SCANWOLF CORPORATION BERHAD (740909-T)

Annual Report 2010

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fourth Annual General Meeting of Scanwolf Corporation Berhad will be held at 10:00 a.m. on Saturday, August 21, 2010 at Regency 3, Level 11, Tower Regency Hotel & Apartments, 6-8, Jalan Dato' Seri Ahmad Said, 30450 Ipoh, Perak Darul Ridzuan for the following purposes:-

AGENDA

1. To receive and adopt the Audited Financial Statements for the financial year ended March 31, 2010 and the Reports of the Directors and the Auditors thereon. **(Resolution 1)**

2. To declare a final dividend of 1.5 sen per share, tax exempt in respect of the financial year ended March 31, 2010. **(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) Leuk Sing King **(Resolution 4)**
   (ii) Teoh Teik Kean **(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 Renewal of Authority for Scanwolf Corporation Berhad to purchase its own ordinary shares of RM0.50 each representing up to 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
July 28, 2010

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 Renewal of Authority for Scanwolf Corporation Berhad to purchase its own ordinary shares of RM0.50 each representing up to 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 July 28, 2010, which is dispatched together with the Company's Annual Report 2010.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT DATES

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the Fourth Annual General Meeting to be held on August 21, 2010, a final dividend of 1.5 sen per share, tax exempt in respect of the financial year ended March 31, 2010, will be paid on September 27, 2010 to shareholders registered in the Register of Members at the close of business on September 15, 2010.

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 September 15, 2010 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
July 28, 2010

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

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

   (i) Leuk Sing King (retiring pursuant to Article 103(1) of the Articles of Association of the Company);
   (ii) Teoh Teik Kean (retiring pursuant to Article 103(1) of the Articles of Association of the Company)

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

   Four Board Meetings were held during the financial year from April 01, 2009 to March 31, 2010. Details of attendance of Directors at Board Meetings are stated in the Statement of Corporate Governance on page 12 of the Annual Report.

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

   The Fourth Annual General Meeting of the Company will be held at 10:00 a.m. on Saturday, August 21, 2010 at Regency 3, Level 11, Tower Regency Hotel & Apartments, 6-8, Jalan Dato' Seri Ahmad Said, 30450 Ipoh, Perak Darul Ridzuan.

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

   Please refer to pages 7 to 8 of the Annual Report.

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

   The Company:-
   Please refer to page 90 of the Annual Report.

   Subsidiary Companies:-
   Please refer to page 90 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
(Independent Non-Executive 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 Kheong (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
Tricor Investor Services Sdn Bhd
(Formerly known as 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

STOCK EXCHANGE LISTING
Main Market of Bursa Malaysia Securities Berhad
Stock Code: 7239

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 Accountants
87, Jalan Sultan Abdul Jalil
30450, Ipoh, Perak Darul Ridzuan
Tel: 605 – 2531 358
Fax: 605 – 2530 090

BOARD OF DIRECTORS

Neoh Choo Kean
Independent Non-Executive Chairman

Neoh Choo Kean, 67, was appointed as our Independent Non-Executive Director on May 23, 2007. He was subsequently appointed non-executive Chairman of the Board of Directors on April 2, 2008. He obtained his Bachelor of Economics degree from the University of Malaya, and has over 25 years of experience in the banking industry and in the process, building up expertise in areas like 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 wholly-owned subsidiary of RAM Holdings Berhad. Neoh Choo Kean is the Chairman of Remuneration Committee and a member of Audit Committee. He has attended all five (5) Board Meetings held during the financial year ended March 31, 2010. 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 not been convicted for any offences within the past ten (10) years.

Loo Bin Keong
Chief Executive Director

Loo Bin Keong, 52, was appointed as Chief Executive Director ("CED") 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/CED until today. He is also the Chairman/CED 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 five (5) Board Meetings held during the financial year ended March 31, 2010. 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 CED and substantial shareholder of the Company. He has had no conviction for any offences within the past ten (10) years.

Tan Sin Keat
Executive Director

Tan Sin Keat, 46, 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 more than 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 five (5) Board Meetings held during the financial year ended March 31, 2010. 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
Executive Director

Leuk Sing King, aged 49, 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.

Leuk Sing King has attended all five (5) Board Meetings held during the financial year ended March 31, 2010. 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.

Teoh Teik Kean
Executive Director

Teoh Teik Kean, 53, was appointed as our Executive Director on April 2, 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 bank 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.

Teoh Teik Kean is a member of Nomination Committee. He has attended all five (5) Board Meetings held during the financial year ended March 31, 2010. 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
Independent Non-Executive Director

Lau Tiang Hua, 57, was appointed as our Independent Non-Executive Director on May 23, 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. and later served as an Audit Manager with Arthur Young & Co. He was General Manager for Finance and Administration, with Star Publications (Malaysia) Berhad before starting his own practice in 1985 under the name of JB Lau & Associates which has since merged with Grant Thornton on January 1, 2008.

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 five (5) Board Meetings held during the financial year ended March 31, 2010. 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
Independent Non-Executive Director

Lim Beng Huat, 58, was appointed as our Independent Non-Executive Director on May 23, 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 35 years.

Lim Beng Huat is a Chairman of Nomination Committee, a member of Remuneration Committee and a member of Audit Committee. He has attended all five (5) Board Meetings held during the financial year ended March 31, 2010. 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 Valued Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the Annual Report and Audited Financial Statements of Scanwolf Corporation Berhad ("SCB") and its Group of Companies for the financial year ended ("FYE") March 31, 2010.

THE YEAR IN REVIEW

Having navigated the SCB Group through the turbulent international and domestic economic conditions during the 2009/2010 financial year, we are now entering a period of relative calm and promise as we move into our new financial year although there are bound to be unforeseen challenges along the way. In spite of the improving business conditions witnessed from early 2010, the financial year 2010 was a challenging one for the SCB Group as it faced many adverse external factors. The economic downturn from the global financial crisis showed little or slow progress in the early months of our financial year. Meanwhile, the fierce volatility of the PVC plastic resin prices and the fluctuation of the USD/RM exchange rate hampered our business operations and our overall profitability. Despite these challenges, SCB Group was able to achieve a satisfactory growth of 88.72% in its Profit After Tax.

The improved result achieved was largely due to our continuous focus on improving the efficiency of work processes and the concerted effort of practising cost efficiency started during the previous financial year. Incentive schemes were introduced for staff to contribute innovative and practical ideas for the improvement of the production processes, product quality improvements and cost-saving measures. The combined efforts of the Management at all levels of the staff led to an overall better utilization of resources resulting in substantial improvements in production and a healthy cost-savings per month. All these initiatives will continue to be an important feature in the management process in the new financial year.

Apart from the production process and cost-efficiency measures, your Management closely monitored the developing economic and business conditions and rendered quarterly business reports to your Board of Directors during these difficult times to keep them updated and at the same time to inform them of the various strategic measures adopted by Management to combat the changing business conditions. This led to strong and active participation from your Directors in giving inputs and guidance to the Management. Efforts were also stepped up to increase local sales while foreign sales were also given keen attention in view of the fluctuating exchange rates and a volatile market. Meanwhile, on the accounting and administrative side, close attention were given to monitoring trade debtors to ensure they were under control.

On other corporate matters, the leasehold industrial land of 28,000 square metres in Vietnam for future expansion of its business as previously highlighted is still on-going. However, the handover of the land has been further delayed for another year. Upon the handover of the land, your management will do a thorough evaluation of prevailing economic and business conditions before proceeding with the construction of the proposed new factory to expand our production capacity.

Moving to other matters in the SCB Group, as part of the ongoing process of strengthening the SCB Group's management talent and expertise in readiness to meet new challenges and for the future growth of the Group, a new General Manager was recruited for its main subsidiary company and manufacturing arm, Scanwolf Plastic Industries Sdn. Bhd.. Recruitment for three other senior managers/specialists to fill positions created under a new company organization chart are currently being pursued. This is intended to further add to the quality of the management team, in particular on the production side. In addition, training and development of staff continued to be given appropriate attention. We are also pleased to disclose that several Board members also participated in seminars and workshops organized by Bursatra.

Further, during the financial year under review, your management continues to comply strictly with the principles and best practices of good corporate governance which are spelled out in greater details under our Statement on Corporate Governance. In the area of Corporate Social Responsibility ("CSR"), we continue to embrace the principles and values behind this policy. In particular, we are pleased to highlight the importance placed on improving staff welfare and due recognition of the contributions were given to its employees. All employees are now insured against personal accidents as well as medical and hospitalization. Monetary rewards were given to employees with the best attendance record and those who contributed cost-saving ideas that lead to the improvement of work processes. A fuller account is given in our CSR Statement.

FINANCIAL PERFORMANCE

For FYE March 31, 2010, we recorded revenue of RM39.34 million. This represents an increase of RM2.39 million or 6.47% from the revenue achieved in FYE March 31, 2009. This increase was attributable to the improving market condition as compared to that of the previous year.

The Group pre-tax profit improved by 49.06% to RM3.16 million as compared to RM2.12 million recorded in the previous financial year. Profit after tax attributable to shareholders in FYE 2010 amounted to RM2.51 million, an increase of 88.72% from RM1.33 million previously. Although profit performance improved during the financial year under review, fluctuation in the USD/Ringgit exchange dampened the eventual profit figures.

The result achieved in FYE 2010 was a consequence of a much improved market condition coupled with other proactive measures adopted during the year. Export sales contributed 63.83% of the total revenue amounting to RM25.11 million as compared to RM23.11 million achieved in FYE 2009, an increase of 8.65%. Local sales continue to grow from RM13.84 million recorded in the previous year to RM14.23 million for FYE 2010, an increase of 2.82%.

At the close of the FYE March 31, 2010, shareholders' fund stood at RM47.23 million. The cash flow and working capital situation remains at a healthy level as we move into the new financial year.

DIVIDENDS

In view of the continuing profitability of the Group, we are pleased to continue to reward our loyal shareholders.

For the FYE 2010, the Group paid an interim tax-exempt dividend of 1.5 sen per ordinary share of RM0.50 each amounting to RM1.20 million on January 28, 2010. The Board is pleased to recommend a final tax-exempt dividend of 1.5 sen per ordinary share of RM0.50 each amounting to another RM1.20 million in respect of the financial year ended March 31, 2010, bring the total dividend declared for the year to 3 sen per ordinary share of RM0.50 each amounting to RM2.40 million.

The final dividend is subject to shareholders' approval at the forthcoming Annual General Meeting.

LOOKING AHEAD

The business condition in the new financial year is expected to continue to show improvement although for the SCB Group it will still be challenging as we strive to keep up with the fierce competition from our rivals within Malaysia as well as those outside the country, especially from China. We will continue our marketing efforts to increase our customer base both locally as well as overseas, increase our range of products as well as monitor and improve our margins moving forward.

