of Scanwolf Corporation Berhad recognises the importance of a sound system of internal control to safeguard shareholders' investments and the Group's assets. This Statement on Internal Control outlines the nature and scope of internal control of the Group during the financial year pursuant to paragraph 15.27(b) of the Listing Requirements of Bursa Malaysia Securities Berhad and the Statements on Internal Control: Guidance for Directors of Public Listed Companies.

Board Responsibilities

Your Board recognises the importance of a sound system of internal controls and risk management framework to good corporate governance practices. The Board affirms its overall responsibility for the Group's system of internal controls and risk management, and for reviewing the adequacy and integrity of those systems. However, it should be noted that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives. In addition, any system could provide only reasonable, and not absolute assurance against material misstatement or loss.

The Board has in place an ongoing process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives throughout the period. This process is regularly reviewed by the Board which dedicates time for discussion on this subject.

The Group's system of internal controls comprises the following key elements:

Board meetings

Your Board meets at least quarterly and has a formal agenda on matters for discussion. The Chairman leads the meeting and provides the forum for comprehensive deliberations of important issues before arriving at any decision.

Organisational structure

Clearly defined delegation of responsibilities to the committees of the Board and to the management including authorization level for all aspects of the business is in place. The Board committees which are in place are the Audit Committee, the Nomination Committee and Remuneration Committee.

Operational Policies

There are policy guidelines and authority limits imposed on Executive Directors and management within the Group in respect of the day-to-day operations including acquisitions and disposal of assets.

Risk Management

Your Board is fully aware of the principal risks faced by the Executive Directors and management in the day-to-day operations of the Group. In this respect, the Audit Committee plays a very active role in identifying risk areas for deliberation and action.

Internal Audit

The Group has outsourced the internal audit function to Finfield Corporate Services Sdn. Bhd., an independent internal auditor, and they will commence their assignment in the next financial year ending 31 March 2009. The internal auditor will report directly to the Audit Committee.

Review of Statement on Internal Control by External Auditors

The external auditors have reviewed this Statement on Internal Control for inclusion in this annual report for the year ended 31 March 2008 and have reported to your Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process your Board has adopted in the review of the adequacy and integrity of internal control of the Group.

This Statement is made in accordance with the resolution of your Board of Directors dated 16 June 2008.

Audit Committee Report

1. COMPOSITION

The Audit Committee is appointed by the Board of Directors from amongst its members. The Audit Committee comprised the following three (3) independent non-executive members:-

Lau Tiang Hua	Chairman
Neoh Choo Kean	Member
Lim Beng Huat	Member

Pursuant to the revised Malaysian Code of Corporate Governance, Mr Leuk Sing King, a Non Independent Executive Director, resigned as a member of the Audit Committee on 17 November 2007. The Audit Committee now comprises wholly of non-executive directors.

a) The Audit Committee shall comprise at least 3 directors.

b) The alternate directors shall not be appointed as members of the Audit Committee.

c) All the Audit Committee members must be non-executive directors, with majority of them being independent directors.

d) At least one member of the Audit Committee:-

  (i) Must be a member of the Malaysian Institute of Accountants; or

  (ii) If he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years working experience; and

    - He must have passed the examinations specified in Part I of the 1st Schedule of the Accountant's Act 1967; or

    - He must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountant's Act 1967; or

  (iii) Fulfils such other requirements as prescribed or approved by Bursa Securities.

e) Members of the Audit Committee shall elect a Chairman, who shall be an Independent Non-Executive Director from among their members.

f) Members of the Audit Committee shall be appointed for a period of 3 years and shall be eligible for re-appointment.

g) In the event of any vacancy in the Audit Committee resulting in the number of members is reduced to below 3, the vacancy must be filled within 3 months.

h) The Board shall review the terms of office and performance of the Committee and each of its members at least once every three years to determine whether the Committee and its members have carried out their duties in accordance with the terms of reference.

2. OBJECTIVES

a) The Audit Committee is to serve as a focal point for communication between Directors, the external auditors, internal auditor and the Management on matters in connection with accounting, reporting and controls.

b) The Audit Committee is to assist the Board in fulfilling its fiduciary responsibilities for ensuring quality, integrity and reliability of the practices of the Group.

c) The Audit Committee will reinforce the independence of the Group's external and internal auditors.

3. FUNCTIONS

The Audit Committee shall, amongst others, discharge the following functions:-

a) Review the following and report the same to the Board:-

i) With the external auditors their audit plan, their evaluation of the system of internal controls and their audit report;

ii) The assistance provided by employees to the external auditors;

iii) The adequacy of the scope, functions, competency and resources of the internal audit function and the necessary authority given to the internal auditor in order for him to carry out his work;

iv) The internal audit plan and the results of the internal audit undertaken and whether or not appropriate action has been taken on the recommendations of the internal auditor;

v) Quarterly interim financial reports and year end financial statements prior to the approval of the Board focusing particularly on:-

- changes in significant accounting policies;
- significant and unusual events;
- the going concern assumption; and
- compliance with accounting standards and other legal requirements.

vi) Any related party transactions and conflict of interest situation including any transaction, procedure or course of conduct that raises questions of management integrity;

vii) Any letters of resignation from the external auditors;

viii) Whether there is any reason, supported by grounds, to believe that the external auditors are not suitable for re-appointment;

ix) The effectiveness of the internal control and management information systems; and

x) All areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels.

b) Recommend the nomination of a person or persons as external auditors.

c) Meet up with the external auditors at least twice a year without the presence of executive directors and management.

d) Report promptly to Bursa Securities any relevant matters.

4. AUTHORITY

For the performance of its duties, the Audit Committee shall:-

a) Have authority to investigate any matter within its terms of reference;

b) Have the resources required to perform its duties;

c) Have direct communication channels with the external auditors and persons carrying out the internal audit function;

d) Have full and unrestricted access to any information pertaining to the Group;

e) Be able to obtain independent professional or other advice at a cost which is to be approved by the Board;

f) Be able to convene meetings with the external auditors, the internal auditors or both, with the exclusion of other Directors and employees, whenever deemed necessary; and

g) Be able to invite outsiders with relevant experience to attend its meetings if necessary.

5. PROCEDURES

The Audit Committee shall regulate its procedures as follows:-

a) The Audit Committee shall hold at least 4 meetings in each financial year;

b) A member of the Audit Committee may at any time summon a meeting of the Audit Committee;

c) Notice calling for a meeting of the Audit Committee shall be given to its members at least 14 days before the meeting or at shorter notice as the Audit Committee members shall determine or agree;

d) The quorum necessary for the transaction of business at an Audit Committee meeting shall be two and the majority of members present must be Independent Directors;

e) Questions arising at any Audit Committee meeting shall be decided by the majority vote of its members present. In case of an equality of votes, the Chairman of the meeting shall have a second or casting vote; and

f) Minutes of each Audit Committee meeting shall be kept by the Company Secretary.

6. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

Since the listing of the Group on 16 July 2007, the Audit Committee held three (3) meetings during the financial year ended 31 March 2008 and the attendance of each member is as follows:-

	Attendance
Mr. Lau Tiang Hua	3
Mr. Neoh Choo Kean	3
Mr. Lim Beng Huat	3

The following is a summary of the main activities carried out by the Audit Committee during the financial year ended 31 March 2008:-

a) Reviewed and recommended for Board approval the quarterly financial report of the Group for announcement to Bursa Securities;

b) Reviewed the audit plan for the annual statutory audit with the external auditors;

c) Reviewed the audit report and observations made by the external auditors on the annual financial statements that require appropriate actions and the Management's response thereon and reported them to the Board;

d) Identified and deliberated high risk areas with Executive Directors and management and the implementation of controls to mitigate such risks identified;

e) Reported to the Board the matters discussed in the Audit Committee meeting;

f) Held two (2) private meetings with the external auditors without the presence of the Executive Directors and management to discuss problems, issues and concerns arising from the interim and final audits, and any other relevant matters;

g) Reviewed the impact of new or proposed changes in accounting standards and regulatory requirements to the Company; and

h) Reviewed any related party transactions and conflict of interest situation that may arise within the Company or the Group.

7. INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function and Finfield Corporate Services Sdn. Bhd. has been appointed to undertake this task. The internal auditors will commence the assignment in the next financial year ending 31 March 2009.

This Audit Committee Report is made in accordance with the resolution of your Board of Directors dated 16 June 2008.

Contents

The Directors of SCANWOLF CORPORATION BERHAD have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended March 31, 2008.

PRINCIPAL ACTIVITIES

The Company was incorporated on July 13, 2006 and commenced business operations in investment holding during the financial year.

The principal activities of the subsidiary companies are disclosed in Note 17 to the Financial Statements.

Other than as stated above, there have been no significant changes in the nature of the principal activities of the Company and its subsidiary companies during the financial year.

SIGNIFICANT CORPORATE EVENTS

During the financial year, the Company completed the restructuring and flotation scheme which involved the following:

(i) Acquisition of Scanwolf Plastic Industries Sdn. Bhd. and its subsidiary company ("SPI Group")

The acquisition of 100% equity interest in SPI Group for a total purchase consideration of RM21,824,076 to be satisfied by way of an issue of 43,648,152 new ordinary shares of RM0.50 each in the Company at an issue price of RM0.50 per share on April 2, 2007;

(ii) Rights issue

A rights issue of 21,951,844 new ordinary shares of RM0.50 each in the Company, as approved by the shareholders at the Extraordinary General Meeting deemed held on May 14, 2007, at an issue price of RM0.50 per share on the basis of 2,749 new ordinary shares for every 5,466 ordinary shares held on May 28, 2007;

(iii) Public issue

A public issue of 14,400,000 new ordinary shares of RM0.50 each in the Company at an issue price of RM0.75 per share on July 5, 2007; and

(iv) Listing on Second Board of Bursa Malaysia Securities Berhad ("Bursa Securities")

The listing of and quotation for the entire enlarged issued and paid-up share capital of the Company comprising 80,000,000 ordinary shares of RM0.50 each on the Second Board of Bursa Securities on July 16, 2007.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM	The Company RM
Profit before tax	8,121,605	2,989,692
Income tax expense	(806,264)	(5,800)
Profit for the year	7,315,341	2,983,892

In the opinion of the Directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than the transactions as disclosed under Significant Corporate Events above. The adoption of all the new and revised Standards and Interpretations issued by the Malaysian Accounting Standards Board ("MASB") has resulted in changes in accounting policies as stated in Note 3 to the Financial Statements.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial period.

The Directors have proposed a first and final dividend of 6%, tax-exempt, in respect of the financial year ended March 31, 2008. The proposed dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

In conjunction with the listing of the entire enlarged issued and paid-up share capital of the Company on the Second Board of Bursa Securities and the restructuring scheme undertaken by the Group, the issued and paid-up share capital of the Company was increased from RM2 comprising 4 ordinary shares of RM0.50 each to RM40,000,000 comprising 80,000,000 ordinary shares of RM0.50 each by way of:

		Share Capital RM	Share Premium RM
(i)	Acquisition of SPI Group	21,824,076	-
(ii)	Rights issue	10,975,922	-
(iii)	Public issue	7,200,000	3,600,000

The resulting premium has been credited to the share premium account.

The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

The Company has not issued any debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

OTHER FINANCIAL INFORMATION

Before the income statements and the balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that all known bad debts have been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

At the date of this report, the Directors are not aware of any circumstances:

(a) which would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year and secures the liability of any other person; or

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

No contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made. Changes in accounting policies arising from the adoption of all the new and revised Standards and Interpretations issued by the MASB is disclosed in Note 3 to the Financial Statements.

DIRECTORS

The following Directors served on the Board of the Company since the date of the last report:

Mr. Loo Bin Keong
Mr. Tan Sin Keat
Mr. Leuk Sing King
Mr. Teoh Teik Kean
Mr. Neoh Choo Kean (appointed on May 23, 2007)
Mr. Lim Beng Huat (appointed on May 23, 2007)
Mr. Lau Tiang Hua (appointed on May 23, 2007)
Encik Zakaria Merican Bin Osman Merican (resigned on January 24, 2008)

All the Directors retired in the first Annual General Meeting held on June 16, 2007 in accordance with Article 103 of the Company's Articles of Association and, being eligible, were re-elected.