Your Company will continue its strategy of further entrenching our products across all furniture and building material market segments to further expand our geographical reach both in the domestic and international markets, as well as introduce more new products to serve our existing and new client. Initiatives will also be taken to explore other potential avenues of business for the Group.

While there are economic bright spots reported in many countries, particularly in Asia, the developing financial crisis in Greece and potentially in other EU countries such as Portugal, Ireland and Spain will further add to the already tough and challenging market condition. The weakening of the Euro has given the end-user of PVC edgings an alternative source of supply. This situation is further compounded by the strengthening of our Ringgit against the US dollars, which will not only make our exports less profitable but also result in exchange translation loss. In light of the growing uncertainty in the foreign exchange market which can have a significant impact on the Groups profit, your Management will increase its vigilance in managing exchange risk.

While we look ahead with guarded optimism, we continue to remain mindful of the potential hazards that could arise particularly from countries in the Eurozone. SCB will continue to practice prudent management, ensure cost effectiveness, improve staff development and productivity and implement good business practices and strategies to meet the challenges ahead.

Barring unforeseen circumstances, the Board of Directors and the Management is confident that the Group will be able to overcome these new challenges and is expected to remain profitable in the coming financial year.

APPRECIATION & ACKNOWLEDGEMENT

The Board of Directors would like to express our sincere appreciation to the management and staff for their continued dedication, commitment and loyalty to the Group.

The commitment of the management, staff and Board of Directors as well as the co-operation and support of customers and shareholders will be the foundation for the Group to meet new challenges in the years ahead.

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

Let me add a vote of thanks to my fellow Directors for their strong sense of cooperation and teamwork which make my role as Chairman a pleasant and fruitful one.

NEOH CHOO KEAN
Independent Non-Executive Chairman

STATEMENT ON CORPORATE GOVERNANCE

The Code

The Board of Directors of Scanwolf Corporation Berhad ("SCB") appreciates the importance of good corporate governance within the Group. SCB has continued to apply good standards of corporate governance practices and high level of integrity in managing and directing all its business operations, dealings and affairs of the Group by adopting the substance and the spirit of the principles and best practices as advocated by the Malaysian Code of Corporate Governance ("The Code") whenever possible.

The Board is pleased to report on the main corporate governance practices of the Group for the year ended March 31, 2010.

Board of Directors ("The Board")

The Group fully appreciates the pivotal role played by the Board in the stewardship and monitoring of its long term directions and achievement of business objectives; and ultimately the enhancement of shareholders' value.

Certain responsibilities of the Board are delegated to Board committees; namely the Nomination, Remuneration and Audit Committees (collectively referred to as "Board Committees").The Board Committees operate within clearly defined terms of reference and have the authority to examine particular issues delegated to them and report back to the Board with their recommendations and comments. The ultimate responsibility for the final decision on all significant matters proposed by the Board Committees, however, lies with the Board as a whole.

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 7 to 8 of this Annual Report.

Board Balance

The Board of SCB has a good combination of directors with a strong combination of 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.

At the onset of its listing of SCB, the Board nominated the Audit Committee Chairman as the Senior Independent Non-Executive Director to whom concerns may be conveyed. However, all Independent Non-Executive Directors play an active role in all Board meeting deliberations and another Independent Non-Executive Director was subsequently appointed Chairman of the Board. It is also to be noted that all the 3 Board Committees are currently chaired by Independent Non-Executive Directors.

The Board is of the view that its composition fairly reflects the composition of its shareholders. There is a balance of executive, non-executive and independent non-executive directors. The Board is satisfied that the current Board composition fairly reflects the investment of minority shareholders in the Company.

Role of the Chairman and the Chief Executive Director

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

The Non-Executive Chairman is entrusted, together with the other members of the Board, the task of developing the Group's overall business policies and strategic direction whilst the CED 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 CED, 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 ensuring the profitability of the Group. Its principal accountabilities include making certain that all policies deliberated, approved and adopted are implemented by the Management and remedial plans put into operations should they be required.

The presence of Independent Non-Executive Directors further strengthens the Board in providing unbiased and independent views, inputs and advices apart from their role in safeguarding the interests of minority shareholders. The Board, holding overall responsibility for the formulation of key company policies and the critical decision-making process is an effective team, based on their training, expertise and experience.

More specifically, the Board's major responsibilities include the following:-

- Driving the overall corporate and business strategy. Working through the Management, ensures a Group strategic and business plan is drawn up and systematically implemented. Such plans will be translated into annual budgets and forecasts and subjected to quarterly performance reviews with remedial actions and re-forecasting where necessary.

- 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.

- Strengthening management capability and expertise and developing human resource skills by adopting progressive human resource strategy as well as a strong organization structure.

- Building a long term strategy to acquire latest technology and an efficient and cost-effective operations system.

- Drawing up an effective CSR policy which complies with the principles under which CSR has been promoted and benefitting the corporate identity and image of SCB Group at the same time.

- Developing and implementing an investor relations 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 were planned for the financial year.

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

The agenda of the Board meetings are discussed and cleared with the Chairman prior to the meeting dates. All Board papers for consideration are normally 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 five (5) meetings held during the financial year ended March 31, 2010. All the directors attended the five (5) meetings. In addition, the Executive Directors met regularly to discuss corporate strategy and business operations and results of the business units in the Group.

Board Committees

Supporting the Board in carrying out its responsibilities, the three (3) Board Committees play an important role of effectively helping in the periodic monitoring, deliberating and safeguarding of shareholders interest.

These Board Committees' contributions provide added assurance and accountability to shareholders.

The Board Committees, comprising of members of the Board itself, are empowered to initiate, deliberate and examine issues within their respective terms of reference and provide feedbacks to the Board with their recommendations and comments.

The Board Committees are as follows:-

A) 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 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 24 to 27 of this annual report.

B) 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 once to carry out its responsibilities, attended by all members of the Nomination Committee.

C) 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. During the period under review, the Committee guided the Management in reviewing the organization chart of its manufacturing subsidiary company.

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 four (4) 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 a 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).

During the financial ended March 31, 2010, the Directors have attended the following training programmes:-

Name	Programme
Neoh Choo Kean	• The Non-Executive Director Development Series (NEDDS): Is It Worth The Risk?
Lim Beng Huat	• Forum On FRS 139 • The Non-Executive Director Development Series (NEDDS): Is It Worth The Risk?
Teoh Teik Kean	• Certificate Investor Relation Course – Companies Act & Regulations. • Investor Relations Best Practices Course. • Certificate of Investor Relations (CIR) of IR Society of UK.

Appointments 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 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 March 31, 2010 are as follows:-

Category	Fees RM	Salaries RM	Benefits In Kind RM	Other Emoluments RM	Total RM
Executive Directors	60,000	660,000	85,800	258,720	1,064,520
Non-Executive Directors	93,000	-	-	-	93,000
Total	153,000	660,000	85,800	258,720	1,157,520

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	-	3
200,001 to 250,000	1	-
250,001 to 300,000	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.

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 Financial Reporting 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 Financial Reporting Standards in Malaysia 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 March 31, 2010, 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 88.

- **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 ended March 31, 2010, 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 22 to 23 in this Annual Report.

- **Relationship With Auditors**

  The Group's external auditors continue to provide independent assurance to shareholders on the Group's 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.

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 June 18, 2010.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Scanwolf Corporation Berhad ("SCB") recognizes and fully embraces the initiatives taken by the Government and Bursa Malaysia Securities Berhad to increase the awareness of corporate social responsibility ("CSR") among Malaysian companies. The principle 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 a difference in the lives of the community.

It is with this underlying appreciation that SCB presents the CSR Statement for the financial year ended March 31, 2010.

Our People

Our foremost social commitment is to people. While we have always extended our attention and assistance to people in our community and the society at large, it must be incumbent on us never to forget those nearest to us and who forms the backbone of the company's strength and success. These are the faithful and industrious employees of SCB Group and to whom lies our corporate and social responsibility.

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.

There is time to work hard and there is time to relax and enjoy. Towards this goal, annual events such as staff annual dinner and short holiday trips are organized to make their working life interesting and colourful. In the process, this also helps to foster better unity and understanding among the workforce and also create better working relationship among all levels of staff.

Our Safety And Our 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.

Our Environment

There is now more awareness all over the world that environmental degradation if not checked will cause a major disaster to the world we live in. This same awareness in the SCB Group has made us ever vigilant in the Company among the Management and Staff.

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.

Our Community

As a responsible corporate citizen, SCB has from time to time made financial contributions and donations to various needy organizations and schools to help them run their activities and projects. 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 educational and sporting programmes.

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. In the coming years, The Group will draw more coordinated and sustainable programmes to benefit those in the Company, the community and society at large, seeing that if we take our CSR seriously, it will create a win-win situation for those who benefit and for SCB Group.

STATEMENT ON INTERNAL CONTROL

Introduction

In relation to internal control, pursuant to the requirements under the Malaysian Code on Corporate Governance for companies listed on the Bursa Malaysia Securities Berhad, 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.

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 Function

The Internal Audit function is outsourced to a professional firm specializing in providing internal audit services. Internal audits are carried out based on the annual audit plan approved by the Audit Committee and this include regular and systematic review of the internal controls and to provide the Audit Committee with sufficient assurance that the operational controls are effective in addressing the risks identified. The internal auditor will report his findings and recommendations to the Audit Committee for deliberations in the quarterly meetings. Such deliberations are conducted with the presence of the Management. Once the recommendations are accepted, the Management will see to their implementation.

Some weaknesses in internal control were identified for the year under review but these are not deemed significant and hence have not been included in this statement, as these weaknesses have not materially impacted the business or operations of the Group. This Statement has been approved by a resolution of your Board of Directors dated June 18, 2010 and has been reviewed by the external auditors.

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)

2. Terms of reference of the Audit Committee

2.1 Membership

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

b) No alternate directors shall be appointed to the Audit Committee.

c) All the Audit Committee members must be non-executive directors, with a 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 themselves.

f) The term of office and performance of the Committee and each of its members shall be reviewed by the Board of Directors at least once every 3 years.

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.

2.2 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.

2.3 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 matter that the Audit Committee had reported to the Board which was not satisfactorily resolved and/or had resulted in a breach of the Listing Requirements and/or the Companies Act, 1965.

2.4 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.

2.5 Meetings

The Audit Committee shall regulate its meetings 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 for a meeting of the Audit Committee shall be two members, and the majority of members present must be Independent Directors;

e) Questions arising at any Audit Committee meeting shall be decided by a 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.