In accordance with Article 103 of the Company's Articles of Association, Mr. Neoh Choo Kean and Mr. Lim Beng Huat retire by rotation in the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

The shareholdings in the Company of those who were Directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

	Number of ordinary shares of RM0.50 each			
	Balance as of 1.4.2007	**Bought**	**Allotment**	**Balance as of 31.3.2008**
Registered in the name of Directors				
Mr. Loo Bin Keong	-	4	23,858,436	23,858,440
Mr. Tan Sin Keat	-	-	8,373,981	8,373,981
Mr. Leuk Sing King	-	-	8,373,981	8,373,981
Mr. Teoh Teik Kean	-	-	1,967,799	1,967,799

By virtue of Mr. Loo Bin Keong's interests in the shares of the Company, he is also deemed to have an interest in the shares of all the subsidiary companies to the extent that the Company has interest.

None of the other Directors in office at the end of the financial year held shares or had beneficial interest in the shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by Directors as disclosed in the financial statements or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the transactions between the Group and a company in which a Director of the Company has substantial financial interest as disclosed in Note 21 to the Financial Statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby Directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

AUDITORS

The auditors, Messrs. Deloitte KassimChan, have indicated their willingness to continue in office.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

MR. LEUK SING KING

MR. TAN SIN KEAT

Ipoh,
June 16, 2008

Report of the Auditors

to the Members of Scanwolf Corporation Berhad
(Incorporated in Malaysia)

We have audited the accompanying balance sheets as of March 31, 2008 and the related statements of income, changes in equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's Directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

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

In our opinion:

(a) the abovementioned financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable Malaysian Accounting Standards Board approved accounting standards in Malaysia so as to give a true and fair view of:

    (i) the state of affairs of the Group and of the Company as of March 31, 2008 and of the results and the cash flows of the Group and of the Company for the year ended on that date; and

    (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements and consolidated financial statements; and

(b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by the subsidiary companies have been properly kept in accordance with the provisions of the Companies Act, 1965.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements, and we have received satisfactory information and explanations as required by us for these purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under Sub-section (3) of Section 174 of the Companies Act, 1965.

The financial statements of the Group for the preceding financial year reflect those of Scanwolf Plastic Industries Sdn. Bhd. and its subsidiary company in accordance with the accounting treatment under FRS 3: Business Combination for a reverse acquisition transaction.

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

YEOH SIEW MING
2421/05/09(J/PH)
Partner

Ipoh,
June 16, 2008

Income Statements

for the year ended March 31, 2008

(With Comparative Figures of The Company for The Period July 13, 2006 (Date of Incorporation) To March 31, 2007)

		The Group		The Company	
	Note	Year Ended 31.3.2008 (12 Months) RM	Year Ended 31.3.2007 (12 Months) RM	Year Ended 31.3.2008 (12 Months) RM	Period Ended 31.3.2007 (8½ Months) RM
Revenue	5	42,250,569	31,425,934	3,000,000	-
Investment revenue	7	69,973	68,885	169,127	-
Other gains and losses	8	(501,063)	(499,232)	-	-
Other operating income	10	13,959	109,999	-	-
Changes in inventories of finished goods and work-in-progress		717,344	1,028,561	-	-
Raw materials and consumables used		(17,957,042)	(12,242,674)	-	-
Purchase of finished goods		(3,869,917)	(2,441,462)	-	-
Directors' remuneration	9	(626,471)	(316,044)	(124,000)	-
Employee benefits expenses	10	(3,810,886)	(3,422,998)	-	-
Depreciation of property, plant and equipment	14	(2,380,409)	(2,009,859)	-	-
Amortisation of prepaid lease payments	15	(55,129)	(50,466)	-	-
Finance costs	11	(676,258)	(770,585)	-	-
Other operating expenses	10	(5,053,065)	(4,737,240)	(55,435)	(5,575)
Profit/(Loss) before tax		8,121,605	6,142,819	2,989,692	(5,575)
Income tax expense	12	(806,264)	(724,860)	(5,800)	-
Profit/(Loss) for the year/period		7,315,341	5,417,959	2,983,892	(5,575)
Attributable to:					
Equity holders of the Company		7,315,341	5,417,959	2,983,892	(5,575)
Earnings per share:					
Basic	13	10.05 sen	12.41 sen		
Diluted	13	10.05 sen	12.41 sen		

The accompanying Notes form an integral part of the Financial Statements.

Balance Sheets
as of March 31, 2008

		The Group		The Company	
	Note	2008 RM	2007 RM	2008 RM	2007 RM
ASSETS					
Non-current assets					
Property, plant and equipment	14	28,942,169	25,281,071	-	-
Prepaid lease payments	15	2,474,405	2,529,534	-	-
Investment property	16	800,000	800,000	-	-
Investment in subsidiary companies	17	-	-	21,824,076	-
Goodwill on consolidation	18	-	34,452	-	-
Amount owing by a subsidiary company	21	-	-	19,928,232	-
Total non-current assets		32,216,574	28,645,057	41,752,308	-
Current assets					
Inventories	19	10,472,768	8,301,723	-	-
Trade and other receivables	20	14,889,420	10,285,095	-	-
Amount owing by a subsidiary company	21	-	-	3,000,000	-
Current tax assets	12	292,933	349,092	-	-
Other assets	22	2,081,380	460,482	352,450	-
Cash and bank balances		1,566,633	1,884,614	60,810	2
Total current assets		29,303,134	21,281,006	3,413,260	2
Total assets		61,519,708	49,926,063	45,165,568	2

(Forward)

	Note	The Group 2008 RM	The Group 2007 RM	The Company 2008 RM	The Company 2007 RM
EQUITY AND LIABILITIES					
Capital and reserves					
Issued capital	23	40,000,000	2,300,000	40,000,000	2
Reserves	24	9,476,557	19,646,453	5,017,156	(5,575)
Total equity		49,476,557	21,946,453	45,017,156	(5,573)
Non-current liabilities					
Hire-purchase payables	25	627,246	1,996,382	-	-
Borrowings	26	-	2,351,973	-	-
Deferred tax liabilities	27	2,328,228	2,138,228	-	-
Total non-current liabilities		2,955,474	6,486,583	-	-
Current liabilities					
Trade and other payables	28	3,909,455	3,222,854	10,312	-
Amount owing to Directors	21	-	1,942,453	-	-
Hire-purchase payables	25	352,626	1,102,440	-	-
Borrowings	26	4,208,000	9,413,783	-	-
Current tax liability	12	5,800	-	5,800	-
Other liabilities	29	611,796	398,207	132,300	5,575
Dividend payable	30	-	5,413,290	-	-
Total current liabilities		9,087,677	21,493,027	148,412	5,575
Total liabilities		12,043,151	27,979,610	148,412	5,575
Total equity and liabilities		61,519,708	49,926,063	45,165,568	2

The accompanying Notes form an integral part of the Financial Statements.

The Group	Note	Issued Capital RM	Reverse Acquisition Reserve RM	Share Premium RM	Revaluation Reserve RM	Retained Earnings RM	Total Shareholders' Equity RM
			← Non- distributable Reserve →			Distributable Reserve	
Balance as of April 1, 2006		2,300,000	-	-	-	18,159,146	20,459,146
Total income recognised directly in equity:							
Revaluation surplus of property, plant and equipment	24	-	-	-	1,482,638	-	1,482,638
Total recognised income and expenses:							
Profit for the year		-	-	-	-	5,417,959	5,417,959
Dividend	30	-	-	-	-	(5,413,290)	(5,413,290)
Balance as of March 31, 2007		2,300,000	-	-	1,482,638	18,163,815	21,946,453
Issue of shares:	23						
Acquisition of a subsidiary company		21,824,076	-	-	-	-	21,824,076
Rights issue		10,975,922	-	-	-	-	10,975,922
Public issue		7,200,000	-	3,600,000	-	-	10,800,000
Arising from reverse acquisition	24	(2,299,998)	(19,524,076)	-	-	-	(21,824,074)
Total recognised income and expenses:							
Profit for the year		-	-	-	-	7,315,341	7,315,341
Expenses not recognised in profit or loss:							
Share issue expenses		-	-	(1,561,161)	-	-	(1,561,161)
Balance as of March 31, 2008		40,000,000	(19,524,076)	2,038,839	1,482,638	25,479,156	49,476,557

The accompanying Notes form an integral part of the Financial Statements.

Statements of Changes in Equity

for the year ended March 31, 2008

(With Comparative Figures of The Company For The Period July 13, 2006 (Date of Incorporation) To March 31, 2007)

The Company	Note	Issued Capital RM	Non-distributable Reserve Share Premium RM	Distributable Reserve Retained Earnings/ (Accumulated Loss) RM	Capital Deficiency/ Total Shareholders' Equity RM
Balance as of July 13, 2006 (date of incorporation)		2	-	-	2
Total recognised income and expenses:					
Loss for the period		-	-	(5,575)	(5,575)
Balance as of March 31, 2007		2	-	(5,575)	(5,573)
Issue of shares:	23				
Acquisition of a subsidiary company		21,824,076	-	-	21,824,076
Rights issue		10,975,922	-	-	10,975,922
Public issue		7,200,000	3,600,000	-	10,800,000
Total recognised income and expenses:					
Profit for the year		-	-	2,983,892	2,983,892
Expenses not recognised in profit or loss:					
Share issue expenses		-	(1,561,161)	-	(1,561,161)
Balance as of March 31, 2008		40,000,000	2,038,839	2,978,317	45,017,156

The accompanying Notes form an integral part of the Financial Statements.

Cash Flow Statements

for the year ended March 31, 2008
(With Comparative Figures of The Company For The Period July 13, 2006 (Date of Incorporation) To March 31, 2007)

		The Group		The Company	
	Note	Year Ended 31.3.2008 (12 Months) RM	Year Ended 31.3.2007 (12 Months) RM	Year Ended 31.3.2008 (12 Months) RM	Period Ended 31.3.2007 (8½ Months) RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES					
Profit/(Loss) for the year/period		7,315,341	5,417,959	2,983,892	(5,575)
Adjustments for:					
Depreciation of property, plant and equipment		2,380,409	2,009,859	-	-
Income tax expenses recognised in profit or loss		806,264	724,860	5,800	-
Finance costs		676,258	770,585	-	-
Allowance for doubtful debts		136,438	-	-	-
Bad debts written off		66,173	-	-	-
Amortisation of prepaid lease payments		55,129	50,466	-	-
Impairment of goodwill on consolidation		40,027	-	-	-
Dividend income		-	-	(3,000,000)	-
Revaluation deficit of property, plant and equipment		-	223,263	-	-
Tax penalty		-	117,742	-	-
Change in fair value of investment property		-	(115,435)	-	-
Gain on disposal of property, plant and equipment		-	(4,046)	-	-
Allowance for doubtful debts no longer required		(27,584)	-	-	-
Investment revenue		(69,973)	(68,885)	(169,127)	-
		11,378,482	9,126,368	(179,435)	(5,575)

(Forward)

Cash Flow Statements
for the year ended March 31, 2008
(With Comparative Figures of The Company For The Period July 13, 2006 (Date of Incorporation) To March 31, 2007) (cont'd)

		The Group		**The Company**	
	Note	**Year Ended 31.3.2008 (12 Months) RM**	**Year Ended 31.3.2007 (12 Months) RM**	**Year Ended 31.3.2008 (12 Months) RM**	**Period Ended 31.3.2007 (8½ Months) RM**
Movements in working capital:					
Increase in:					
Inventories		(2,171,045)	(2,095,561)	-	-
Trade and other receivables		(4,779,352)	(86,667)	-	-
Other assets		(1,620,898)	(176,624)	(352,450)	-
Increase in:					
Trade and other payables		686,601	462,543	10,312	-
Other liabilities		208,014	32,610	126,725	5,575
Cash Generated From/ (Used in) Operations		3,701,802	7,262,669	(394,848)	-
Income tax paid		(554,305)	(2,170,365)	-	-
Tax penalty paid		-	(88,742)	-	-
Net Cash Generated From/(Used in) Operating Activities		3,147,497	5,003,562	(394,848)	-
CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES					
Withdrawal of fixed deposits		-	1,253,805	-	-
Proceeds from disposal of property, plant and equipment		-	78,000	-	-
Reverse acquisition by subsidiary company*		2	-	-	-
Rental received		43,800	54,500	-	-
Interest received from:					
fixed and short-term deposits		26,173	14,385	15,834	-
advances granted to a subsidiary company		-	-	153,293	-
Purchase of property, plant and equipment	32(a)	(5,439,507)	(8,105,402)	-	-
Net advances granted to a subsidiary company		-	-	(19,928,232)	-
Net Cash Used In Investing Activities		(5,369,532)	(6,704,712)	(19,759,105)	-

(Forward)

Cash Flow Statements
for the year ended March 31, 2008
(With Comparative Figures of The Company For The Period July 13, 2006 (Date of Incorporation) To March 31, 2007) (cont'd)

		The Group		The Company	
	Note	Year Ended 31.3.2008 (12 Months) RM	Year Ended 31.3.2007 (12 Months) RM	Year Ended 31.3.2008 (12 Months) RM	Period Ended 31.3.2007 (8½ Months) RM
CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES					
Advances granted from Directors - net		-	2,016,889	-	-
Repayment to Directors - net		(1,942,453)	-	-	-
Repayment of bankers' acceptances		(4,076,000)	-	-	-
Repayment of hire-purchase payables		(2,720,950)	(1,027,313)	-	-
Finance costs paid		(676,258)	(759,705)	-	-
Dividend paid		(5,413,290)	-	-	-
Repayment of term loans		(2,692,205)	(334,123)	-	-
Proceeds from term loans		-	2,000,000	-	-
Proceeds from bankers' acceptances		-	2,157,000	-	-
Proceeds from issues of equity shares		21,775,922	-	21,775,922	-
Payment for share issue expenses		(1,561,161)	-	(1,561,161)	-
Net Cash Generated From Financing Activities		2,693,605	4,052,748	20,214,761	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		471,570	2,351,598	60,808	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/DATE OF INCORPORATION		1,095,063	(1,256,535)	2	2
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	32(b)	1,566,633	1,095,063	60,810	2

(Forward)

*** ANALYSIS OF REVERSE ACQUISITION BY SUBSIDIARY COMPANY**

During the financial year, the Company acquired Scanwolf Plastic Industries Sdn. Bhd. ("SPI") and its subsidiary company ("SPI Group"). As mentioned in Note 3, the substance of the business combination between the Company and SPI Group is that SPI Group acquired the Company in a reverse acquisition. The fair value of the assets acquired and the liabilities assumed are as follows:

	April 1, 2007 RM
Cash and bank balances	2
Other liabilities	(5,575)
Net assets acquired	(5,573)
Goodwill on consolidation (Note 18)	5,575
Total purchase consideration	2
Less: Purchase consideration deemed satisfied by issue of shares	(2)
Portion satisfied by cash	-
Add: Cash and cash equivalent of the Company	2
Cash flow on acquisition, net of cash and cash equivalent acquired	2

The accompanying Notes form an integral part of the Financial Statements.

1. GENERAL INFORMATION

The Company is a limited liability company, incorporated and domiciled in Malaysia.

The Company was incorporated on July 13, 2006 and commenced business operations in investment holding during the financial year.

The principal activities of the subsidiary companies are disclosed in Note 17.

Other than as stated above, there have been no significant changes in the nature of the principal activities of the Company and its subsidiary companies during the financial year.

The registered office of the Company is located at 41, Jalan Medan Ipoh 6, Bandar Baru Medan Ipoh, 31400 Ipoh, Perak Darul Ridzuan.

The principal place of business of the Company is located at Lot PT 404, Jalan Bota, 31750 Mukim Belanja, Tronoh, Perak Darul Ridzuan.

The financial statements of the Group and of the Company were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on June 16, 2008.

2. SIGNIFICANT CORPORATE EVENTS

During the financial year, the Company completed the restructuring and flotation scheme which involved the following:

(i) Acquisition of SPI Group

The acquisition of 2,300,000 ordinary shares of RM1 each of SPI Group representing the entire issued and paid-up share capital of SPI for a purchase consideration of RM21,824,076 satisfied entirely by the issuance of 43,648,152 new ordinary shares of RM0.50 each in the Company at an issue price of RM0.50 per share on April 2, 2007;

(ii) Rights issue

A rights issue of 21,951,844 new ordinary shares of RM0.50 each in the Company, as approved by the shareholders at the Extraordinary General Meeting deemed held on May 14, 2007, at an issue price of RM0.50 per share on the basis of 2,749 new ordinary shares for every 5,466 ordinary shares held on May 28, 2007;

(iii) Public issue

A public issue of 14,400,000 new ordinary shares of RM0.50 each in the Company at an issue price of RM0.75 per share on July 5, 2007; and

(iv) Listing on Second Board of Bursa Malaysia Securities Berhad ("Bursa Securities")

The listing of and quotation for the entire enlarged issued and paid-up share capital of the Company comprising 80,000,000 ordinary shares of RM0.50 each on the Second Board of Bursa Securities on July 16, 2007.

3. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS AND ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS ("FRSs")

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and in compliance with the applicable Malaysian Accounting Standards Board ("MASB") approved accounting standards in Malaysia.

(a) FRS 3: Business Combination

As mentioned in Note 2(i), the Company completed the acquisition of the entire equity interest in SPI Group via the issuance of 43,648,152 new ordinary shares of RM0.50 each in the Company at an issue price of RM0.50 per share on April 2, 2007.

Upon completion of the acquisition of SPI Group, the Company became the legal parent company of SPI Group. Due to the relative values of SPI Group and the Company, the former shareholders of SPI became the majority shareholders through the issuance of 43,648,162 new ordinary shares of RM0.50 each at an issue price of RM0.50 per share in the Company, controlling about 99.9% of the issued and paid-up share capital of the Company. Further, the Company's continuing operations and key executive management are those of SPI. Accordingly, the substance of the business combination is that SPI acquired the Company in a reverse acquisition.

FRS 3 requires that the consolidated financial statements to be issued under the name of the legal parent company, though they are a continuation of the financial statements of the legal subsidiary. In order to comply with FRS 3, the following have been reflected in the consolidated financial statements:

(i) the assets and liabilities of the Company and SPI Group have been recognised at their book values immediately prior to the reverse acquisition;

(ii) the retained earnings and other equity balances recognised in the consolidated financial statements are those of SPI Group immediately before the business combination;

(iii) the amount recognised as issued equity instruments in the consolidated financial statements is the sum of:

a) the issued and paid-up share capital of SPI immediately before the reverse acquisition; and

b) the cost of achieving the combination;

(iv) the equity structure appearing in these consolidated financial statements after the reverse acquisition reflects the equity structure of the Company; and

(v) the comparative information presented in these consolidated financial statements is that of SPI Group.

3. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS AND ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS ("FRSs") (cont'd)

(b) New and revised Standards and Interpretations

During the financial year, the Group and the Company adopted all of the new and revised Standards and Interpretations issued by the MASB that are relevant to its operations and effective for accounting periods beginning on or after October 1, 2006. The adoption of these new and revised Standards and Interpretations has not resulted in changes to the Group's and the Company's accounting policies, except as follows:

(i) FRS 117: Leases

The adoption of FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land. The up-front payments made for entering into the leasehold represents prepaid lease payments and are amortised on a straight-line basis over the lease term. A lease of land and building is apportioned into a lease of land and a lease of building in proportion to the relative fair values of the leasehold interests in the land element and the building element of the lease at the inception of the lease.

Prior to April 1, 2007, both the long-term and short-term leasehold land of the Group were classified as property, plant and equipment and were stated at cost less accumulated depreciation and impairment losses.

With the adoption of FRS 117 on April 1, 2007, the unamortised carrying amount of leasehold land of the Group of RM2,529,534 was retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions of FRS 117. The prepaid lease payments will be amortised evenly over the lease terms of the land.

The reclassification of leasehold land as prepaid lease payments was accounted for retrospectively with certain comparative financial information of the balance sheet of the SPI Group as of March 31, 2007 restated. The retrospective adjustments do not have a financial impact to profit or loss of SPI Group for the financial year ended March 31, 2007.

(ii) FRS 124: Related Party Disclosures

The adoption of FRS 124 has affected the identification of related parties of the Group and of the Company and the disclosure of related party transactions and balances.

3. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS AND ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS ("FRSs") (cont'd)

(c) New and revised Standards and Interpretations issued but not yet adopted

At the date of authorisation of the financial statements for issue, the following new and revised Standards and Interpretations were issued but were not yet adopted by the Group and by the Company:

Standards/IC Interpretation ("Int.")	***Title***	***Effective for annual periods beginning on or after***
FRS 107	Cash Flow Statements	July 1, 2007
FRS 111	Construction Contracts	July 1, 2007
FRS 112	Income Taxes	July 1, 2007
FRS 118	Revenue	July 1, 2007
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance	July 1, 2007
FRS 134	Interim Financial Reporting	July 1, 2007
FRS 137	Provisions, Contingent Liabilities and Contingent Assets	July 1, 2007
Amendments to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	July 1, 2007
Int. 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	July 1, 2007
Int. 2	Members' Shares in Co-operative Entities & Similar Instruments	July 1, 2007
Int. 5	Rights to Interests Arising from Decommissioning, Restoration & Environmental Rehabilitation Funds	July 1, 2007
Int. 6	Liabilities Arising from Participating in A Specific Market - Waste Electrical & Electronic Equipment	July 1, 2007
Int. 7	Applying The Restatement Approach under *FRS 129_{2004} Financial Reporting in Hyperinflationary Economies*	July 1, 2007
Int. 8	Scope of FRS 2	July 1, 2007

In additions to the above, the following renamed FRSs which have the same effective dates as their original Standards, were issued:

Standards	***Title***	***Effective for annual periods beginning on or after***
FRS 119	Employee Benefits	January 1, 2003
FRS 126	Accounting and Reporting by Retirement Benefit Plans	January 1, 2003
FRS 129	Financial Reporting in Hyperinflationary Economies	January 1, 2003

3. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS AND ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS ("FRSs") (cont'd)

(c) New and revised Standards and Interpretations issued but not yet adopted) (cont'd)

MASB has also issued FRS 139, Financial Instruments: Recognition and Measurement but has yet to announce the effective date of this standard. The Group and the Company have not early adopted FRS 139 and by virtue of the exemption in paragraph 103AB of FRS 139, the impact of applying FRS 139 on its financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed.

The Directors anticipate that the adoption of these new and revised Standards and Interpretations that are relevant to its operations in the financial year ending March 31, 2009 will have no material impact on the financial statements of the Group and of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The measurement basis applied in the preparation of the financial statements of the Group and of the Company includes historical cost, recoverable value, realisable value and fair value.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Group made up to March 31, 2008.

Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its operations. Control is presumed to exist when the Company owns, directly or indirectly through subsidiary companies, more than one half of the voting rights of the said company.

The results of subsidiary companies acquired or disposed of during the financial year are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal.

Where necessary, adjustments are made to the financial statements of subsidiary companies to bring their accounting policies in line with those used by other members of the Group.

All significant intergroup transactions, balances and resulting unrealised gains are eliminated on consolidation. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

Business Combination

The acquisition of subsidiary companies is accounted for using the acquisition method of accounting. The cost of the acquisition is measured at the aggregate of fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 3: Business Combinations are recognised at their fair values at the acquisition date.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Business Combination (cont'd)

Goodwill arising on the acquisition of a subsidiary company represents the excess of cost of business combination over the Group's interest in the net fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially measured at its cost and is recognised as an asset.

After initial recognition, goodwill is not amortised. Instead, it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. For the purpose of impairment testing, goodwill is allocated at each of the Group's cash generating units expected to benefit from the synergies of the combination. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the unit and then to the other assets of the unit 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.

If the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of business combination, after reassessment, the excess, which is also known as negative goodwill, is recognised immediately to profit or loss.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable net of sales tax, trade discounts and customer returns.

Sale of goods

Revenue from sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the customer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rental income

Rental income is accrued on a time apportion basis, by reference to the agreement entered. Rental income from investment property is recognised on a straight-line basis over the term of the relevant lease.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue Recognition (cont'd)

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Dividend income

Dividend income represents gross dividends from unquoted investments and is recognised when the shareholder's right to receive payment is established.

Foreign Currencies

The financial statements of the Group and of the Company are presented in Ringgit Malaysia, the currency of the primary economic environment in which the Group and the Company operate (their functional currency).