3. Summary of activities of the Audit Committee

During the year under review, the Audit Committee held 4 meetings and the attendance of each member is as follows:-

	Attendance
Mr. Lau Tiang Hua	(4/4)
Mr. Neoh Choo Kean	(4/4)
Mr. Lim Beng Huat	(4/4)

The following is a summary of the activities carried out by the Audit Committee during the financial year ended March 31, 2010 :-

a) Reviewed and recommended for Board's approval the quarterly interim 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 required 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 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;

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

i) Reviewed and approved the annual audit plan of the internal auditor; and

j) Reviewed and deliberated on the report of findings and recommendations from the internal auditor.

4. Internal audit function

The Group has outsourced its internal audit function to Finfield Corporate Services Sdn. Bhd., a professional company specializing in providing internal audit services. During the year ended March 31, 2010 , the internal auditor has carried out audits to assess the adequacy of the internal controls of the main operating subsidiary, based on the audit plan approved by the Audit Committee. The internal auditor reported his findings and recommendations to the Audit Committee for deliberations together with the Management. Where areas of improvements were required, it was highlighted to the Management for implementation. The Audit Committee monitored the progress of the implementation.

The total fees and disbursements paid to the internal auditor for the financial year ended March 31, 2010 amounted to RM9,376.00

This Audit Committee Report has been approved by a resolution of your Board of Directors dated June 18, 2010.

ADDITIONAL COMPLIANCE INFORMATION

- **Utilisation of Proceeds**

  During the financial year, there were no proceeds raised by your Company from any corporate proposals.

- **Material Contracts**

  There were no material contracts entered into during the financial year ended March 31, 2010 involving Directors' and major shareholders' interests.

- **Sanctions and/or Penalties**

  During the financial year ended March 31, 2010, no material sanctions and/or penalties were imposed on the Group and its subsidiaries, directors or management by the relevant regulatory bodies.

- **Non-Audit Fees**

  The amount of non-audit fees paid to an associate firm of the Group's external auditors for financial year ended March 31, 2010 amounted to RM15,700 for corporate tax compliance and advisory services rendered.

- **Share Buy-Back**

  Details of the shares repurchased and held as Treasury Shares are presented on page 31.

- **Option, Warrants or Convertible Securities**

  The Group did not issue options, warrants or convertible securities during the financial year ended March 31, 2010.

- **Results Variation**

  During the financial year, there was no variation of results that differ by more than 10% from any profit forecast or unaudited results that were announced.

- **Profit Guarantee**

  There were no profit guarantees 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 March 31, 2010.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

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, 2010.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company.

The principal activities of the subsidiary companies are disclosed in Note 16 to the Financial Statements.

There have been no significant changes in the nature of the principal activities of the Company and its subsidiary companies during the financial year.

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	3,159,308	2,214,733
Income tax expense	(651,648)	-
Profit for the year attributable to equity holders of the Company	2,507,660	2,214,733

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.

DIVIDENDS

A final dividend of 2%, tax-exempt, amounting to RM1,594,582 proposed in respect of the financial year ended March 31, 2009 and dealt with in the previous Directors' report, was paid by the Company on September 25, 2009.

An interim dividend of 1.5%, tax-exempt, amounting to RM1,195,936 declared in respect of the current financial year, was paid on January 28, 2010.

The Directors propose a final cash dividend of 1.5% tax-exempt, amounting to RM1,195,787, computed based on the outstanding issued and paid-up capital, excluding treasury shares held by the Company of 79,719,100 ordinary shares of RM0.50 each in respect of the current financial year. The proposed final dividend is subject to the approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as 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

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

REPURCHASE OF OWN SHARES

The shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting ("AGM") held on August 22, 2009, granted the approval for the Company to repurchase its own shares. Details of the shares repurchased and held as Treasury Shares are as follows:

Month	No. of shares repurchased	Highest price paid per share RM	Lowest price paid per share RM	Average price paid per share (including incidental costs) RM	Total consideration RM
As of April 1, 2009	268,900	0.40	0.30	0.34	91,274
August 2009	2,000	0.42	0.42	0.43	853
February 2010	10,000	0.32	0.32	0.32	3,219
	280,900				95,346

The mandate given by the shareholders will expire at the forthcoming AGM and an ordinary resolution will be tabled at the AGM for shareholders to grant a fresh mandate for another 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.

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
Mr. Lim Beng Huat
Mr. Lau Tiang Hua

In accordance with Article 103 of the Company's Articles of Association, Mr. Leuk Sing King and Mr. Teoh Teik Kean 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
Registered in the name of Directors	
Mr. Loo Bin Keong	23,858,440
Mr. Tan Sin Keat	8,373,981
Mr. Leuk Sing King	8,373,981
Mr. Teoh Teik Kean	1,967,799

There was no movement in the Directors' shareholdings during the financial year.

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 19 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 18, 2010.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SCANWOLF CORPORATION BERHAD
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Scanwolf Corporation Berhad, which comprise the balance sheets of the Group and of the Company as of March 31, 2010 and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 37 to 87.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with the Financial Reporting Standards in Malaysia and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the Financial Reporting Standards in Malaysia and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of March 31, 2010 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that:

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

(b) 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 financial statements of the Group, and we have received satisfactory information and explanations as required by us for these purposes; and

(c) our 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.

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

YEOH SIEW MING
Partner - 2421/05/11(J/PH)
Chartered Accountant

Ipoh,
June 18, 2010.

INCOME STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2010

		The Group		The Company	
	Note	2010 RM	2009 RM	2010 RM	2009 RM
Revenue	4	39,341,824	36,951,265	3,240,000	2,400,000
Investment revenue	6	53,510	47,055	196,537	211,117
Other gains and losses	7	(781,269)	843,482	-	-
Other operating income	9	65,245	15,247	-	-
Changes in inventories of finished goods and work-in-progress		591,693	(183,050)	-	-
Raw materials and consumables used		(19,184,323)	(19,111,419)	-	-
Purchase of finished goods		(2,588,468)	(2,967,523)	-	-
Directors' remuneration	8	(1,071,720)	(953,120)	(1,071,720)	(313,080)
Employee benefits expenses	9	(4,742,088)	(3,937,477)	-	-
Depreciation of property, plant and equipment	13	(3,288,337)	(3,032,901)	-	-
Amortisation of prepaid lease payments	14	(53,522)	(53,639)	-	-
Finance costs	10	(236,921)	(385,239)	-	-
Other operating expenses	9	(4,946,316)	(5,109,822)	(150,084)	(167,498)
Profit before tax		3,159,308	2,122,859	2,214,733	2,130,539
Income tax expense	11	(651,648)	(791,275)	-	(2,755)
Profit for the year		2,507,660	1,331,584	2,214,733	2,127,784
Attributable to:					
Equity holders of the Company		2,507,660	1,331,584	2,214,733	2,127,784
Earnings per share:					
Basic	12	3.15 sen	1.67 sen		
Diluted	12	3.15 sen	1.67 sen		

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

BALANCE SHEETS
AS OF MARCH 31, 2010

		The Group		The Company	
		2010	2009	2010	2009
	Note	RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	13	26,733,306	30,235,854	-	-
Prepaid lease payments	14	2,367,244	2,420,766	-	-
Investment property	15	-	800,000	-	-
Investment in subsidiary companies	16	-	-	21,824,076	21,824,076
Amount owing by a subsidiary company	19	-	-	20,018,974	20,231,560
Total non-current assets		29,100,550	33,456,620	41,843,050	42,055,636
Current assets					
Inventories	17	9,814,329	10,065,599	-	-
Trade and other receivables	18	11,621,711	11,512,951	-	-
Amount owing by a subsidiary company	19	-	-	1,200,000	1,600,000
Current tax assets	11	619,646	526,561	18,800	9,000
Other assets	20	575,981	582,192	367,449	367,449
Cash and bank balances	21	3,671,038	1,321,664	64,694	15,919
Total current assets		26,302,705	24,008,967	1,650,943	1,992,368
Total assets		55,403,255	57,465,587	43,493,993	44,048,004

		The Group		The Company	
	Note	2010 RM	2009 RM	2010 RM	2009 RM
EQUITY AND LIABILITIES					
Capital and reserves					
Issued capital	22(a)	40,000,000	40,000,000	40,000,000	40,000,000
Treasury shares	22(b)	(95,346)	(91,274)	(95,346)	(91,274)
Reserves	23	7,324,081	7,606,939	3,367,953	3,943,738
Total equity		47,228,735	47,515,665	43,272,607	43,852,464
Non-current liabilities					
Hire-purchase payables	24	260,146	587,266	-	-
Deferred tax liabilities	25	3,237,739	2,841,228	-	-
Total non-current liabilities		3,497,885	3,428,494	-	-
Current liabilities					
Trade and other payables	26	3,592,709	2,573,556	23,231	22,357
Hire-purchase payables	24	327,120	446,294	-	-
Borrowings	27	224,000	2,863,000	-	-
Other liabilities	28	532,806	638,578	198,155	173,183
Total current liabilities		4,676,635	6,521,428	221,386	195,540
Total liabilities		8,174,520	9,949,922	221,386	195,540
Total equity and liabilities		55,403,255	57,465,587	43,493,993	44,048,004

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2010

The Group	Note	Issued Capital RM	Treasury Shares RM	Non-distributable Reserve: Reverse Acquisition Reserve RM	Non-distributable Reserve: Share Premium RM	Non-distributable Reserve: Revaluation Reserve RM	Distributable Reserve: Retained Earnings RM	Total Shareholders' Equity RM
Balance as of April 1, 2008		40,000,000	-	(19,524,076)	2,038,839	1,482,638	25,479,156	49,476,557
Dividends	29	-	-	-	-	-	(3,197,702)	(3,197,702)
Buy-back of ordinary shares	22(b)	-	(91,274)	-	-	-	-	(91,274)
Total recognised income and expenses:								
Profit for the year		-	-	-	-	-	1,331,584	1,331,584
Expenses not recognised in profit or loss:								
Share issue expenses		-	-	-	(3,500)	-	-	(3,500)
Balance as of March 31, 2009		40,000,000	(91,274)	(19,524,076)	2,035,339	1,482,638	23,613,038	47,515,665
Dividends	29	-	-	-	-	-	(2,790,518)	(2,790,518)
Buy-back of ordinary shares	22(b)	-	(4,072)	-	-	-	-	(4,072)
Total recognised income and expenses:								
Profit for the year		-	-	-	-	-	2,507,660	2,507,660
Balance as of March 31, 2010		40,000,000	(95,346)	(19,524,076)	2,035,339	1,482,638	23,330,180	47,228,735