In preparing the financial statements of the Group and of the Company, transactions in currencies other than the Group's and the Company's functional currency are initially recorded in Ringgit Malaysia at the rates of exchange prevailing on the date of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are initially denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value is determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation 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 recognised directly in equity.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

Taxation

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Taxation (cont'd)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's and the Company's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised on difference 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 approach. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those 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.

The carrying amount of deferred tax assets is reviewed at each balance sheet date 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 assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner which the Group and the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in profit or loss, 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Employee Benefits

Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Defined contribution plan

The Group is required by law to make monthly contributions to the Employees' Provident Fund ("EPF"), a statutory defined contribution plan, for all its eligible employees based on certain prescribed rates of the employees' salaries. The Group's contributions to the EPF are recognised as an expense when employees have rendered service entitling them to the contributions and are disclosed separately. The employees' contributions to EPF are included in salaries and wages.

Property, Plant and Equipment

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

Buildings stated at valuation are revalued at regular intervals of at least once in every five years by the Directors based on the valuation reports of independent professional valuers using the "open market value on existing use" basis with additional valuation in the intervening years where market conditions indicate that the carrying values of the revalued assets differ materially from the market value.

An increase in the carrying amount arising from revaluation of property, plant and equipment is credited to the revaluation reserve account as revaluation surplus. Any deficit arising from revaluation is charged against the revaluation reserve account to the extent of a previous surplus held in the revaluation reserve account for the same asset. In all other cases, a decrease in carrying amount is charged to profit or loss. An increase in revaluation directly related to a previous decrease in carrying amount for that same asset that was recognised as an expense, is credited to profit or loss to the extent that it offsets the previously recorded decrease. On disposal of revalued assets, the amounts in revaluation reserve account relating to the assets disposed are transferred to retain earnings.

Depreciation is charged so as to write off the cost of assets, other than capital work-in-progress, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Capital work-in-progress is stated at cost and is not depreciated. Capital work-in-progress comprises contractors' payments and directly attributable costs incurred in preparing these assets for their intended use. Depreciation on assets under construction commences when the assets concerned are ready for their intended use.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Property, Plant and Equipment (cont'd)

Annual depreciation rates used to depreciate other property, plant and equipment over their estimated remaining useful lives are as follows:

Factory buildings	2%
Plant and machinery	10%
Moulds	20%
Motor vehicles	20%
Office equipment	10%
Computers	20%
Furniture, fixtures and fittings	8%
Tools and equipment	10%
Electrical installation	10%
Air-conditioners	10%
Signboard	10%
Renovation	10%

Upon the disposal or retirement of an item of property, plant and equipment, the difference between the sale proceeds and the carrying amount of the asset is recognised in profit or loss.

Property, Plant and Equipment under Hire-Purchase Arrangements

Assets acquired under hire-purchase arrangements which transfer substantially all of the risks and rewards incident to ownership of the assets are capitalised under property, plant and equipment. The assets and the corresponding hire-purchase obligations are recorded at their fair values or, if lower, at the present value of the minimum lease payments of the assets under hire-purchase at the inception of the respective arrangements.

Finance costs, which represent the difference between the total hire-purchase commitments and the fair values of the assets acquired, are charged to profit or loss over the term of the relevant hire-purchase period so as to give a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Prepaid Lease Payments

Leasehold land that normally has a definite economic life and where the title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. Payments made on entering into or acquiring a leasehold land are accounted as prepaid lease payments and are amortised over the lease term of the land ranging from 45 to 87 years.

Investment Property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its costs. Subsequent to initial recognition, investment property is measured at fair value. Fair value is arrived by reference to market evidence of transaction prices for similar properties. Gain or loss arising from changes in the fair value of investment property is included in profit or loss for the year in which they arise.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Investment in Subsidiary Company

Investment in subsidiary company, which is eliminated on consolidation, is stated in the Company's financial statements at cost less accumulated impairment losses, if any.

Impairment of Assets Excluding Goodwill

At each balance sheet date, the Group and the Company review the carrying amounts of their assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case, the impairment loss is treated as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but the increased carrying amount would not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the "First-in, First-out" method. The cost of raw materials, packing materials, spare parts and goods-in-transit comprise the original purchase price plus cost incurred in bringing the inventories to their present location. The cost of finished goods and work-in-progress comprise the cost of raw materials, direct labour and an appropriate proportion of production overheads. Net realisable value represents the estimated selling price for inventories and all estimated costs to completion and costs necessary to make the sale.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Receivables

Receivables are reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

Cash Flow Statements

The Group and the Company adopt the indirect method in the preparation of the cash flow statements.

Cash equivalents are short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risks of changes in value.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's and the Company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets in the next financial year include the estimation on useful life of property, plant and equipment, the recoverability of receivables, the impairment of goodwill on consolidation and the fair value of investment property.

5. REVENUE

	The Group		The Company	
	Year Ended 31.3.2008 (12 Months) RM	Year Ended 31.3.2007 (12 Months) RM	Year Ended 31.3.2008 (12 Months) RM	Period Ended 31.3.2007 (8½ Months) RM
Manufacturing sales	37,321,527	27,609,035	-	-
Trading sales	4,929,042	3,816,899	-	-
Dividend income	-	-	3,000,000	-
	42,250,569	31,425,934	3,000,000	-

6. SEGMENT REPORTING

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

Business Segment

For management purposes, the Group is organised into trading and manufacturing divisions. Inter-segment pricing is determined based on negotiated terms.

Unallocated assets and liabilities include items that cannot be reasonably allocated to individual segment.

The Group 2008	**Manufacturing RM**	**Trading RM**	**Eliminations RM**	**Consolidated RM**
Revenue				
External sales	37,321,527	4,929,042	-	42,250,569
Inter-segment sales	136,013	26,087	(162,100)	-
	37,457,540	4,955,129	(162,100)	42,250,569
Results				
Segment results	8,292,748	633,067	-	8,925,815
Unallocated corporate expense				(127,952)
Finance costs				(676,258)
Profit before tax				8,121,605
Income tax expense				(806,264)
Profit for the year				7,315,341
Other information				
Capital expenditure	(6,041,507)	-	-	(6,041,507)
Depreciation	(2,380,409)	-	-	(2,380,409)
Amortisation of prepaid lease payments	(55,129)	-	-	(55,129)
Consolidated Balance Sheet				
Assets				
Segment assets	57,313,833	2,346,309	-	59,660,142
Unallocated corporate assets				1,859,566
Consolidated total assets				61,519,708
Liabilities				
Segment liabilities	4,766,360	734,763	-	5,501,123
Unallocated corporate liabilities				6,542,028
Consolidated total liabilities				12,043,151

6. SEGMENT REPORTING (cont'd)

Business Segment (cont'd)

The Group 2007	**Manufacturing RM**	**Trading RM**	**Eliminations RM**	**Consolidated RM**
Revenue				
External sales	27,609,035	3,816,899	-	31,425,934
Inter-segment sales	-	39,157	(39,157)	-
	27,609,035	3,856,056	(39,157)	31,425,934
Results				
Segment results	6,138,284	775,120	-	6,913,404
Unallocated corporate expense				-
Finance costs				(770,585)
Profit before tax				6,142,819
Income tax expense				(724,860)
Profit for the year				5,417,959
Other information				
Capital expenditure	(9,498,325)	-	-	(9,498,325)
Depreciation	(2,009,859)	-	-	(2,009,859)
Amortisation of prepaid lease payments	(50,466)	-	-	(50,466)
Consolidated Balance Sheet				
Assets				
Segment assets	46,200,426	1,491,931	-	47,692,357
Unallocated corporate assets				2,233,706
Consolidated total assets				49,926,063
Liabilities				
Segment liabilities	6,148,568	571,315	-	6,719,883
Unallocated corporate liabilities				21,259,727
Consolidated total liabilities				27,979,610

6. SEGMENT REPORTING (cont'd)

Business Segment (cont'd)

The analysis of the Group's segment revenue from external customers by geographical area based on the region in which the customer is located is as follows:

	The Group	
	Year Ended 31.3.2008 (12 Months) RM	Year Ended 31.3.2007 (12 Months) RM
Asia	20,181,606	13,814,115
Middles East	6,147,697	3,193,955
Africa	1,392,801	1,250,791
Oceania	643,863	579,385
Others	102,427	121,702
Total export	28,468,394	18,959,948
Malaysia	13,782,175	12,465,986
Total revenue	42,250,569	31,425,934

Information on the Group's operations and analysis of the carrying amounts of segment assets and capital additions by geographical segment has not been provided as the Group operates principally in Malaysia.

7. INVESTMENT REVENUE

	The Group		The Company	
	Year Ended 31.3.2008 (12 Months) RM	Year Ended 31.3.2007 (12 Months) RM	Year Ended 31.3.2008 (12 Months) RM	Period Ended 31.3.2007 (8½ Months) RM
Rental income (Note 16)	43,800	54,500	-	-
Interest income from:				
fixed and short-term deposits	26,173	14,385	15,834	-
advances granted to a subsidiary company	-	-	153,293	-
	69,973	68,885	169,127	-

8. OTHER GAINS AND LOSSES

	The Group	
	Year Ended 31.3.2008 (12 Months) RM	Year Ended 31.3.2007 (12 Months) RM
Realised loss on foreign exchange	(461,036)	(395,450)
Impairment of goodwill on consolidation (Note 18)	(40,027)	-
Revaluation deficit of property, plant and equipment	-	(223,263)
Change in fair value of investment property (Note 16)	-	115,435
Gain on disposal of property, plant and equipment	-	4,046
	(501,063)	(499,232)

9. DIRECTORS' REMUNERATION

	The Group		The Company	
	Year Ended 31.3.2008 (12 Months) RM	Year Ended 31.3.2007 (12 Months) RM	Year Ended 31.3.2008 (12 Months) RM	Period Ended 31.3.2007 (8½ Months) RM
Executive Directors:				
Fees	48,000	-	48,000	-
Salaries and bonuses	690,000	514,000	-	-
EPF contributions	82,800	61,680	-	-
	820,800	575,680	48,000	-
Less: Amount capitalised under additions to capital work-in-progress in property, plant and equipment (Note 14)	(270,329)	(259,636)	-	-
	550,471	316,044	48,000	-
Non-executive Directors:				
Fees	76,000	-	76,000	-
	626,471	316,044	124,000	-

The estimated monetary value of benefits-in-kind received and receivable by the Directors otherwise than in cash from the Group amounted to RM103,750 (2007: RM53,125).

The remuneration of executive Directors above also represents remuneration for all the key management personnel of the Group.

10. OTHER OPERATING INCOME/(EXPENSES) AND EMPLOYEE BENEFITS EXPENSES

Included in other operating income/(expenses) are the following:

	The Group		The Company	
	Year Ended 31.3.2008 (12 Months) RM	Year Ended 31.3.2007 (12 Months) RM	Year Ended 31.3.2008 (12 Months) RM	Period Ended 31.3.2007 (8½ Months) RM
Allowance for doubtful debts no longer required	27,584	-	-	-
Rental of:				
Premises	(154,820)	(97,740)	-	-
Rubbish bin	(1,800)	(1,800)	-	-
Gas cylinder	(660)	(1,903)	-	-
Allowance for doubtful debts	(136,438)	-	-	-
Bad debts written off	(66,173)	-	-	-
Audit fee	(30,000)	(19,000)	(8,000)	(1,000)
Preliminary expenses written off	-	-	-	(3,825)

Included in employee benefits expenses of the Group are contributions made to the EPF of RM312,739 (2007: RM309,048).

11. FINANCE COSTS

	The Group	
	Year Ended 31.3.2008 (12 Months) RM	Year Ended 31.3.2007 (12 Months) RM
Interest on:		
Bankers' acceptances	237,248	363,084
Hire-purchase	104,487	188,577
Term loans	62,912	95,213
Bank overdrafts	49,954	71,190
Bank charges and commission	221,657	130,438
	676,258	848,502
Less: Interest on term loans and bank overdrafts capitalised in qualifying assets included under property, plant and equipment (Note 14)	-	(77,917)
	676,258	770,585

12. INCOME TAX EXPENSE

	The Group		The Company	
	Year Ended 31.3.2008 (12 Months) RM	**Year Ended 31.3.2007 (12 Months) RM**	**Year Ended 31.3.2008 (12 Months) RM**	**Period Ended 31.3.2007 (8½ Months) RM**
Income tax expense comprise:				
Current tax expense	473,401	372,142	5,800	-
Adjustment recognised in the current year in relation to the income tax of prior year	142,863	63,069	-	-
	616,264	435,211	5,800	-
Deferred tax (Note 27):				
Relating to origination and reversal of temporary differences	668,175	408,430	-	-
Relating to crystallisation of deferred tax liability on revaluation surplus of leasehold land and buildings	(16,547)	(18,624)	-	-
Reduction in deferred tax liabilities resulting from reduction in tax rate	(461,628)	(100,157)	-	-
	190,000	289,649	-	-
Net income tax expense	806,264	724,860	5,800	-

With effect from the beginning of the basis period for the year of assessment 2008, the statutory income tax rate for companies with a paid-up capital of above RM2,500,000 is reduced from 27% to 26%. However, for companies with a paid-up capital of RM2,500,000 and below, income tax rate of 20% is still applicable for chargeable income of up to RM500,000. For chargeable income in excess of RM500,000, the revised income tax rate of 26% is applicable. As a result, the Group's and the Company's income tax rates have also been revised accordingly.

12. INCOME TAX EXPENSE (cont'd)

A numerical reconciliation of income tax expense/(loss) at the applicable statutory tax rate to income tax expense/(loss) at the effective tax rate is as follows:

	The Group		The Company	
	Year Ended 31.3.2008 (12 Months) RM	Year Ended 31.3.2007 (12 Months) RM	Year Ended 31.3.2008 (12 Months) RM	Period Ended 31.3.2007 (8½ Months) RM
Profit/(Loss) before tax	8,121,605	6,142,819	2,989,692	(5,575)
Income tax expense/(loss) calculated at 26% (2007: 27%)	2,112,000	1,659,000	777,000	(1,500)
Tax effects of:				
Expenses that are not deductible in determining taxable profit	36,029	172,118	8,800	1,500
Reinvestment allowances utilised	(911,000)	(933,000)	-	-
Expenses available for double deduction	(82,000)	(70,000)	-	-
Income that are not taxable in determining taxable profit	-	(31,000)	(780,000)	-
Reduction in deferred tax liabilities resulting from reduction in tax rate	(461,628)	(100,157)	-	-
Effect of difference in tax rate applicable to small and medium scale companies	(30,000)	(35,170)	-	-
Adjustment recognised in the current year in relation to the income tax of prior years	142,863	63,069	-	-
Income tax expense for the year	806,264	724,860	5,800	-
Current tax assets				
Tax refund receivables	292,933	349,092	-	-
Current tax liability				
Income tax payable	5,800	-	5,800	-

12. INCOME TAX EXPENSE (cont'd)

As of March 31, 2008, the Company has tax-exempt account balance of approximately RM3,000,000. The tax-exempt account, which is subject to approval by the tax authorities, arose from tax-exempt dividend received. The tax-exempt account is available for distribution as tax-exempt dividends to the shareholders of the Company.

As of March 31, 2008, the subsidiary companies has tax credits and tax-exempt accounts balances of approximately RM4,060,000 (2007: RM4,778,000) and RM7,700,000 (2007: RM8,001,000). The tax-exempt accounts, which are subject to approval by the tax authorities, arose from reinvestment allowances claimed and utilised under Schedule 7A of the Income Tax Act, 1967 and chargeable income waived in 1999 in accordance with the Income Tax (Amendment) Act, 1999. The tax-exempt accounts are available for distribution as tax-exempt dividends to the shareholders of the Company.

13. EARNINGS PER SHARE

The basic and diluted earnings per share are calculated as follows:

	The Group	
Basic and diluted	**Year Ended 31.3.2008 (12 Months) RM**	**Year Ended 31.3.2007 (12 Months) RM**
Profit for the year attributable to equity holders of the Company	7,315,341	5,417,959
	Number of shares 2008	**Number of shares 2007***
Number of ordinary shares in issue as at April 1	4	-
Effect of:		
Shares issue for the acquisition of a subsidiary company	43,648,152	43,648,152
Rights issue	18,523,748	-
Public issue	10,652,055	-
Weighted average number of ordinary shares	72,823,959	43,648,152
	Sen	**Sen**
Basic and diluted earnings per ordinary share	10.05	12.41

* The number of shares in issue for the Group in 2007 is calculated based on the number of ordinary shares issued by the legal parent to the owners of the legal subsidiary in the reverse acquisition in accordance with FRS 3: Business Combination.

14. PROPERTY, PLANT AND EQUIPMENT

The Group 2008	Cost or valuation — At beginning of year — As previously stated RM	Effects of adoption of FRS 117 RM	As restated RM	Additions RM	Revaluation RM	Disposals RM	Transfer to investment property RM	Reclas-sification RM	At end of year RM
At valuation:									
Short-term leasehold land	2,280,000	(2,280,000)	-	-	-	-	-	-	-
Long-term leasehold land	300,000	(300,000)	-	-	-	-	-	-	-
Factory buildings	8,190,000	-	8,190,000	-	-	-	-	-	8,190,000
At cost:									
Short-term leasehold land	-	-	-	-	-	-	-	-	-
Long-term leasehold land	-	-	-	-	-	-	-	-	-
Factory buildings	173,336	-	173,336	12,000	-	-	-	388,340	573,676
Plant and machinery	13,105,083	-	13,105,083	1,425,348	-	-	-	7,163,644	21,694,075
Plant and machinery under hire-purchase	3,243,419	-	3,243,419	-	-	-	-	(3,243,419)	-
Moulds	2,586,082	-	2,586,082	561,942	-	-	-	-	3,148,024
Motor vehicles	1,574,158	-	1,574,158	46,450	-	-	-	-	1,620,608
Motor vehicles under hire-purchase	1,257,923	-	1,257,923	695,948	-	-	-	-	1,953,871
Office equipment	136,010	-	136,010	26,980	-	-	-	-	162,990
Computers	235,348	-	235,348	10,712	-	-	-	-	246,060
Furniture, fixtures and fittings	232,546	-	232,546	6,730	-	-	-	-	239,276
Tools and equipment	431,533	-	431,533	17,491	-	-	-	-	449,024
Electrical installation	365,218	-	365,218	11,490	-	-	-	-	376,708
Air-conditioners	160,775	-	160,775	3,060	-	-	-	-	163,835
Signboard	16,294	-	16,294	-	-	-	-	-	16,294
Renovation	30,537	-	30,537	-	-	-	-	-	30,537
Capital work-in-progress	4,095,167	-	4,095,167	3,223,356	-	-	-	(4,308,565)	3,009,958
Total	38,413,429	(2,580,000)	35,833,429	6,041,507	-	-	-	-	41,874,936

14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The Group 2008	Accumulated depreciation — At beginning of year: As previously stated RM	Effects of adoption of FRS 117 RM	As restated RM	Charge for the year RM	Revaluation RM	Disposals RM	Transfer to investment property RM	Reclas-sification RM	At end of year RM
At valuation:									
Short-term leasehold land	46,381	(46,381)	-	-	-	-	-	-	-
Long-term leasehold land	4,085	(4,085)	-	-	-	-	-	-	-
Factory buildings	133,957	-	133,957	172,483	-	-	-	-	306,440
At cost:									
Short-term leasehold land	-	-	-	-	-	-	-	-	-
Long-term leasehold land	-	-	-	-	-	-	-	-	-
Factory buildings	1,930	-	1,930	4,816	-	-	-	-	6,746
Plant and machinery	5,746,729	-	5,746,729	969,769	-	-	-	784,812	7,501,310
Plant and machinery under hire-purchase	460,471	-	460,471	324,341	-	-	-	(784,812)	-
Moulds	1,567,836	-	1,567,836	347,385	-	-	-	-	1,915,221
Motor vehicles	1,408,728	-	1,408,728	80,841	-	-	-	-	1,489,569
Motor vehicles under hire-purchase	387,742	-	387,742	349,910	-	-	-	-	737,652
Office equipment	68,216	-	68,216	11,131	-	-	-	-	79,347
Computers	166,827	-	166,827	23,906	-	-	-	-	190,733
Furniture, fixtures and fittings	154,950	-	154,950	16,987	-	-	-	-	171,937
Tools and equipment	159,261	-	159,261	36,847	-	-	-	-	196,108
Electrical installation	157,822	-	157,822	32,476	-	-	-	-	190,298
Air-conditioners	116,612	-	116,612	5,765	-	-	-	-	122,377
Signboard	10,616	-	10,616	702	-	-	-	-	11,318
Renovation	10,661	-	10,661	3,050	-	-	-	-	13,711
Capital work-in-progress	-	-	-	-	-	-	-	-	-
Total	10,602,824	(50,466)	10,552,358	2,380,409	-	-	-	-	12,932,767

14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The Group 2007	← At beginning of year: As previously stated RM	Effects of adoption of FRS 117 RM	As restated RM →	Additions RM	Revaluation RM	Disposals RM	Transfer to investment property RM	Reclas-sification RM	At end of year RM
	← Cost or valuation								→
At valuation:									
Short-term leasehold land	1,000,000	(1,000,000)	-	-	-	-	-	-	-
Long-term leasehold land	-	-	-	-	-	-	-	-	-
Factory buildings	3,600,000	-	3,600,000	-	337,695	-	-	4,252,305	8,190,000
At cost:									
Long-term leasehold land and building	1,172,400	(401,065)	771,335	-	-	-	(771,335)	-	-
Short-term leasehold land	1,003,903	(1,003,903)	-	-	-	-	-	-	-
Factory buildings	1,726,995	-	1,726,995	173,058	-	-	-	(1,726,717)	173,336
Plant and machinery	10,212,689	-	10,212,689	1,345,916	-	-	-	1,546,478	13,105,083
Plant and machinery under hire-purchase	2,172,531	-	2,172,531	-	-	-	-	1,070,888	3,243,419
Moulds	2,138,454	-	2,138,454	447,628	-	-	-	-	2,586,082
Motor vehicles	1,299,838	-	1,299,838	4,140	-	(15,000)	-	285,180	1,574,158
Motor vehicles under hire-purchase	1,410,287	-	1,410,287	225,257	-	(92,441)	-	(285,180)	1,257,923
Office equipment	105,573	-	105,573	30,437	-	-	-	-	136,010
Computers	212,841	-	212,841	22,507	-	-	-	-	235,348
Furniture, fixtures and fittings	217,996	-	217,996	14,550	-	-	-	-	232,546
Tools and equipment	229,742	-	229,742	82,645	-	-	-	119,146	431,533
Electrical installation	303,296	-	303,296	61,922	-	-	-	-	365,218
Air-conditioners	151,750	-	151,750	9,025	-	-	-	-	160,775
Signboard	10,394	-	10,394	5,900	-	-	-	-	16,294
Renovation	12,658	-	12,658	17,879	-	-	-	-	30,537
Capital work-in-progress	2,299,806	-	2,299,806	7,057,461	-	-	-	(5,262,100)	4,095,167
Total	29,281,153	(2,404,968)	26,876,185	9,498,325	337,695	(107,441)	(771,335)	-	35,833,429