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

The Company	Note	Issued Capital RM	Treasury Shares RM	Non-distributable Reserve Share Premium RM	Distributable Reserve Retained Earnings RM	Total Shareholders' Equity RM
Balance as of April 1, 2008		40,000,000	-	2,038,839	2,978,317	45,017,156
Dividends	29	-	-	-	(3,197,702)	(3,197,702)
Buy-back of ordinary shares	22(b)	-	(91,274)	-	-	(91,274)
Total recognised income and expenses:						
Profit for the year		-	-	-	2,127,784	2,127,784
Expenses not recognised in profit or loss:						
Share issue expenses		-	-	(3,500)	-	(3,500)
Balance as of March 31, 2009		40,000,000	(91,274)	2,035,339	1,908,399	43,852,464
Dividends	29	-	-	-	(2,790,518)	(2,790,518)
Buy-back of ordinary shares	22(b)	-	(4,072)	-	-	(4,072)
Total recognised income and expenses:						
Profit for the year		-	-	-	2,214,733	2,214,733
Balance as of March 31, 2010		40,000,000	(95,346)	2,035,339	1,332,614	43,272,607

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

CASH FLOW STATEMENT
FOR THE YEAR ENDED MARCH 31, 2010

	Note	The Group 2010 RM	The Group 2009 RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit for the year		2,507,660	1,331,584
Adjustments for:			
Depreciation of property, plant and equipment		3,288,337	3,032,901
Income tax expenses recognised in profit or loss		651,648	791,275
Unrealised loss/(gain) on foreign exchange - net		391,741	(320,401)
Finance costs		236,921	385,239
Amortisation of prepaid lease payments		53,522	53,639
Tax penalty		18,809	-
Allowance for doubtful debts		22,655	258,546
Gain on disposal of investment property		(350,000)	-
Investment revenue		(53,510)	(47,055)
Allowance for doubtful debts no longer required		(36,053)	-
Gain on disposal of property, plant and equipment		-	(40,896)
		6,731,730	5,444,832
Movements in working capital:			
Decrease in:			
Inventories		251,270	407,169
Trade and other receivables		68,060	3,438,324
Other assets		6,211	27,212
Increase/(Decrease) in:			
Trade and other payables		1,046,298	(1,335,899)
Other liabilities		(105,772)	26,782
Cash Generated From Operations		7,997,797	8,008,420
Income tax paid		(312,031)	(488,703)
Back duty tax paid		(36,191)	-
Tax penalty paid		(18,809)	(29,000)
Net Cash Generated From Operating Activities		7,630,766	7,490,717
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Proceeds from disposal of investment property		1,150,000	-
Proceeds from disposal of property, plant and equipment		700,000	40,900
Rental received		47,100	45,600
Interest received from fixed and short-term deposits		6,410	1,455
Purchase of property, plant and equipment	31(a)	(951,426)	(2,394,114)
Net Cash From/(Used In) Investing Activities		952,084	(2,306,159)

	Note	The Group 2010 RM	The Group 2009 RM
CASH FLOWS USED IN FINANCING ACTIVITIES			
Dividends paid on share capital		(2,790,518)	(3,197,702)
Repayment of bankers' acceptances		(2,639,000)	(1,345,000)
Repayment of hire-purchase payables		(446,294)	(406,812)
Finance costs paid		(236,921)	(385,239)
Repurchase of own shares		(4,072)	(91,274)
Payment for share issue expenses		-	(3,500)
Net Cash Used In Financing Activities		(6,116,805)	(5,429,527)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		2,466,045	(244,969)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,321,664	1,566,633
Effect of changes in exchange rate on foreign currency translation		(116,671)	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	31(b)	3,671,038	1,321,664

	Note	The Company 2010 RM	The Company 2009 RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit for the year		2,214,733	2,127,784
Adjustments for:			
Dividend income		(2,400,000)	(2,400,000)
Investment revenue		(196,537)	(211,117)
Income tax expenses recognised in profit or loss		-	2,755
		(381,804)	(480,578)
Movements in working capital:			
Increase in:			
Other assets		-	(14,999)
Trade and other payables		874	12,045
Other liabilities		24,972	40,883
Cash Used in Operations		(355,958)	(442,649)
Income tax paid		(9,800)	(17,555)
Net Cash Used in Operating Activities		(365,758)	(460,204)

	Note	The Company 2010 RM	2009 RM
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Dividends received from a subsidiary company		2,800,000	3,800,000
Net advances received from/(granted to) a subsidiary company		212,586	(303,328)
Interest received from advances granted to a subsidiary company		196,537	211,117
Net Cash Generated From Investing Activities		3,209,123	3,707,789
CASH FLOWS USED IN FINANCING ACTIVITIES			
Dividends paid on share capital		(2,790,518)	(3,197,702)
Repurchase of own shares		(4,072)	(91,274)
Payment for share issue expenses		-	(3,500)
Net Cash Used In Financing Activities		(2,794,590)	(3,292,476)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		48,775	(44,891)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		15,919	60,810
CASH AND CASH EQUIVALENTS AT END OF YEAR	31(b)	64,694	15,919

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

The Company is principally an investment holding company.

The principal activities of the subsidiary companies are disclosed in Note 16.

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 18, 2010.

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

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 Financial Reporting Standards in Malaysia.

At the date of authorisation for issue of these financial statements, the FRSs, IC Interpretations ("Int.") and amendments to FRSs and IC Int. which were in issue but not yet effective are as listed below:

FRS and IC Int.		Effective for annual periods beginning on or after
FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate)	January 1, 2010
FRS 1	First-time Adoption of Financial Reporting Standards (Revised in 2010)	July 1, 2010
FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to limited exemption from comparative FRS disclosures for first-time adopters)	January 1, 2011
FRS 2	Share-based Payment (Amendments relating to vesting conditions and cancellations)	January 1, 2010
FRS 2	Share-based Payment (Amendments relating to scope of FRS 2 and revised FRS 3)	July 1, 2010
FRS 3	Business Combinations (Revised in 2010)	July 1, 2010
FRS 4	Insurance Contracts	January 1, 2010

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

FRS and IC Int.		Effective for annual periods beginning on or after
FRS 5	Non-current Assets Held for Sale and Discontinued Operations (Amendments relating to plan to sell the controlling interest in a subsidiary)	July 1, 2010
FRS 7	Financial Instruments: Disclosures	January 1, 2010
FRS 7	Financial Instruments: Disclosures (Amendments relating to reclassification of financial assets and reclassification of financial assets - effective date and transition)	January 1, 2010
FRS 7	Financial Instruments: Disclosures (Amendments relating to improving disclosures about financial instruments)	January 1, 2011
FRS 8	Operating Segments	July 1, 2009
FRS 101	Presentation of Financial Statements (Revised in 2009)	January 1, 2010
FRS 123	Borrowing Costs (Revised)	January 1, 2010
FRS 127	Consolidated and Separate Financial Statements (Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate)	January 1, 2010
FRS 127	Consolidated and Separate Financial Statements (Revised in 2010)	July 1, 2010
FRS 132	Financial Instruments: Presentation (Amendments relating to puttable financial instruments and obligations arising on liquidation and transitional provision relating to compound instruments)	January 1, 2010
FRS 132	Financial Instruments: Presentation (Amendments relating to classification of rights issue)	March 1, 2010
FRS 138	Intangible Assets (Amendments relating to additional consequential amendments arising from revised FRS 3)	July 1, 2010
FRS 139	Financial Instruments: Recognition and Measurement	January 1, 2010
FRS 139	Financial Instruments: Recognition and Measurement (Amendments relating to eligible hedged items, reclassification of financial assets, reclassification of financial assets - effective date and transition, embedded derivatives and revised FRS 3 and revised FRS 127)	January 1, 2010
Improvements to FRSs (2009)		January 1, 2010
IC Int. 9	Reassessment of Embedded Derivatives	January 1, 2010
IC Int. 9	Reassessment of Embedded Derivatives (Amendments relating to embedded derivatives)	January 1, 2010
IC Int. 9	Reassessment of Embedded Derivatives (Amendments relating to scope of IC Int. 9 and revised FRS 3)	July 1, 2010
IC Int. 10	Interim Financial Reporting and Impairment	January 1, 2010
IC Int. 11	FRS 2 - Group and Treasury Share Transactions	January 1, 2010
IC Int. 12	Service Concession Arrangements	July 1, 2010
IC Int. 13	Customer Loyalty Programmes	January 1, 2010

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

FRS and IC Int.		Effective for annual periods beginning on or after
IC Int. 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction	January 1, 2010
IC Int. 15	Agreements for the Construction of Real Estate	July 1, 2010
IC Int. 16	Hedges of a Net Investment in a Foreign Operation	July 1, 2010
IC Int. 17	Distributions of Non-cash Assets to Owners	July 1, 2010

Consequential amendments were also made to various FRSs as a result of these new/revised FRSs.

The Group and the Company are exempted in the respective FRSs from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 7 and FRS 139.

The directors anticipate that abovementioned Standards and Interpretations will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these Standards and Interpretations will have no material impact on the financial statements of the Group and of the Company in the period of initial application except for the following:

FRS 3 - Business Combinations (Revised in 2010)

The revised FRS 3:

- allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as 'minority interests') either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquiree;

- changes the recognition and subsequent accounting requirements for contingent consideration. Under the previous version of the Standard, contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were recognised against goodwill. Under the revised Standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss;

- requires the recognition of a settlement gain or loss where the business combination in effect settles a pre-existing relationship between the Group and the acquiree; and

- requires acquisition-related costs to be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the business combination.

Upon adoption, this Standard will be applied prospectively and therefore, no restatements will be required in respect of transactions prior to the date of adoption.

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

FRS 7 - Financial Instruments: Disclosures

FRS 7 and the consequential amendment to FRS 101 Presentation of Financial Statements require disclosure of information about the significance of financial instruments on the financial position and performance of the Group and of the Company, the nature and extent of risks arising from financial instruments, and the objectives, policies and processes for managing capital.

FRS 7 - Financial Instruments: Disclosures (Amendments relating to improving disclosures about financial instruments)

The amendments to FRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk.

FRS 8 - Operating Segment

FRS 8, which replaces FRS 114, Segment Reporting, requires identification and reporting segments based on internal reports that are regularly reviewed by the chief operating decision maker of the Group in order to allocate resources to the segment and to assess its performance. Currently, the Group presents segment information in respect of its geographical and business segments (see Note 5). As a result, following the adoption of FRS 8 will not have any significant impact on the financial statements of the Group other than expanded disclosure requirements, if any.

FRS 101 - Presentation of Financial Statements (Revised in 2009)

FRS 101 introduces terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, the revised Standard requires the presentation of a third statement of financial position in the event that the entity has applied new accounting policies retrospectively. There is no impact on the financial statements of the Group and of the Company as the revised Standard affects only the presentation of the financial statements of the Group and of the Company.

FRS 127 - Consolidated and Separate Financial Statements (Revised in 2010)

The revised Standard will affect the accounting policies of the Group regarding changes in ownership interests in its subsidiaries that do not result in a change in control. Previously, in the absence of specific requirements in FRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised, where appropriate; for decreases in interests in existing subsidiaries regardless of whether the disposals would result in the Group losing control over the subsidiaries, the difference between the consideration received and the carrying amount of the share of net assets disposed of was recognised in profit or loss.

Under FRS 127 (Revised in 2010), increases or decreases in ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are dealt with in equity and attributed to the owners of the parent, with no impact on goodwill or profit or loss. When control of a subsidiary is lost as a result of a transaction, event or other circumstances, FRS 127 (Revised in 2010) requires that the Group to derecognise all assets, liabilities and non-controlling interests at their carrying amounts. Any retained interest in the former subsidiary is recognised at its fair value at the date when control is lost, with the resulting gain or loss being recognised in profit or loss.

Upon adoption, this Standard will be applied prospectively and therefore, no restatements will be required in respect of transactions prior to the date of adoption.

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

FRS 139 - Financial Instruments: Recognition and Measurement

This new standard establishes principles for recognising and measuring financial assets, financial liabilities and certain contracts to buy and sell non-financial items. Hedge accounting is permitted only under strict circumstances. The Group and the Company will apply this standard when it becomes effective.

Improvements to FRSs (2009)

Improvements to FRSs (2009) contain amendments to 21 FRSs. Some of the improvements involve accounting changes to presentation, recognition or measurement whilst some are changes to terminology with little effect on accounting. Only the following improvements are expected to have an impact on the financial statements of the Group:

- FRS 117 Leases generally required leases of land with an indefinite useful life to be classified as operating leases. Following the amendments, leases of land are classified as either "finance" or "operating" using the general principles of FRS 117. These amendments are effective for annual periods beginning on or after January 1, 2010, and they are to be applied retrospectively to unexpired leases as of January 1, 2010 if the necessary information was available at the inception of the lease. Otherwise, the revised Standard will be applied based on the facts and circumstances existing on January 1, 2010 (i.e. the date of adoption of the amendments) and the Group will recognise assets and liabilities related to land leases newly classified as finance leases at their fair values on that date; any difference between those fair values will be recognised in retained earnings. It is likely that the changes will affect the classification of some of the leases of land of the Group.

3. 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, 2010.

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.

Financial statements of Scanwolf Plastic Industries Sdn. Bhd. Group ("SPI Group") are consolidated with those of the Company using the reverse acquisition method of accounting.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

The acquisition of other subsidiary company is accounted for using acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. 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.

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.

Revenue Recognition

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue Recognition (cont'd)

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 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.

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.

Management income

Income from management services rendered is recognised as and when the services are provided.

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).

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Foreign Currencies (cont'd)

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.

Operating Lease

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Taxation

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

3. 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 substantively 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 in 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.

3. 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 retained 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.

3. 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%

Assets held under hire-purchase arrangements are depreciated over their expected useful lives on the same basis as owned assets.

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 an indefinite 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 is 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.

3. 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.

Goodwill

Goodwill acquired in a business combination is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill arising on consolidation 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 recognised of the acquiree at the date of the combination.

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 to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating 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. Any impairment loss is recognised immediately in the consolidated profit or loss and any impairment loss recognised for goodwill is not subsequently reversed.

On disposal of an entity or operation, the goodwill associated with the entity or operation disposed of is included in the carrying amount of the entity or operation when determining the gain or loss on disposal.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of Assets Excluding Goodwill (cont'd)

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.

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.

Treasury Shares

Shares repurchased by the Company are held as treasury shares, and are stated at the cost of repurchases, including directly attributable costs.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

Judgements made by the management in the application of FRSs that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year include:

(a) Impairment of Property, Plant and Equipment

The carrying amounts of property, plant and equipment of the Group and of the Company as of March 31, 2010 were RM26,733,306 (2009: RM30,235,854).

The Group and the Company assess impairment of assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, i.e. the carrying amount of the asset is more than the recoverable amount.

As of March 31, 2010, the Group and the Company carried out an assessment on the property, plant and equipment and concluded that there is no indication that the carrying amounts of the property, plant and equipment may not be recovered.

(b) Estimated Useful Lives of Property, Plant and Equipment

The Group regularly reviews the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment.

(c) Recoverability of Receivables

The carrying amounts of third-party trade and other receivables of the Group as of March 31, 2010 were RM11,621,711 (2009: RM11,512,951).

The allowance is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original term of receivables. This is determined based on the ageing profile and collection patterns.

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.

4. REVENUE

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Manufacturing sales	35,458,072	30,707,022	-	-
Trading sales	3,883,752	6,244,243	-	-
Dividend income	-	-	2,400,000	2,400,000
Management fee received from subsidiary company	-	-	840,000	-
	39,341,824	36,951,265	3,240,000	2,400,000

5. 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.

5. SEGMENT REPORTING (cont'd)

Business Segment (cont'd)

The Group 2010	Manufacturing RM	Trading RM	Others RM	Eliminations RM	Consolidated RM
Revenue					
External sales	35,458,072	3,883,752	-	-	39,341,824
Inter-segment sales	537,781	-	3,240,000	(3,777,781)	-
	35,995,853	3,883,752	3,240,000	(3,777,781)	39,341,824
Results					
Segment results	4,268,257	349,776	(1,221,804)	-	3,396,229
Finance costs					(236,921)
Profit before tax					3,159,308
Income tax expense					(651,648)
Profit for the year					2,507,660
Other information					
Capital expenditure	951,426	-	-	-	951,426
Depreciation	3,288,337	-	-	-	3,288,337
Amortisation of prepaid lease payments	53,522	-	-	-	53,522
Consolidated Balance Sheet					
Assets					
Segment assets	49,829,888	1,282,683	-	-	51,112,571
Unallocated corporate assets					4,290,684
Consolidated total assets					55,403,255
Liabilities					
Segment liabilities	4,433,581	279,200	-	-	4,712,781
Unallocated corporate liabilities					3,461,739
Consolidated total liabilities					8,174,520

5. SEGMENT REPORTING (cont'd)

Business Segment (cont'd)

The Group 2009	Manufacturing RM	Trading RM	Others RM	Eliminations RM	Consolidated RM
Revenue					
External sales	30,764,558	6,186,707	-	-	36,951,265
Inter-segment sales	1,327,941	149,246	2,400,000	(3,877,187)	-
	32,092,499	6,335,953	2,400,000	(3,877,187)	36,951,265
Results					
Segment results	2,098,332	890,344	(480,578)	-	2,508,098
Finance costs					(385,239)
Profit before tax					2,122,859
Income tax expense					(791,275)
Profit for the year					1,331,584
Other information					
Capital expenditure	(4,326,590)	-	-	-	(4,326,590)
Depreciation	(3,032,901)	-	-	-	(3,032,901)
Amortisation of prepaid lease payments	(53,639)	-	-	-	(53,639)
Consolidated Balance Sheet					
Assets					
Segment assets	54,194,256	1,423,106	-	-	55,617,362
Unallocated corporate assets					1,848,225
Consolidated total assets					57,465,587
Liabilities					
Segment liabilities	4,069,294	176,400	-	-	4,245,694
Unallocated corporate liabilities					5,704,228
Consolidated total liabilities					9,949,922

5. SEGMENT REPORTING (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 2010 RM	The Group 2009 RM
Asia	14,968,598	15,702,344
Middle east	8,982,696	4,984,351
Africa	722,591	1,570,837
Oceania	342,738	598,119
Others	93,820	257,897
Total export	25,110,443	23,113,548
Malaysia	14,231,381	13,837,717
Total revenue	39,341,824	36,951,265

Information on the carrying amounts of segment assets by geographical market and cost to acquire property, plant and machinery by location of assets have not been provided as the Group operates principally in Malaysia.

6. INVESTMENT REVENUE

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Rental income (Note 15)	47,100	45,600	-	-
Interest income from:				
fixed and short-term deposits	6,410	1,455	-	-
advances granted to a subsidiary company	-	-	196,537	211,117
	53,510	47,055	196,537	211,117

7. OTHER GAINS AND LOSSES

	The Group 2010 RM	The Group 2009 RM
Gain on disposal of investment property	350,000	-
Realised (loss)/gain on foreign exchange	(739,528)	482,185
Unrealised (loss)/gain on foreign exchange - net	(391,741)	320,401
Gain on disposal of property, plant and equipment	-	40,896
	(781,269)	843,482

8. DIRECTORS' REMUNERATION

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Executive Directors:				
Fees	60,000	48,000	60,000	48,000
Salaries and bonuses	792,000	746,000	792,000	165,000
EPF contributions	126,720	93,120	126,720	34,080
	978,720	887,120	978,720	247,080
Non-executive Directors:				
Fees	93,000	66,000	93,000	66,000
	1,071,720	953,120	1,071,720	313,080

The estimated monetary value of benefits-in-kind received and receivable by the Directors otherwise than in cash from the Group amounted to RM85,800 (2009: RM85,800).

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

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

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

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Allowance for doubtful debts no longer required	36,053	-	-	-
Rental of:				
Premises	(170,260)	(163,760)	-	-
Rubbish bin	(1,800)	(1,800)	-	-
Gas cylinder	(771)	(576)	-	-
Auditors remuneration:				
Statutory audit:				
Current year	(43,000)	(50,500)	(18,000)	(15,000)
Prior year	7,500	(6,700)	(3,000)	(6,700)
Non-audit services:				
Current year	(5,000)	-	-	-
Prior year	(3,000)	(3,000)	(3,000)	(3,000)
Allowance for doubtful debts	(22,655)	(258,546)	-	-

Included in employee benefits expenses of the Group are contributions made to the EPF of RM229,121 (2009: RM319,473).

10. FINANCE COSTS

	The Group	
	2010	2009
	RM	RM
Interest on:		
Bankers' acceptances	56,915	162,071
Hire-purchase	45,881	48,262
Bank overdrafts	20,120	39,046
Bank charges and commission	114,005	135,860
	236,921	385,239

11. INCOME TAX EXPENSE

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Malaysian income tax:				
Current year	232,000	234,900	-	-
Back duty	36,191	-	-	-
Prior years	(13,054)	43,375	-	2,755
	255,137	278,275	-	2,755
Deferred tax (Note 25):				
Relating to origination and reversal of temporary differences:				
Current year	337,000	529,955	-	-
Prior years	76,596	-	-	-
	413,596	529,955	-	-
Relating to crystallisation of deferred tax liability on revaluation surplus of leasehold land and buildings	(17,085)	(16,955)	-	-
	396,511	513,000	-	-
Net income tax expense	651,648	791,275	-	2,755

11. INCOME TAX EXPENSE (cont'd)

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

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Profit before tax	3,159,308	2,122,859	2,214,733	2,130,539
Income tax expense calculated at 25% (2009: 25%)	790,000	531,000	554,000	533,000
Tax effects of:				
Expenses that are not deductible in determining taxable profit	138,915	334,510	22,000	37,000
Loss not available for offset against future taxable income	24,000	30,000	24,000	30,000
Temporary differences between tax capital allowances and book depreciation of property, plant and equipment not recognised in prior year	-	35,390	-	-
Reinvestment allowances utilised	(280,000)	(80,000)	-	-
Expenses available for double deduction	(24,000)	(18,000)	-	-
Income that are not taxable in determining taxable profit	(97,000)	(85,000)	(600,000)	(600,000)
Under/(Over) provision in prior years:				
Income tax	(13,054)	43,375	-	2,755
Back duty	36,191	-	-	-
Deferred tax	76,596	-	-	-
Income tax expense for the year	651,648	791,275	-	2,755
Current tax assets				
Tax refund receivable	619,646	526,561	18,800	9,000

11. INCOME TAX EXPENSE (cont'd)

As of March 31, 2010, the Company has tax-exempt account balance of approximately RM1,812,000 (2009: RM3,800,000). 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, 2010, the subsidiary companies have tax credits and tax-exempt accounts balances of approximately RM3,909,000 (2009: RM3,911,000) and RM5,084,000 (2009: RM6,013,000) respectively. 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.