14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The Group 2007	Accumulated depreciation: At beginning of year: As previously stated RM	Effects of adoption of FRS 117 RM	As restated RM	Charge for the year RM	Revaluation RM	Disposals RM	Transfer to investment property RM	Reclassification RM	At end of year RM
At valuation:									
Short-term leasehold land	183,336	(183,336)	-	-	-	-	-	-	-
Long-term leasehold land	-	-	-	-	-	-	-	-	-
Factory buildings	792,000	-	792,000	133,957	(905,517)	-	-	113,517	133,957
At cost:									
Long-term leasehold land and building	99,882	(13,112)	86,770	-	-	-	(86,770)	-	-
Short-term leasehold land	165,609	(165,609)	-	-	-	-	-	-	-
Factory buildings	113,517	-	113,517	1,930	-	-	-	(113,517)	1,930
Plant and machinery	5,067,273	-	5,067,273	863,241	-	-	-	(183,785)	5,746,729
Plant and machinery under hire-purchase	59,433	-	59,433	217,253	-	-	-	183,785	460,471
Moulds	1,243,525	-	1,243,525	324,311	-	-	-	-	1,567,836
Motor vehicles	1,225,396	-	1,225,396	53,342	-	(14,999)	-	144,989	1,408,728
Motor vehicles under hire-purchase	244,393	-	244,393	306,826	-	(18,488)	-	(144,989)	387,742
Office equipment	59,633	-	59,633	8,583	-	-	-	-	68,216
Computers	143,155	-	143,155	23,672	-	-	-	-	166,827
Furniture, fixtures and fittings	137,282	-	137,282	17,668	-	-	-	-	154,950
Tools and equipment	136,186	-	136,186	23,075	-	-	-	-	159,261
Electrical installation	130,406	-	130,406	27,416	-	-	-	-	157,822
Air-conditioners	111,135	-	111,135	5,477	-	-	-	-	116,612
Signboard	10,021	-	10,021	595	-	-	-	-	10,616
Renovation	8,148	-	8,148	2,513	-	-	-	-	10,661
Capital work-in-progress	-	-	-	-	-	-	-	-	-
Total	9,930,330	(362,057)	9,568,273	2,009,859	(905,517)	(33,487)	(86,770)	-	10,552,358

14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The Group	Net Book Value 2008 RM	2007 RM
At valuation:		
Short-term leasehold land	-	-
Long-term leasehold land	-	-
Factory buildings	7,883,560	8,056,043
At cost:		
Short-term leasehold land	-	-
Long-term leasehold land	-	-
Factory buildings	566,930	171,406
Plant and machinery	14,192,765	7,358,354
Plant and machinery under hire-purchase	-	2,782,948
Moulds	1,232,803	1,018,246
Motor vehicles	131,039	165,430
Motor vehicles under hire-purchase	1,216,219	870,181
Office equipment	83,643	67,794
Computers	55,327	68,521
Furniture, fixtures and fittings	67,339	77,596
Tools and equipment	252,916	272,272
Electrical installation	186,410	207,396
Air-conditioners	41,458	44,163
Signboard	4,976	5,678
Renovation	16,826	19,876
Capital work-in-progress	3,009,958	4,095,167
Total	28,942,169	25,281,071

Certain leasehold buildings of the Group with total carrying value of RM8,254,489 (2007: RM8,227,449) are pledged to certain local licensed banks for facilities granted to the Group as mentioned in Note 26.

The leasehold buildings of the Group, together with the leasehold land classified as prepaid lease payments in Note 15, were revalued by the Directors on September 12, 2006 based on valuations carried out by Mr. Thoo Sing Choon, registered valuer of Colliers, Jordan Lee & Jaafar Sdn. Bhd., an independent firm of professional valuers using the "Open Market Value on Existing Use" basis. The resulting revaluation surplus amounting to RM1,482,638 (net of deferred tax of RM520,927) has been credited to revaluation reserve account.

14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The historical cost, accumulated depreciation and carrying amount of the revalued buildings as of March 31, 2008 are as follows:

	The Group	
	2008	**2007**
	RM	**RM**
Cost	7,430,613	7,030,273
Accumulated depreciation	(767,075)	(625,116)
Carrying amounts	6,663,538	6,405,157

Expenses specifically related to capital work-in-progress that have been capitalised within the additions to property, plant and equipment of the Group during the financial year are as follows:

	The Group	
	2008	**2007**
	RM	**RM**
Directors' remuneration (Note 9)	270,329	259,636
Staff costs	-	103,879
Interest on term loan and bank overdraft (Note 11)	-	77,917

Included in property, plant and equipment of the Group are fully depreciated assets which are still in use with costs as follows:

	The Group	
	2008	**2007**
	RM	**RM**
Plant and machinery	3,662,970	3,962,970
Motor vehicles	1,284,838	1,141,973
Moulds	1,077,549	1,051,172
Computers	124,541	121,581
Air-conditioners	103,380	103,380
Tools and equipment	75,754	65,268
Electrical installation	49,407	49,407
Office equipment	49,174	44,574
Signboard	9,270	9,270
Renovation	2,558	-
Furniture, fixtures and fittings	40,918	3,463
Total	6,480,359	6,553,058

15. PREPAID LEASE PAYMENTS

The Group 2008	Cost or valuation – At beginning of year – As previously stated RM	Effects of adoption of FRS 117 RM	As restated RM	Additions RM	Revaluation RM	Reclassification RM	Disposals RM	At end of year RM
At valuation:								
Short-term leasehold land	-	2,280,000	2,280,000	-	-	-	-	2,280,000
Long-term leasehold land	-	300,000	300,000	-	-	-	-	300,000
At cost:								
Short-term leasehold land	-	-	-	-	-	-	-	-
Long-term leasehold land	-	-	-	-	-	-	-	-
	-	2,580,000	2,580,000	-	-	-	-	2,580,000

	Accumulated depreciation – At beginning of year – As previously stated RM	Effects of adoption of FRS 117 RM	As restated RM	Charge for the year RM	Revaluation RM	Reclassi-fication RM	Disposals RM	At end of year RM	Carrying amount RM
At valuation:									
Short-term leasehold land	-	46,381	46,381	51,641	-	-	-	98,022	2,181,978
Long-term leasehold land	-	4,085	4,085	3,488	-	-	-	7,573	292,427
At cost:									
Short-term leasehold land	-	-	-	-	-	-	-	-	-
Long-term leasehold land	-	-	-	-	-	-	-	-	-
	-	50,466	50,466	55,129	-	-	-	105,595	2,474,405

15. PREPAID LEASE PAYMENTS (cont'd)

The Group 2007	Cost or valuation: At beginning of year: As previously stated RM	Effects of adoption of FRS 117 RM	As restated RM	Additions RM	Revaluation RM	Reclassification RM	Disposals RM	At end of year RM
At valuation:								
Short-term leasehold land	-	1,000,000	1,000,000	-	276,097	1,003,903	-	2,280,000
Long-term leasehold land	-	-	-	-	(101,065)	401,065	-	300,000
At cost:								
Short-term leasehold land	-	1,003,903	1,003,903	-	-	(1,003,903)	-	-
Long-term leasehold land	-	401,065	401,065	-	-	(401,065)	-	-
	-	2,404,968	2,404,968	-	175,032	-	-	2,580,000

	Accumulated depreciation: At beginning of year: As previously stated RM	Effects of adoption of FRS 117 RM	As restated RM	Charge for the year RM	Revaluation RM	Reclassi-fication RM	Disposals RM	At end of year RM	Carrying amount RM
At valuation:									
Short-term leasehold land	-	183,336	183,336	46,381	(348,945)	165,609	-	46,381	2,233,619
Long-term leasehold land	-	-	-	4,085	(13,112)	13,112	-	4,085	295,915
At cost:									
Short-term leasehold land	-	165,609	165,609	-	-	(165,609)	-	-	-
Long-term leasehold land	-	13,112	13,112	-	-	(13,112)	-	-	-
	-	362,057	362,057	50,466	(362,057)	-	-	50,466	2,529,534

15. PREPAID LEASE PAYMENTS (cont'd)

Leasehold land of the Group with total carrying value of RM1,576,941 (2007: RM2,529,534) are pledged to certain licensed banks for facilities granted to the Group as mentioned in Note 26.

The historical cost, accumulated depreciation and carrying amount of revalued leasehold land as of March 31, 2008 are as follows:

	The Group	
	2008	**2007**
	RM	**RM**
Cost	2,004,968	2,004,968
Accumulated depreciation	(368,640)	(321,206)
Carrying amounts	1,636,328	1,683,762

16. INVESTMENT PROPERTY

	The Group	
	2008	**2007**
	RM	**RM**
At fair value		
Balance at beginning of year	800,000	-
Transfer from property, plant and equipment	-	684,565
Gain from fair value adjustment	-	115,435
Balance at end of year	800,000	800,000

The fair value of the investment property as of March 31, 2008 and 2007 has been arrived at on the basis of a valuation carried out on September 13, 2006 by Mr. Subramaniam A/L Arumugam, registered valuer of Colliers Jordan Lee & Jaafar, an independent firm of professional valuers using the "Open Market Value on Existing Use" basis.

The investment property has been pledged to a licensed bank for banking facilities granted to the Group as disclosed in Note 26.

Rental income derived from investment property during the year was RM43,800 (2007: RM54,500). Direct operating expenses arising from investment property that generated rental income during the year were RM2,066 (2007: RM2,294).

17. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company 2008 RM	2007 RM
Unquoted shares, at cost	21,824,076	-

The subsidiary companies are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest 2008 %	2007 %	Principal Activities
Scanwolf Plastic Industries Sdn. Bhd.	Malaysia	100	-	Design and manufacture of plastic extrusions, PVC compounding, processing of PVC coils and trading of industrial consumables
Held through Scanwolf Plastic Industries Sdn. Bhd.				
Scanwolf Building Materials Sdn. Bhd.	Malaysia	100	-	Sales and marketing of PVC extruded building materials, trading of other building materials and manufacturing of foam profile.

As mentioned in Note 2(i), the Company completed the acquisition of 2,300,000 ordinary shares of RM1 each of SPI Group representing the entire issued and paid-up share capital of SPI for a purchase consideration of RM21,824,076 satisfied entirely by the issuance of 43,648,152 new ordinary shares of RM0.50 each in the Company at an issue price of RM0.50 per share.

As mentioned in Note 3(a), the substance of the business combination between the Company and SPI Group is that SPI acquired the Company in a reverse acquisition. The cost of this business combination is determined in accordance with FRS 3: Business Combination, on the basis of the fair value of the Company as of April 2, 2007 and the number of shares that SPI would have had to issue to the shareholders of the Company to provide the same percentage of the combined entity. The cost of business combination of RM2 represents the fair value of shares of the Company immediate prior to the reverse acquisition. The effect on the financial position and results and cash flows of the Group for the current financial year is disclosed in the Analysis of Reverse Acquisition by Subsidiary Company attached to the Cash Flow Statements.

18. GOODWILL ON CONSOLIDATION

	The Group	
	2008	2007
	RM	RM
Goodwill:		
At beginning of year	34,452	34,452
Arising from reverse acquisition transaction	5,575	-
Impairment of goodwill (Note 8)	(40,027)	-
At end of year	-	34,452

Impairment tests for cash-generating units ("CGU") containing goodwill

The Group considers the subsidiary company, Scanwolf Building Materials Sdn. Bhd., and the legal parent company under the reverse acquisition as a single CGU and the carrying amounts of goodwill are allocated to the respective company.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on a financial forecast, approved by management, covering a period of 5 years from financial year 2009 to 2013. The following key assumptions are used to generate the financial forecast:

Sales volume growth rate	10% per annum
Discount rate	7.55%

The above key assumptions were determined based on business past performance and management's expectations of market development.

19. INVENTORIES

	The Group	
	2008	2007
	RM	RM
Raw materials	4,022,051	2,344,561
Finished goods	3,882,211	3,878,778
Work-in-progress	2,393,236	1,679,325
Packing materials and spare parts	175,270	65,797
Goods-in-transit	-	333,262
	10,472,768	8,301,723

The cost of inventories recognised as an expense during the year was RM28,180,994 (2007: RM20,240,159).

20. TRADE AND OTHER RECEIVABLES

	The Group	
	2008 RM	2007 RM
Trade receivables	13,992,852	9,246,877
Less: Allowance for doubtful debts	(181,854)	(73,000)
	13,810,998	9,173,877
Other receivables	1,078,422	1,111,218
	14,889,420	10,285,095

The currency profile of trade receivables is as follows:

	The Group	
	2008 RM	2007 RM
United States Dollar	6,364,471	4,368,270
Ringgit Malaysia	5,690,353	4,447,930
Dirham	1,704,634	234,253
Singapore Dollar	233,394	196,424
	13,992,852	9,246,877

Trade receivables comprise amounts receivable for the sale of goods. The credit terms granted on sale of goods ranged from 30 days to 120 days (2007: 30 days to 120 days). An allowance has been made for estimated irrecoverable amounts of trade receivables of RM181,854 (2007: RM73,000) based on the default experience of the Group.

Other receivables comprise mainly advances granted to employees, advance payments to suppliers for purchase of raw materials and expenses paid on behalf, which are unsecured and interest-free.

21. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS

The amount owing by a subsidiary company represents an advance which is unsecured with interest rate at 1.00% (2007: Nil) per annum, and dividend receivable. The advance is not collectible within the next twelve months and has therefore be classified as non-current assets.

The amount owing to Directors of the Group in the preceding year represents unsecured and interest-free advances. The amount owing is repayable upon demand and has therefore been classified as current liabilities.

21. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in the financial statements, the related party and its relationship with the Group is as follows:

Name of related party		Relationship
Dragonway Furniture Fittings Sdn. Bhd. ("Dragonway")	-	A Director of the Company is the brother of a Director in Dragonway.

During the financial year, significant related party transactions are as follows:

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Subsidiary company:				
Dividend receivable	-	-	3,000,000	-
Interest on advances received/ receivable	-	-	153,293	-
Related party:				
Dragonway Furniture Fittings Sdn. Bhd.				
Trade sales	40,699	51,446	-	-

The Directors are of the opinion that the above transactions have been entered into in the normal course of business and have been established under terms that are mutually agreed between the said related parties.

22. OTHER ASSETS

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Advance payment for acquisition of plant and machinery	1,471,978	188,694	-	-
Refundable deposits	496,958	142,598	352,450	-
Prepaid expenses	112,444	129,190	-	-
	2,081,380	460,482	352,450	-

23. SHARE CAPITAL

The Group and The Company	Par value RM	2008 Number of ordinary shares	2007 Number of ordinary shares	2008 RM	2007 RM
Authorised:					
At beginning of year/ date of incorporation	0.50/ 1.00	100,000,000	100,000	50,000,000	100,000
Increased during the year/period	1.00	-	49,900,000	-	49,900,000
	0.50/ 1.00	100,000,000	50,000,000	50,000,000	50,000,000
Effect of subdivision of shares		-	50,000,000	-	-
At end of year/period	0.50	100,000,000	100,000,000	50,000,000	50,000,000
Issued and fully paid:					
At beginning of year/ date of incorporation	0.50/ 1.00	4	2	2	2
Increased during the year/period	0.50	79,999,996	-	39,999,998	-
		80,000,000	2	40,000,000	2
Effect of subdivision of shares		-	2	-	-
At end of year/period	0.50	80,000,000	4	40,000,000	2

As mentioned in Note 3, the share capital of the Group for the preceding financial year reflects those of SPI in accordance with the accounting treatment under FRS 3: Business Combination for a reverse acquisition transaction.

In conjunction with the listing of the entire enlarged issued and paid-up share capital of the Company on the Second Board of Bursa Securities and the restructuring scheme undertaken by the Group, the issued and paid-up share capital of the Company was increased from RM2 comprising 4 ordinary shares of RM0.50 each to RM40,000,000 comprising 80,000,000 ordinary shares of RM0.50 each by way of:

		Share Capital RM
(i)	Acquisition of SPI Group	21,824,076
(ii)	Rights issue	10,975,922
(iii)	Public issue	7,200,000
		39,999,998

23. SHARE CAPITAL (cont'd)

The entire issued and paid-up ordinary share capital was successfully listed on the Second Board of Bursa Securities with effect from July 16, 2007.

The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

24. RESERVES

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Non-distributable reserves:				
Share premium	2,038,839	-	2,038,839	-
Revaluation reserve	1,482,638	1,482,638	-	-
Reverse acquisition reserve	(19,524,076)	-	-	-
Distributable reserve:				
Retained earnings/ (Accumulated losses)	25,479,156	18,163,815	2,978,317	(5,575)
	9,476,557	19,646,453	5,017,156	(5,575)

Share Premium

Share premium represents the excess of the issue price over the par value of the ordinary shares of the Company, net of share issue expenses of RM1,561,161.

Revaluation Reserve

	The Group	
	2008 RM	2007 RM
At beginning of year	1,482,638	-
Increase arising on revaluation of property, plant and equipment	-	2,003,565
Deferred tax liability arising on revaluation (Note 27)	-	(520,927)
At end of year	1,482,638	1,482,638

The revaluation reserve arose from the revaluation of land and buildings as mentioned in Notes 14 and 15. When revalued land or buildings are sold, the portion of the revaluation reserve that relates to the assets which is effectively realised, is transferred directly to retained earnings.

24. RESERVES (cont'd)

Reverse Acquisition Reserve

Reverse acquisition reserve arose from the reverse acquisition of the Company by SPI during the financial year as follows:

	The Group	
	2008 **RM**	**2007** **RM**
Paid-up share capital of the Company immediately prior to the reverse acquisition	2	-
Shares issued by the Company to acquire SPI Group	21,824,076	-
Reversal of SPI's paid-up share capital pursuant to reverse acquisition	(2,300,000)	-
Equity instruments deemed issued to the owner of the legal parent	(2)	-
	19,524,076	-

Retained Earnings

Distributable reserves are those available for distribution by way of dividends. Based on the prevailing tax rate applicable to dividends and the estimated tax credits and the tax-exempt accounts balances as mentioned in Note 12, the retained earnings of the Company as of March 31, 2008 is available for distribution in full by way of cash dividends without additional tax liabilities being incurred.

25. HIRE-PURCHASE PAYABLES

	The Group			
	Minimum lease payments		**Present value of minimum lease payments**	
	2008 **RM**	**2007** **RM**	**2008** **RM**	**2007** **RM**
Amounts payable under hire-purchase arrangements:				
Within one year	388,055	1,255,539	352,626	1,102,440
In the second to fifth years inclusive	661,779	2,119,880	627,246	1,996,382
	1,049,834	3,375,419	979,872	3,098,822
Less: Future finance charges	(69,962)	(276,597)	-	-
Present value of hire-purchase payables	979,872	3,098,822	979,872	3,098,822
Less: Amount due within 12 months (shown under current liabilities)			(352,626)	(1,102,440)
Non-current portion			627,246	1,996,382

25. HIRE-PURCHASE PAYABLES (cont'd)

The non-current portion is repayable as follows:

	The Group	
	2008	**2007**
	RM	**RM**
Financial years ending March 31:		
2009	-	1,059,711
2010	300,122	661,497
2011	169,125	275,174
2012	117,765	-
2013	40,234	-
	627,246	1,996,382

It is the Group's policy to acquire certain of its property, plant and equipment under hire-purchase arrangements. The terms for hire-purchase ranged from 3 years to 5 years (2007: 2 years to 5 years). For the financial year ended March 31, 2008, the average effective borrowing rate was 4.95% (2007: 5.84%) per annum. Interest rates are fixed at the inception of the hire-purchase arrangements.

The Group's hire-purchase payables are secured by the assets under hire-purchase.

26. BORROWINGS

	The Group	
	2008	**2007**
	RM	**RM**
Secured:		
Bankers' acceptances	4,208,000	8,284,000
Term loans	-	2,692,205
Bank overdrafts	-	789,551
	4,208,000	11,765,756
Less: Amount due within 12 months (shown under current liabilities)	(4,208,000)	(9,413,783)
Non-current portion	-	2,351,973

The non-current portion is repayable as follows:

	The Group	
	2008	**2007**
	RM	**RM**
Financial years ending March 31:		
2009	-	348,297
2010	-	371,164
2011	-	403,412
2012	-	189,515
2013 and above	-	1,039,585
	-	2,351,973

26. BORROWINGS (cont'd)

The Group's banking facilities with licensed banks amounting to RM14,690,000 (2007: RM12,690,000) are secured by land and buildings of the Group as mentioned in Notes 14 and 15. These facilities are also guaranteed by the Company and the Directors of a subsidiary company jointly and severally.

The average effective interest rates are as follows:

	The Group	
	2008 %	2007 %
Bank overdrafts	7.90	7.55
Term loans	5.75	3.84
Bankers' acceptances	4.45	4.65

27. DEFERRED TAX LIABILITIES

	The Group	
	2008 RM	2007 RM
At beginning of year	2,138,228	1,327,652
Transfer from income statement (Note 12)	190,000	289,649
Transfer from revaluation reserve (Note 24)	-	520,927
At end of year	2,328,228	2,138,228

The deferred tax liabilities are in respect of the following:

	The Group	
	2008 RM	2007 RM
Tax effects of temporary differences arising from:		
Property, plant and equipment	1,562,449	1,348,000
Revaluation surplus on leasehold land and building	765,779	790,228
	2,328,228	2,138,228

28. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Trade payables	2,901,677	2,064,453	-	-
Other payables	1,007,778	1,158,401	10,312	-
	3,909,455	3,222,854	10,312	-

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The credit terms granted to the Group for trade purchases ranged from 30 days to 120 days (2007: 30 days to 120 days).

The amounts owing to other payables are unsecured and interest-free.

29. OTHER LIABILITIES

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Accrued expenses	597,946	384,657	132,300	5,575
Refundable deposits received	13,850	13,550	-	-
	611,796	398,207	132,300	5,575

30. DIVIDEND

	The Group	
	2008 RM	2007 RM
Interim tax-exempt dividend of Nil% per ordinary share (235.36 sen for 2007)	-	5,413,290

The Directors have proposed a first and final dividend of 6%, tax-exempt, in respect of the financial year ended March 31, 2008. The proposed dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements.

The interim dividend in the preceding year was paid on May 25, 2007 to the shareholders of Scanwolf Plastic Industries Sdn. Bhd. prior to the restructuring and flotation scheme as mentioned in Note 2.

31. FINANCIAL INSTRUMENTS

Financial instruments are contracts that give rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

(a) Financial Risk Management Objectives and Policies

The operations of the Group and of the Company are subject to a variety of financial risks, including foreign currency risk, interest rate risk, credit risk, liquidity risk and cash flow risk. The Group's and the Company's principal objective is to minimise their exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

(i) Foreign currency risk

The Group is exposed to foreign currency risk as a result of its trade and non-trade activities in currencies other than its functional currency, Ringgit Malaysia ("RM"). The management do not consider the Group's exposure to foreign exchange risk significant as of March 31, 2008.

(ii) Interest rate risk

The Group and the Company finance their operations by a mixture of internal funds and bank and other borrowings. The Group and the Company regularly review the interest rate profile of borrowings against prevailing and anticipated market rates. The repayment and maturity profiles of borrowings are structured after taking into consideration the cash inflows expected to be generated from the underlying assets or operations and the economic life of the assets or operations being financed.

The Group's and the Company's policy is to borrow both on the fixed and floating rate basis. The objective for the mix between fixed and floating rate borrowings is set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

(iii) Credit risk

The Group's exposure to credit risk is mainly from trade receivables. The Group extends credit to its customers based upon careful evaluation of the customer's financial condition and credit history. A credit committee is also formed by the Group to monitor credit controls of the Group through monthly meetings.

(iv) Liquidity and cash flow risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's and the Company's short, medium and long-term funding and liquidity management requirements. The Group and the Company manage liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.

31. FINANCIAL INSTRUMENTS (cont'd)

(b) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 4.

(c) Categories of Financial Instruments

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Financial assets				
Amount owing by a subsidiary company	-	-	22,928,232	-
Trade and other receivables	14,889,420	10,285,095	-	-
Cash and bank balances	1,566,633	1,884,614	60,810	2
Financial liabilities				
Trade and other payables	3,909,455	3,222,854	10,312	-
Borrowings	4,208,000	11,765,756	-	-
Hire-purchase payables	979,872	3,098,822	-	-
Amount owing to Directors	-	1,942,453	-	-
Dividend payable	-	5,413,290	-	-

Foreign currency forward contracts

In order to hedge its exposure to foreign exchange risks, the Group enters into foreign currency forward contracts.

At the balance sheet date, the Group had entered into forward foreign exchange contracts with the following notional amounts:

			Average Exchange Rate per unit of Ringgit Malaysia	
	2008 USD	2007 USD	2008	2007
Less than 3 months	390,000	-	3.18	-
Equivalent amount in RM	1,240,200	-		

31. FINANCIAL INSTRUMENTS (cont'd)

(d) Fair Values of Financial Instruments

Except as detailed in the following table, the Directors consider that the carrying amounts of short-term financial assets and financial liabilities as reported in the balance sheet approximate their fair values due to the short-term maturities of these instruments.

		The Group			
		2008		2007	
	Note	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
Financial Liability					
Borrowings -					
term loans	26	-	-	2,692,205	2,595,208

The fair values of term loans are estimated using discounted cash flow analysis based on current borrowing rates for similar types of borrowing arrangements.