12. EARNINGS PER SHARE

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

	The Group	
	2010 RM	2009 RM
Basic and diluted		
Profit for the year attributable to equity holders of the Company	2,507,660	1,331,584
Number of ordinary shares in issue as at April 1	80,000,000	80,000,000
Share repurchased and held as treasury shares as at April 1	(268,900)	-
	79,731,100	80,000,000
Effect of shares repurchased	(3,000)	(114,450)
Weighted average number of ordinary shares	79,728,100	79,885,550
	Sen	**Sen**
Basic and diluted earnings per ordinary share (sen)	3.15	1.67

13. PROPERTY, PLANT AND EQUIPMENT

The Group 2010	Cost or valuation At beginning of year RM	Additions RM	Disposals RM	Reclassification RM	At end of year RM
At valuation:					
Factory buildings	8,190,000	-	-	-	8,190,000
At cost:					
Factory buildings	573,676	11,372	-	-	585,048
Plant and machinery	22,780,844	652,630	-	3,619,691	27,053,165
Plant and machinery under hire-purchase	357,390	-	-	-	357,390
Moulds	3,871,091	228,454	-	-	4,099,545
Motor vehicles	1,455,879	2,560	-	468,757	1,927,196
Motor vehicles under hire-purchase	2,110,419	-	-	(468,757)	1,641,662
Office equipment	167,040	7,084	-	-	174,124
Computers	288,708	12,896	-	-	301,604
Furniture, fixtures and fittings	243,076	12,580	-	-	255,656
Tools and equipment	454,619	-	-	-	454,619
Electrical installation	424,517	-	-	-	424,517
Air-conditioners	176,251	1,350	-	-	177,601
Signboard	16,294	-	-	-	16,294
Renovation	30,537	-	-	-	30,537
Capital work-in-progress	4,896,456	22,500	(1,165,637)	(3,619,691)	133,628
Total	46,036,797	951,426	(1,165,637)	-	45,822,586

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

The Group 2010	Accumulated depreciation: At beginning of year RM	Charge for the year RM	Disposals RM	Reclassification RM	At end of year RM	Carrying amounts RM
At valuation:						
Factory buildings	471,666	169,222	-	-	640,888	7,549,112
At cost:						
Factory buildings	18,220	11,566	-	-	29,786	555,262
Plant and machinery	9,249,497	1,967,726	-	-	11,217,223	15,835,942
Plant and machinery under hire-purchase	11,913	35,739	-	-	47,652	309,738
Moulds	2,397,560	510,871	-	-	2,908,431	1,191,114
Motor vehicles	1,385,509	38,873	-	388,730	1,813,112	114,084
Motor vehicles under hire-purchase	1,153,883	418,025	-	(388,730)	1,183,178	458,484
Office equipment	90,927	11,555	-	-	102,482	71,642
Computers	220,506	29,986	-	-	250,492	51,112
Furniture, fixtures and fittings	184,283	8,939	-	-	193,222	62,434
Tools and equipment	233,810	37,838	-	-	271,648	182,971
Electrical installation	225,549	37,287	-	-	262,836	161,681
Air-conditioners	129,093	7,332	-	-	136,425	41,176
Signboard	12,019	621	-	-	12,640	3,654
Renovation	16,508	2,757	-	-	19,265	11,272
Capital work-in-progress	-	-	-	-	-	133,628
Total	15,800,943	3,288,337	-	-	19,089,280	26,733,306

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

The Group 2009	Cost or valuation At beginning of year RM	Additions RM	Disposals RM	Reclassification RM	At end of year RM
At valuation:					
Factory buildings	8,190,000	-	-	-	8,190,000
At cost:					
Factory buildings	573,676	-	-	-	573,676
Plant and machinery	21,694,075	799,286	-	287,485	22,780,846
Plant and machinery under hire-purchase	-	357,390	-	-	357,390
Moulds	3,148,024	723,067	-	-	3,871,091
Motor vehicles	1,620,608	-	(164,729)	-	1,455,879
Motor vehicles under hire-purchase	1,953,871	156,548	-	-	2,110,419
Office equipment	162,990	4,050	-	-	167,040
Computers	246,060	42,648	-	-	288,708
Furniture, fixtures and fittings	239,276	3,800	-	-	243,076
Tools and equipment	449,024	5,595	-	-	454,619
Electrical installation	376,708	47,809	-	-	424,517
Air-conditioners	163,835	12,416	-	-	176,251
Signboard	16,294	-	-	-	16,294
Renovation	30,537	-	-	-	30,537
Capital work-in-progress	3,009,958	2,173,981	-	(287,485)	4,896,454
Total	41,874,936	4,326,590	(164,729)	-	46,036,797

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

The Group 2009	Accumulated depreciation: At beginning of year RM	Charge for the year RM	Disposals RM	Reclassification RM	At end of year RM	Carrying amounts RM
At valuation:						
Factory buildings	306,440	165,226	-	-	471,666	7,718,334
At cost:						
Factory buildings	6,746	11,474	-	-	18,220	555,456
Plant and machinery	7,501,310	1,748,187	-	-	9,249,497	13,531,349
Plant and machinery under hire-purchase	-	11,913	-	-	11,913	345,477
Moulds	1,915,221	482,339	-	-	2,397,560	1,473,531
Motor vehicles	1,489,569	60,665	(164,725)	-	1,385,509	70,370
Motor vehicles under hire-purchase	737,652	416,231	-	-	1,153,883	956,536
Office equipment	79,347	11,580	-	-	90,927	76,113
Computers	190,733	29,773	-	-	220,506	68,202
Furniture, fixtures and fittings	171,937	12,346	-	-	184,283	58,793
Tools and equipment	196,108	37,702	-	-	233,810	220,809
Electrical installation	190,298	35,251	-	-	225,549	198,968
Air-conditioners	122,377	6,716	-	-	129,093	47,158
Signboard	11,318	701	-	-	12,019	4,275
Renovation	13,711	2,797	-	-	16,508	14,029
Capital work-in-progress	-	-	-	-	-	4,896,454
Total	12,932,767	3,032,901	(164,725)	-	15,800,943	30,235,854

Certain leasehold buildings of the Group with total carrying value of RM7,920,374 (2009: RM8,081,789) are charged to local licensed banks for facilities granted to the Group as mentioned in Note 27.

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

The leasehold buildings of the Group, together with the leasehold land classified as prepaid lease payments in Note 14, 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.

The historical cost, accumulated depreciation and carrying amount of the revalued buildings as of March 31, 2010 are as follows:

	The Group	
	2010 RM	2009 RM
Cost	7,430,613	7,430,613
Accumulated depreciation	(1,050,993)	(909,034)
Carrying amounts	6,379,620	6,521,579

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

	The Group	
	2010 RM	2009 RM
Plant and machinery	3,998,552	3,922,378
Moulds	1,562,964	1,286,436
Motor vehicles	1,324,860	1,249,861
Office equipment	55,772	53,504
Computers	205,208	138,314
Furniture, fixtures and fittings	137,571	134,178
Tools and equipment	114,083	76,232
Electrical installation	49,407	49,407
Air-conditioners	103,380	103,380
Signboard	10,394	9,920
Renovation	12,658	2,958
Total	7,574,849	7,026,568

14. PREPAID LEASE PAYMENTS

The Group 2010	Costs At beginning of year RM	Additions RM	Reclassification RM	Disposals RM	At end of year RM
Short-term lease	2,280,000	-	-	-	2,280,000
Long-term lease	300,000	-	-	-	300,000
	2,580,000	-	-	-	2,580,000

The Group 2010	Accumulated amortisation At beginning of year RM	Charge for the year RM	Reclassification RM	Disposals RM	At end of year RM	Carrying amounts RM
Short-term lease	148,173	50,033	-	-	198,206	2,081,794
Long-term lease	11,061	3,489	-	-	14,550	285,450
	159,234	53,522	-	-	212,756	2,367,244

14. PREPAID LEASE PAYMENTS (cont'd)

The Group 2009	Costs At beginning of year RM	Additions RM	Reclassification RM	Disposals RM	At end of year RM
Short-term lease	2,280,000	-	-	-	2,280,000
Long-term lease	300,000	-	-	-	300,000
	2,580,000	-	-	-	2,580,000

The Group 2009	Accumulated amortisation At beginning of year RM	Charge for the year RM	Reclassification RM	Disposals RM	At end of year RM	Carrying amounts RM
Short-term lease	98,022	50,151	-	-	148,173	2,131,827
Long-term lease	7,573	3,488	-	-	11,061	288,939
	105,595	53,639	-	-	159,234	2,420,766

As mentioned in Note 13, the leasehold land above 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. As allowed by the transitional provision of FRS 117, Leases, the Group retained the unamortised revalued amounts as surrogate costs of prepaid lease payments. Such prepaid lease payments shall be amortised over the remaining lease terms.

Leasehold land of the Group with total carrying value of RM1,504,638 (2009: RM1,540,789) are charged to local licensed banks for facilities granted to the Group as mentioned in Note 27.

15. INVESTMENT PROPERTY

The Group	Long-term leasehold shop office 2010 RM	2009 RM
At fair value:		
Balance at beginning of year	800,000	800,000
Less: Disposal	(800,000)	-
Balance at end of year	-	800,000

Rental income derived from investment property during the year was RM47,100 (2009: RM45,600). Direct operating expenses arising from investment property that generated rental income during the year were RM2,883 (2009: RM2,066).

16. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company 2010 RM	2009 RM
Unquoted shares, at cost	21,824,076	21,824,076

The subsidiary companies are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest 2010 %	2009 %	Principal Activities
Scanwolf Plastic Industries Sdn. Bhd.	Malaysia	100	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	100	Sales and marketing of PVC extruded building materials, trading of other building materials and manufacturing of foam profile.

17. INVENTORIES

	The Group	
	2010 RM	2009 RM
Work-in-progress	3,361,753	2,481,269
Raw materials	3,038,212	3,704,125
Finished goods	2,768,005	3,611,128
Goods-in-transit	554,332	150,200
Packing materials and spare parts	92,027	118,877
	9,814,329	10,065,599

The cost of inventories recognised as an expense during the year was RM30,770,855 (2009: RM30,098,057).

18. TRADE AND OTHER RECEIVABLES

	The Group	
	2010 RM	2009 RM
Trade receivables	11,322,879	11,580,294
Less: Allowance for doubtful debts	(374,973)	(388,370)
	10,947,906	11,191,924
Other receivables	725,835	373,057
Less: Allowance for doubtful debts	(52,030)	(52,030)
	11,621,711	11,512,951

The currency profile of trade and other receivables is as follows:

	The Group	
	2010 RM	2009 RM
Ringgit Malaysia	5,460,485	3,802,087
United States Dollar	4,558,869	6,641,405
Dirham	1,763,883	1,225,126
Singapore Dollar	245,087	255,475
Chinese Yuan	13,595	-
Euro Dollar	6,795	6,795
Thai Baht	-	22,463
	12,048,714	11,953,351

18. TRADE AND OTHER RECEIVABLES (cont'd)

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 (2009: 30 days to 120 days).

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.

Included in other receivables is sale proceeds receivable of RM465,637 (2009: RMNil) arising from disposal of plant and machinery to a third party.

An allowance has been made for estimated irrecoverable amounts of trade receivables and other receivables of RM374,973 and RM52,030 (2009: RM388,370 and RM52,030) respectively based on the default experience of the Group.

19. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS

The amount owing by a subsidiary company represents advances granted which are unsecured with interest rate at 1.00% (2009: 1.00%) per annum, and dividend receivable. The advances are not repayable within the next twelve months and have therefore been classified as non-current assets.

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	
	2010 RM	2009 RM	2010 RM	2009 RM
Subsidiary company:				
Dividend received/receivable	-	-	3,240,000	2,400,000
Management fee	-	-	840,000	-
Interest on advances received/receivable	-	-	196,537	211,117
Related party:				
Dragonway Furniture Fittings Sdn. Bhd.				
Trade sales	-	300	-	-

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.

20. OTHER ASSETS

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Advance payment for acquisition of plant and machinery	16,000	12,500	-	-
Refundable deposits	501,547	491,600	352,450	352,450
Prepaid expenses	58,434	78,092	14,999	14,999
	575,981	582,192	367,449	367,449

Refundable deposits of the Group and of the Company include down payments for acquisition of leased industrial land in Vietnam of RM352,450 (2009: RM352,450).

21. CASH AND BANK BALANCES

The currency profile of cash and bank balances is as follows:

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
United States Dollar	2,878,704	775,982	-	-
Ringgit Malaysia	783,110	517,146	64,694	15,919
Euro Dollar	7,006	25,308	-	-
New Taiwan Dollar	872	1,074	-	-
Singapore Dollar	319	865	-	-
Dirham	311	335	-	-
Hong Kong Dollar	228	246	-	-
Indian Rupee	171	168	-	-
Iranian Rial	149	177	-	-
Indonesia Rupiah	111	93	-	-
Russia Rouble	57	51	-	-
Vietnamese Dong	-	219	-	-
	3,671,038	1,321,664	64,694	15,919

22. SHARE CAPITAL AND TREASURY SHARES

(a) Share Capital

	The Group and The Company			
	2010 Number of ordinary shares	2009 Number of ordinary shares	2010 RM	2009 RM
Authorised:				
Ordinary shares of RM0.50 each	100,000,000	100,000,000	50,000,000	50,000,000
Issued and fully paid:				
Ordinary shares of RM0.50 each	80,000,000	80,000,000	40,000,000	40,000,000

(b) Repurchase of Own Shares

The shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting ("AGM") held on August 22, 2009, granted the approval for the Company to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Group and of the Company.

Details of the shares repurchased and held as Treasury Shares of the Group and of the Company are as follows:

Month	No. of shares repurchased	Highest price paid per share RM	Lowest price paid per share RM	Average price paid per share (including incidental costs) RM	Total consideration RM
As of April 1, 2009	268,900	0.40	0.30	0.34	91,274
August 2009	2,000	0.42	0.42	0.43	853
February 2010	10,000	0.32	0.32	0.32	3,219
	280,900				95,346

During the financial year, the Company repurchased a total of 12,000 (2009: 268,900) of its issued shares from the open market for a total cost of RM4,072 (2009: RM91,274). The average price paid for the shares repurchased during the year was RM0.34 (2009: RM0.34) per share. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as Treasury Shares in accordance with the requirements of Section 67A of the Companies Act, 1965.

22. SHARE CAPITAL AND TREASURY SHARES (cont'd)

(b) Repurchase of Own Shares (cont'd)

As of March 31, 2010, 280,900 (2009: 268,900) out of the total of 80,000,000 (2009: 80,000,000) issued and fully paid ordinary shares are held as Treasury Shares by the Company. The number of ordinary shares of RM0.50 each in issue and fully paid as of March 31, 2010 after excluding the Treasury Shares is 79,719,100 (2009: 79,731,100).

The mandate given by the shareholders will expire at the forthcoming AGM and an ordinary resolution will be tabled at the AGM for shareholders to grant a fresh mandate for another year.

23. RESERVES

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Non-distributable reserves:				
Share premium	2,035,339	2,035,339	2,035,339	2,035,339
Revaluation reserve	1,482,638	1,482,638	-	-
Reverse acquisition reserve	(19,524,076)	(19,524,076)	-	-
	(16,006,099)	(16,006,099)	2,035,339	2,035,339
Distributable reserve:				
Retained earnings	23,330,180	23,613,038	1,332,614	1,908,399
	7,324,081	7,606,939	3,367,953	3,943,738

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 RM1,564,661 (2009: RM1,564,661).

Revaluation Reserve

	The Group	
	2010 RM	2009 RM
At beginning and 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 13 and 14. 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.

23. RESERVES (cont'd)

Reverse Acquisition Reserve

Reverse acquisition reserve arose from the reverse acquisition of the Company by SPI Group in 2009 as follows:

	The Group	
	2010 **RM**	**2009** **RM**
Paid-up share capital of the Company immediately prior to the reverse acquisition	2	2
Shares issued by the Company to acquire SPI Group	21,824,076	21,824,076
Reversal of SPI's paid-up share capital pursuant to reverse acquisition	(2,300,000)	(2,300,000)
Equity instruments deemed issued to the owner of the legal parent	(2)	(2)
	19,524,076	19,524,076

Retained Earnings

As of the balance sheet date, the Company did not opt to disregard the Section 108 tax credit and the Company may utilise the Section 108 tax credit balance which has been frozen as of December 31, 2007 to frank dividend payments during the six-year transitional period. Subject to the agreement of the Inland Revenue Board and based on the prevailing tax rate applicable to dividend, the Company has sufficient Section 108 tax credits and tax-exempt income to frank dividends out of its entire retained earnings as of March 31, 2010.

24. HIRE-PURCHASE PAYABLES

	The Group			
	Minimum lease payments		Present value of minimum lease payments	
	2010 **RM**	**2009** **RM**	**2010** **RM**	**2009** **RM**
Amounts payable under hire-purchase arrangements:				
Within one year	350,315	492,175	327,120	446,294
In the second to fifth years inclusive	267,458	617,843	260,146	587,266
	617,773	1,110,018	587,266	1,033,560
Less: Future finance charges	(30,507)	(76,458)	-	-
Present value of hire-purchase payables	587,266	1,033,560	587,266	1,033,560
Less: Amount due within 12 months (shown under current liabilities)			(327,120)	(446,294)
Non-current portion			260,146	587,266

24. HIRE-PURCHASE PAYABLES (cont'd)

The non-current portion is repayable as follows:

	The Group	
	2010 RM	2009 RM
Financial years ending March 31:		
2011	-	327,120
2012	219,912	219,912
2013	40,234	40,234
	260,146	587,266

It is policy of the Group 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 (2009: 3 years to 5 years). For the financial year ended March 31, 2010, the average effective borrowing rate was 5.89% (2009: 6.04%) per annum. Interest rates are fixed at the inception of the hire-purchase arrangements.

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

25. DEFERRED TAX LIABILITIES

	The Group	
	2010 RM	2009 RM
At beginning of year	(2,841,228)	(2,328,228)
(Charge)/Credit to profit or loss for the year :		
Property, plant and equipment	(528,596)	(529,955)
Unrealised loss on foreign exchange	98,000	-
Revaluation reserve	17,085	16,955
Unutilised tax losses and unabsorbed capital allowances	17,000	-
At end of year	(3,237,739)	(2,841,228)

Certain deferred tax assets and liabilities have been offset in accordance with the accounting policy of the Company. The following is the analysis of the deferred tax balance (after offset) for balance sheet purposes:

	The Group	
	2010 RM	2009 RM
Deferred tax assets	115,000	-
Deferred tax liabilities	(3,352,739)	(2,841,228)
	(3,237,739)	(2,841,228)

25. DEFERRED TAX LIABILITIES (cont'd)

Deferred tax assets/(liabilities) provided in the financial statements are in respect of the tax effects on the following:

	The Group	
	2010 RM	2009 RM
Deferred tax liabilities (before offsetting):		
Temporary differences arising from:		
Property, plant and equipment	2,621,000	2,092,404
Revaluation reserve	731,739	748,824
	3,352,739	2,841,228
Offsetting	(115,000)	-
Deferred tax liabilities (after offsetting)	3,237,739	2,841,228

	The Group	
	2010 RM	2009 RM
Deferred tax assets (before offsetting):		
Unrealised loss on foreign exchange	98,000	-
Unutilised tax losses and unabsorbed capital allowances	17,000	-
Offsetting	(115,000)	-
Deferred tax assets (after offsetting)	-	-

26. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Trade payables	2,918,348	1,841,700	-	-
Other payables	674,361	731,856	23,231	22,357
	3,592,709	2,573,556	23,231	22,357

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 (2009: 30 days to 120 days).

26. TRADE AND OTHER PAYABLES (cont'd)

The currency profile of trade and other payables are as follows:

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Ringgit Malaysia	2,728,473	2,489,235	23,231	22,357
United States Dollar	858,250	84,321	-	-
Chinese Yuan	5,986	-	-	-
	3,592,709	2,573,556	23,231	22,357

The amounts owing to other payables are unsecured, interest-free and repayable upon demand.