The carrying amounts of hire-purchase payables of the Group approximate to their fair values, which are estimated using discounted cash flow analysis based on current interest rates for similar types of hire-purchase arrangements.

The fair value of foreign currency forward contract is calculated by reference to the current rate for contract with similar maturity profiles and approximates to its carrying amount as of March 31, 2008.

32. CASH FLOW STATEMENTS

(a) Purchase of property, plant and equipment

Property, plant and equipment were acquired by the following means:

	The Group	
	2008 RM	2007 RM
Cash purchase	5,439,507	8,105,402
Hire-purchase	602,000	1,392,923
	6,041,507	9,498,325

The principal amount of instalment repayments for property, plant and equipment acquired by hire-purchase are reflected as cash outflows from financing activities.

32. CASH FLOW STATEMENTS (cont'd)

(b) Cash and cash equivalents

Cash and cash equivalents comprise the following:

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Cash and bank balances	1,566,633	1,884,614	60,810	2
Bank overdrafts	-	(789,551)	-	-
	1,566,633	1,095,063	60,810	2

33. CAPITAL COMMITMENTS

As of March 31, 2008, the Group has the following capital commitment in respect of property, plant and equipment:

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Capital expenditure approved and contracted for	3,040,260	1,697,310	2,968,560	-

34. COMPARATIVES FIGURES

The financial statements of the Company for the preceding financial period was drawn up from the period July 13, 2006 (date of incorporation) to March 31, 2007 or a period of 8½ months.

Under the reverse acquisition method of accounting as mentioned in Note 3, the comparative figures in the consolidated financial statements are presented to reflect those of SPI Group.

34. COMPARATIVES FIGURES (cont'd)

During the financial year, the Group adopted all the new and revised Standards and Interpretations issued by the MASB that are relevant to its operations and effective for accounting periods beginning on or after October 1, 2006. The adoption of FRS 117, Leases, has been applied retrospectively. The effects to the financial statements are reflected as follows:

The Group	**As previously reported RM**	**Adjustments RM**	**As restated RM**
For the financial year ended March 31, 2007			
Income statement/Cash flow statement			
Depreciation of property, plant and equipment	2,060,325	(50,466)	2,009,859
Amortisation of prepaid lease payments	-	50,466	50,466
As of March 31, 2007			
Balance sheet			
Property, plant and equipment	27,810,605	(2,529,534)	25,281,071
Prepaid lease payments	-	2,529,534	2,529,534

Statement by Directors

The Directors of **SCANWOLF CORPORATION BERHAD** state that, in their opinion, the accompanying balance sheets and the related statements of income, changes in equity and cash flows are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable Malaysian Accounting Standards Board approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as of March 31, 2008 and of the results of their businesses and the cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors,

MR. LEUK SING KING

MR. TAN SIN KEAT

Ipoh,
June 16, 2008

Declaration by the Director
primarily responsible for the financial management of the company

I, **MR. LEUK SING KING**, the Director primarily responsible for the financial management of **SCANWOLF CORPORATION BERHAD**, do solemnly and sincerely declare that the accompanying balance sheets and the related statements of income, changes in equity and cash flows are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

MR. LEUK SING KING

Subscribed and solemnly declared by
the abovenamed **MR. LEUK SING KING**
at **IPOH** this 16th day of June, 2008.

Before me,

MOHD YUSOF BIN HARON, KPP., PNPBB., PJK.
COMMISSIONER FOR OATHS

List of Group's Properties

Location	Description	Usage	Area	Tenure	Age of Buildings (Years)	Net Book Value 31-Mar-08 RM	Date of Valuation
Title No. HS (D) 44267, Lot P.T. 404, Mukim of Belanja, District of Kinta, State of Perak	Industrial land with two single storey detached factory/office buildings	Factory	3.7 acres	Lease period expiring on 13/6/2054	12 and 5	6,168,646	27 June 2006
Title No. Pajakan Negeri 148201, Lot 192446, Mukim of Belanja, District of Kinta, State of Perak	Industrial land with a single storey detached factory	Factory	3.2 acres	Lease period expired on 2/12/2051	2 years	3,753,160	27 June 2006
Title No. Pajakan Negeri 90115, Lot 195536, Mukim of Belanja, District of Kinta, State of Perak	Industrial land with a single storey detached building	Staff use	2.9 acres	Lease period expiring on 26/5/2052	2 years	710,661	27 June 2006
Title No. Pajakan Negeri (WP) 16482, Lot 44536, Mukim of Batu, District of Kuala Lumpur, State of Wilayah Persekutuan K.L	4 storey shop office	Let out	1,765 sq ft	Lease period expiring on 25/8/2077	7	800,000	27 June 2006
(HSM 1048, P.T. 4528), (HSM 1049, P.T. 4529), (HSM 1050, P.T. 4530), (HSM 1051, P.T. 4531), (HSM 1052, P.T. 4538), (HSM 1053, P.T. 4539), (HSM 1054, P.T. 4540), (HSM 1055, P.T. 4541), (HSM 1059, P.T. 4552), (HSM 1067, P.T. 4583), (HSM 1068, P.T. 4584), (HSM 1069, P.T. 4585), (HSM 1070, P.T. 4586), (HSM 1071, P.T. 4587), (HSM 1072, P.T. 4590), (HSM 1073, P.T. 4591), (HSM 1074, P.T. 4592), (HSM 1075, P.T. 4593), (HSM 1076, P.T. 4594), and (HSM 1077, P.T. 4595), Mukim of Sungai Terap, District of Kinta, State of Perak	20 parcels of vacant detached house lots	Vacant	4,000 sq ft per unit	Lease period expiring on 07/10/2093	N/A	292,427	27 June 2006

Analysis of Shareholdings
as at 6 June 2008

Authorised Share Capital	RM50,000,000
Issued and Full Paid-Up	RM40,000,000
Class of Shares	Ordinary Shares of RM0.50 each
Voting Right	1 vote per Ordinary Share

Distribution of Shareholders As At 6 June 2008

Size of Shareholdings	No. of Holders	%	No. of Shares	%
Less than 100	1	0.06	50	0.00
100 - 1,000	458	27.23	426,700	0.53
1,001 - 10,000	859	51.07	4,103,050	5.13
10,001 - 100,000	313	18.61	10,462,600	13.08
100,001 to less than 5% of issued shares	49	2.91	43,855,668	54.82
5% and above of issued shares	2	0.12	21,151,932	26.44
Total	1,682	100.00	80,000,000	100.00

Directors' Shareholdings As At 6 June 2008

	Direct	%	Indirect	%
LOO BIN KEONG	22,158,440	27.70	1,730,000	2.16 *
LEUK SING KING	7,673,981	9.59	700,000	0.88 **
TAN SIN KEAT	7,673,981	9.59	700,000	0.88 **
TEOH TEIK KEAN	967,999	1.21	1,000,000	1.25 ***

* Deemed interest through EB Nominees (Tempatan) Sendirian Berhad & his child's shareholding
** Deemed interest through EB Nominees (Tempatan) Sendirian Berhad
** Deemed interest through United Overseas Nominees (Tempatan) Sendirian Berhad

Substantial Shareholders As At 6 June 2008

	No. of shares			
	Direct	%	Indirect	%
LOO BIN KEONG	22,158,440	27.70	1,730,000	2.16 *
LEUK SING KING	7,673,981	9.59	700,000	0.88 **
TAN SIN KEAT	7,673,981	9.59	700,000	0.88 **

* Deemed interest through EB Nominees (Tempatan) Sendirian Berhad & his child's shareholding
** Deemed interest through EB Nominees (Tempatan) Sendirian Berhad

Thirty Largest (30) Largest Securities Account Holders for Ordinary Shares As At 6 June 2008

	Names	Holdings No.	%
1	LOO BIN KEONG	10,576,000	13.22
2	LOO BIN KEONG	10,575,932	13.22
3	TAN PIN HOOI	3,800,000	4.75
4	LEE HUAT BOON	3,774,599	4.72
5	LEUK SING KING	3,712,034	4.64
6	TAN SIN KEAT	3,712,034	4.64
7	LEUK SING KING	3,712,000	4.64
8	TAN SIN KEAT	3,712,000	4.64
9	YAW CHUN FOOK	2,950,000	3.69
10	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD - PLEDGED SECURITIES ACCOUNT FOR ZAKARIA MERICAN BIN OSMAN MERICAN (SFC)	2,000,000	2.50
11	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD - PLEDGED SECURITIES ACCOUNT FOR LOO BIN KEONG (IPO-SFC)	1,700,000	2.12
12	LIEW CHIN LEONG	1,691,600	2.11
13	UNITED OVERSEAS NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR TEOH TEIK KEAN (MIP)	1,000,000	1.25
14	TEOH TEIK KEAN	967,999	1.21
15	FOO CHONG MING	850,000	1.06
16	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD - PLEDGED SECURITIES ACCOUNT FOR TAN SIN KEAT (IPO-SFC)	700,000	0.87
17	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD - PLEDGED SECURITIES ACCOUNT FOR LEUK SING KING (IPO-SFC)	700,000	0.87
18	LOO BIN KEONG	653,308	0.82
19	GO WINSTON DY	598,700	0.75
20	TA NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR HAR LAI KENG	523,900	0.65
21	YAW CHUN FOOK	500,000	0.63
22	YAW CHUN FOOK	500,000	0.63
23	FOO CHONG CHIN	473,000	0.59
24	GERALD JOHN RICHARDS	415,000	0.52
25	ZAKARIA MERICAN BIN OSMAN MERICAN	380,300	0.48
26	LIEW CHIN LEONG	377,700	0.47
27	LOO BIN KEONG	353,200	0.44
28	GB CHEMICAL (M) SDN. BHD.	352,000	0.44
29	ANG GAIK BEE	351,000	0.44
30	TAN SWEE EAN	253,500	0.32
		61,865,806	77.33

SCANWOLF®

SCANWOLF CORPORATION BERHAD (740909-T)
(Incorporated in Malaysia under the Companies Act, 1965)

Form of Proxy

I/We ____

of ____

____

being a Member/Members of the abovenamed Company, hereby appoint ______________________

____

of ____

or failing him, THE CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us and on my/our behalf at the Second Annual General Meeting of the Company to be held at Bonzai A – Level 4, Syuen Hotel, 88, Jalan Sultan Abdul Jalil, 30300 Ipoh, Perak Darul Ridzuan on Wednesday, 30 July 2008 at 11:00 a.m. and at any adjournment thereof in respect of my/our holding of shares in the manner indicated below:-

My/our proxy is to vote as indicated below:

Resolution		For	Against
1.	To receive and adopt the Audited Financial Statements and Reports of the Directors for the financial year ended 31 March 2008		
2.	To declare a first and final dividend		
3.	To approve the payment of Directors' fees		
4.	Re-election of Director – Mr. Neoh Choo Kean		
5.	Re-election of Director – Mr. Lim Beng Huat		
6.	To appoint Auditors and to authorise the Directors to fix their remuneration		
7.	As Special Business – Ordinary Resolution on Proposed Share Buy-Back of up to ten percent (10%) of the issued and paid-up share capital of the Company		

(Please indicate with a cross (x) in the space provided whether you wish your votes to be cast for or against the Resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.)

No. of Shares held

____
Signature of Shareholder
or Common Seal

Dated this _____ day of ______________ 2008.

Note:
A member of the Company entitled to attend and vote at the above-mentioned Meeting may appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy. The instrument appointing a proxy must be deposited at the Company's registered office at 41, Jalan Medan Ipoh 6, Bandar Baru Medan Ipoh, 31400 Ipoh, Perak Darul Ridzuan not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.

Fold along this line

STAMP

The Secretary
SCANWOLF CORPORATION BERHAD (740909-T)

Registered Office
41, Jalan Medan Ipoh 6
Bandar Baru Medan Ipoh
31400 Ipoh, Perak Darul Ridzuan.

Fold along this line

SCANWOLF CORPORATION BERHAD (740909-T)

(Incorporated in Malaysia under the Companies Act, 1965)

Lot PT 404, Jalan Bota,31750 Mukim Belanja,Tronoh, Perak, Malaysia.

Tel: 605 - 3677866 (Hunting Line)   Fax: 605 - 3677852

Website: http://www.scanwolf.com