27. BORROWINGS

	The Group	
	2010 RM	2009 RM
Secured:		
Bankers' acceptances	224,000	2,863,000
Less: Amount due within 12 months (shown under current liabilities)	(224,000)	(2,863,000)
Non-current portion	-	-

The banking facilities of the Group with licensed banks amounting to RM10,840,000 (2009: RM11,690,000) are secured by land and buildings of the Group as mentioned in Notes 13, 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	
	2010 %	2009 %
Bankers' acceptances	3.05	3.39

28. OTHER LIABILITIES

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Accrued expenses	532,806	626,128	198,155	173,183
Refundable deposits received	-	12,450	-	-
	532,806	638,578	198,155	173,183

29. DIVIDENDS

	The Group and The Company			
			Net dividend per share	
	2010 RM	2009 RM	2010 sen	2009 sen
First and final tax-exempt dividend of 2% per ordinary share for financial year 2009 (3% per ordinary share for for financial year 2008)	1,594,582	2,400,000	2.0	3.0
Interim tax-exempt dividend of 1.5% per ordinary share for financial year 2010 (1% per ordinary share for for financial year 2009)	1,195,936	797,702	1.5	1.0
	2,790,518	3,197,702	3.5	4.0

A final dividend of 2%, tax-exempt, amounting to RM1,594,582 proposed in respect of the financial year ended March 31, 2009 and dealt with in the previous Directors' report, was paid by the Company on September 25, 2009.

An interim dividend of 1.5%, tax-exempt, amounting to RM1,195,936 declared in respect of the current financial year, was paid on January 28, 2010.

The Directors propose a final cash dividend of 1.5% tax-exempt, amounting to RM1,195,787, computed based on the outstanding issued and paid-up capital, excluding treasury shares held by the Company of 79,719,100 ordinary shares of RM0.50 each in respect of the current financial year. The proposed final dividend is subject to the approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as liability in the financial statements.

30. 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.

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 principal objective of the Group and of the Company 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.

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, 2010.

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 policy of the Group and of the Company 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.

Credit risk

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

Liquidity and cash flow risk

Ultimate responsibility for liquidity and cash flow risk management rests with the Board of Directors, which has built an appropriate liquidity and cash flow risk management framework for the management of short, medium and long-term funding and liquidity and cash flow management requirements of the Group and of the Company. The Group and the Company manage liquidity and cash flow 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.

Financial Assets

The principal financial assets of the Group are cash and bank balances, and trade and other receivables while the principal financial assets of the Company are cash and bank balances, and amount owing by a subsidiary company.

The accounting policies applicable to the major financial assets are as disclosed in Note 3.

30. FINANCIAL INSTRUMENTS (cont'd)

Financial Liabilities

The principal financial liabilities of the Group include trade and other payables, borrowings and hire-purchase payables. The principal financial liability of the Company is other payables.

Borrowings are recorded at proceeds received. Finance charges are accounted for on accrual basis.

Fair Values of Financial Instruments

The carrying amounts of the short-term financial assets and financial liabilities approximate their fair values due to the relatively short-term maturity of these financial instruments.

The fair values of hire-purchase payables are estimated using discounted cash flow analysis based on the current borrowing rates for similar types of hire-purchase arrangements. There is no material difference between the carrying amounts and the estimated fair values of the hire-purchase payables.

31. CASH FLOW STATEMENTS

(a) Purchase of property, plant and equipment

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

	The Group	
	2010 RM	2009 RM
Cash purchase	951,426	2,394,114
Transferred from deposits	-	1,471,976
Hire-purchase financing	-	460,500
	951,426	4,326,590

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

(b) Cash and cash equivalents

Cash and cash equivalents of the Group and of the Company comprise cash and bank balances amounting to RM3,671,038 and RM64,694 (2009: RM1,321,664 and RM15,919) respectively.

32. CAPITAL COMMITMENTS

As of March 31, 2010, the Group has the following capital commitment in respect of property, plant and equipment:

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Capital expenditure approved and contracted for	3,365,669	3,461,245	3,365,669	3,461,245

33. OPERATING LEASE ARRANGEMENTS

At the balance sheet date, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	The Group	
	2010 RM	2009 RM
Within one year	79,840	156,000
In the second to fifth years inclusive	-	78,000
	79,840	234,000

Operating lease payments represent rentals payable by the Group for office, hostel and warehouse. Leases are negotiated for terms which range from one to two years (2009: one to two years) with an option to renew the lease after that date.

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 Financial Reporting 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, 2010 and of the results of their businesses and the cash flows of the Group and of the Company 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 18, 2010.

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 18th day of June, 2010.

Before me,

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

LIST OF GROUP'S PROPERTIES

Item	Location	Description	Usage	Area	Tenure	Age of Buildings (Years)	Net Book Value 31-Mar-10 RM	Date of Valuation
1	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	14 and 7	5,991,557	27 June 2006
2	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	4	3,433,455	27 June 2006
3	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	4	761,157	27 June 2006
4	(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 parcel of vacant detached house lots	Vacant	4,000 sq ft per unit	Lease period expiring on 07/10/2093	N/A	285,449	27 June 2006

ANALYSIS OF SHAREHOLDINGS

AS AT JUNE 21, 2010

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

Distribution of Shareholders As At June 21, 2010
(Excludig 280,900 Treasury Shares)

Size of Shareholdings	No. of Holders	%	No. of Shares	%
Less than 100	3	0.20	150	0.00
100 - 1,000	381	25.47	350,500	0.44
1,001 - 10,000	734	49.06	3,531,150	4.43
10,001 - 100,000	320	21.39	10,493,000	13.16
100,001 to less than 5% of issued shares	56	3.74	43,485,860	54.55
5% and above of issued shares	2	0.14	21,858,440	27.42
Total	1,496	100.00	79,719,100	100.00

Directors' Interest for Ordinary Shares as at June 21, 2010
(Excludig 280,900 Treasury Shares)

	Direct	%	Indirect	%
LEUK SING KING	6,473,981	8.12	1,900,000	2.38 *
LOO BIN KEONG	21,858,440	27.42	2,030,000	2.55 **
TAN SIN KEAT	7,673,981	9.63	700,000	0.88 ***
TEOH TEIK KEAN	1,967,999	2.47	-	-
NEOH CHOO KEAN	-	-	-	
LIM BENG HUAT	-	-	-	
LAU TIANG HUA	-	-	-	-

* Deemed interested by virtue of his shares held under EB Nominees (Tempatan) Sendirian Berhad and CIMSEC Nominees (Tempatan) Sdn. Bhd.

** Deemed interested by virtue of his shares held under EB Nominees (Tempatan) Sendirian Berhad and shares held by Loo Run Wei (Son)

*** Deemed interested by virtue of his shares held under EB Nominees (Tempatan) Sendirian Berhad

Substantial Shareholders As at June 21, 2010
(Excludig 280,900 Treasury Shares)

	No. of shares			
	Direct	%	Indirect	%
LEUK SING KING	6,473,981	8.12	1,900,000	2.38*
LOO BIN KEONG	21,858,440	27.42	2,030,000	2.55**
TAN SIN KEAT	7,673,981	9.63	700,000	0.88***

* Deemed interested by virtue of his shares held under EB Nominees (Tempatan) Sendirian Berhad and CIMSEC Nominees (Tempatan) Sdn. Bhd.
** Deemed interested by virtue of his shares held under EB Nominees (Tempatan) Sendirian Berhad and shares held by Loo Run Wei (Son)
*** Deemed interested by virtue of his shares held under EB Nominees (Tempatan) Sendirian Berhad

30 Largest Securities Account Holders for Ordinary Shares As At June 21, 2010
(Excludig 280,900 Treasury Shares)

	Names	Holdings	
		No.	%
1	LOO BIN KEONG	11,229,240	14.09
2	LOO BIN KEONG	10,629,200	13.33
3	TAN SIN KEAT	3,837,000	4.81
4	LEUK SING KING	3,836,981	4.81
5	TAN SIN KEAT	3,836,981	4.81
6	LEE HUAT BOON	3,774,599	4.73
7	LEUK SING KING	2,637,000	3.31
8	YAW CHUN FOOK	2,450,000	3.07
9	TAN PIN HOOI	2,040,000	2.56
10	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD - PLEDGED SECURITIES ACCOUNT FOR LOO BIN KEONG (IPO-SFC)	2,000,000	2.51
11	LIEW CHIN LEONG	1,691,600	2.12
12	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD - PLEDGED SECURITIES ACCOUNT FOR LEUK SING KING (IPO-SFC)	1,000,000	1.25
13	TEOH TEIK KEAN	1,000,000	1.25
14	TEOH TEIK KEAN	967,999	1.21

30 Largest Securities Account Holders for Ordinary Shares As At June 21, 2010 (Excludig 280,900 Treasury Shares) (cont'd)

	Names	Holdings	
		No.	**%**
15	CIMSEC NOMINEES (TEMPATAN) SDN BHD - CIMB BANK FOR LEUK SING KING (MY0667)	900,000	1.13
16	FOO CHONG MING	850,000	1.07
17	GERALD JOHN RICHARDS	803,800	1.01
18	TAN YEAN CHOW	760,000	0.95
19	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD - PLEDGED SECURITIES ACCOUNT FOR TAN SIN KEAT (IPO-SFC)	700,000	0.88
20	GO WINSTON DY	665,700	0.84
21	MAYBAN NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR ONG KOK THYE	560,600	0.70
22	OW KOK CHEE	560,000	0.70
23	TA NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR HAR LAI KENG	523,900	0.66
24	KONG CHOY WAN	500,000	0.63
25	LIEW PENG CHUEN @ LIEW AH CHOY	500,000	0.63
26	YAW CHUN FOOK	500,000	0.63
27	YAW CHUN FOOK	500,000	0.63
28	FOO CHONG CHIN	486,000	0.61
29	TAN SWEE EAN	406,500	0.51
30	LIEW CHIN LEONG	377,700	0.47
		60,524,800	75.92

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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 Fourth Annual General Meeting of the Company to be held at Regency 3, Level 11, Tower Regency Hotel & Apartments, 6-8, Jalan Dato' Seri Ahmad Said, 30450 Ipoh, Perak Darul Ridzuan on Saturday, August 21, 2010 at 10:00 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 March 31, 2010		
2.	To declare a final dividend		
3.	To approve the payment of Directors' fees		
4.	Re-election of Director – Mr. Leuk Sing King		
5.	Re-election of Director – Mr. Teoh Teik Kean		
6.	To appoint Auditors and to authorise the Directors to fix their remuneration		
7.	As Special Business – Ordinary Resolution on Proposed Renewal of Authority for Scanwolf Corporation Berhad to purchase its own ordinary shares of RM0.50 each representing up to 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 ______________ 2010.

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.

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STAMP

The Secretary
SCANWOLF CORPORATION BERHAD (740909-T)

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

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Scanwolf Corporation Berhad (740909-T)
(Incorporated in Malaysia under the Companies Act, 1965)

Lot PT 404, Jalan Bota, Mukim Belanja,
31750 Tronoh, Perak, Malaysia.
Tel : 605-367 7866
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