SCANWOLF CORPORATION BERHAD (740909-T)

Annual Report 2013

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventh Annual General Meeting of Scanwolf Corporation Berhad will be held at 10:00 a.m. on Saturday, August 24, 2013 at Menglembu - 6A, Level 6, Kinta Riverfront Hotel & Suites, Jalan Lim Bo Seng, 30000 Ipoh, Perak Darul Ridzuan for the following purposes:-

AGENDA

As Ordinary Business

1. To receive and adopt the Audited Financial Statements for the financial year ended March 31, 2013 and the Reports of the Directors and the Auditors thereon. **(Resolution 1)**

2. To approve the payment of Directors' fees. **(Resolution 2)**

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

   (i) Loo Bin Keong **(Resolution 3)**

   (ii) Teoh Teik Kean **(Resolution 4)**

4. To re-appoint Neoh Choo Kean, who retires as Director of the Company pursuant to Section 129(2) of the Companies Act, 1965, as Director and to hold office until the conclusion of the next Annual General Meeting under the provision of Section 129(6) of the Companies Act, 1965. **(Resolution 5)**

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

As Special Business

6. To consider and, if thought fit, to pass the following Ordinary Resolutions:-

   (i) 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)**

(ii) Ordinary Resolution
Authority to issue shares pursuant to Section 132D of the Companies Act, 1965

"THAT subject always to the approvals of the relevant authorities, the Directors of the Company be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965 to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors of the Company may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company as at the date of this Annual General Meeting and that the Directors of the Company be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the Annual General Meeting of the Company." **(Resolution 8)**

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

By Order of the Board

CHAN CHEE KHEONG (MAICSA 0810287)
Secretary

Ipoh
July 31, 2013

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149 (1) (b) of the Companies Act, 1965 shall not apply to the Company. A member shall not be entitled to appoint more than two proxies to attend at the same meeting. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.

2. If a member having appointed a proxy to attend a general meeting attends such meeting in person, the appointment of such proxy shall be null and void in respect of such meeting and his proxy shall not be entitled to attend such meeting.

3. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A (1) of SICDA.

5. Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

6. The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall 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 forty eight (48) hours before the time appointed for holding the meeting or adjourned meeting, as the case may be, at which the person named as proxy in such instrument proposes to vote, or in the case of a poll, not less than twenty four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

7. For the purpose of determining a member who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Article 69 (2) of the Articles of Association of the Company and Paragraph 7.16 (2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors as at August 15, 2013 and only a Depositor whose name appear on such Record of Depositors shall be entitled to attend this meeting.

Explanatory Notes To Special Business:

1. **Resolution 7**
   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 31, 2013, which is dispatched together with the Company's Annual Report 2013.

   Please refer to the Circular to Shareholders dated July 31, 2013 for further information.

2. **Resolution 8**
   Authority to issue shares pursuant to Section 132D of the Companies Act, 1965

   The proposed adoption of the Resolution 8 is primarily to give flexibility to the Board of Directors to issue shares to such persons at any time in their absolute discretion without convening a general meeting. This authorisation will expire at the conclusion of the next Annual General Meeting of the Company.

   This is the renewal of the mandate obtained from the members at the last Annual General Meeting ("the previous mandate").

   The purpose of this general mandate is for possible fund-raising exercises including but not limited to further placement of shares, for purpose of funding current and/or future investment project(s), working capital, repayment of borrowings and/or acquisitions. The previous mandate was not utilised and accordingly no proceeds were raised.

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

Details of individuals who are standing for election as Directors

There are no individuals who are standing for election as directors (excluding directors standing for a re-election) at the Seventh Annual General Meeting of the Company.

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)*
Neoh Choo Kean
Lim Beng Huat

NOMINATION AND REMUNERATION COMMITTEE

Neoh Choo Kean *(Chairman)*
Lim Beng Huat
Loo Bin Keong
Teoh Teik Kean

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

REGISTRAR

Tricor Investor 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
Malayan Banking Berhad
HSBC Bank Malaysia Berhad

AUDITORS

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

BUSINESS ADDRESS

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

BOARD OF DIRECTORS' PROFILE

Neoh Choo Kean
Independent Non-Executive Chairman

Neoh Choo Kean, 70, 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 Nomination and Remuneration Committee and a member of Audit Committee. He has attended all four (4) Board Meetings held during the financial year ended March 31, 2013. 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 Officer

Loo Bin Keong, 55, was appointed as Chief Executive Officer ("CEO") on April 2, 2007. He is one of the founders of Scanwolf Plastic Industries Sdn. Bhd. ("SPI"), a wholly-owned subsidiary of the Company, and served as its Chairman/CEO until today. He is also the Chairman/CEO of Scanwolf Building Materials Sdn. Bhd. ("SBM") and Scanwolf Properties Sdn. Bhd. ("SPSB"), which is also a wholly-owned subsidiary of the Company. On April 1, 2012, he is one of the director of Scanwolf Development Sdn. Bhd. ("SDSB").

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 Nomination and Remuneration Committee. He has attended all four (4) Board Meetings held during the financial year ended March 31, 2013. He does not have any relationship with any Director and/or major shareholders of the Company, nor does he have any conflict of interest with the Company except he is also the CEO and substantial shareholder of the Company. He has had no conviction for any offences within the past ten (10) years.

Tan Sin Keat
Executive Director

Tan Sin Keat, 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. He also served as a Director of SBM and SPSB. Tan Sin Keat has more than 20 years experiences 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 four (4) Board Meetings held during the financial year ended March 31, 2013. 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 52, 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 is the Director of SPSB. 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 four (4) Board Meetings held during the financial year ended March 31, 2013. 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, 56, was appointed as our Executive Director on April 2, 2007. He joined SPI in March 1, 2004 as Corporate Planner. He is a Director of SDSB. 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 and Remuneration Committee. He has attended all four (4) Board Meetings held during the financial year ended March 31, 2013. 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, 60, 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 is now a member firm of the Grant Thornton International network since January 1, 2008.

Currently, he also sits on the board of Tomei Consolidated Berhad and Ewein Berhad.

Lau Tiang Hua is the Chairman of the Audit Committee. He has attended all four (4) Board Meetings held during the financial year ended March 31, 2013. 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, 61, 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. He has since retired.

Lim Beng Huat is a member of Nomination and Remuneration Committee and Audit Committee. He has attended all (4) Board Meetings held during the financial year ended March 31, 2013. He does not have any relationship with any Director and/or major shareholders of the Company nor does he have any conflict of interest with the Company. He has had no conviction for any offences within the past ten (10) years

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, it is my pleasant duty to present to you the Annual Report and Audited Financial Statements of Scanwolf Corporation Berhad (" SCB " or the "Company") and its subsidiaries (collectively the "Group") for the financially year ended March 31, 2013.

THE YEAR IN REVIEW

For the financial year ended March 31, 2013, our Group, SCB continued to operate under very challenging international business environment and this has negatively impacted on the Group's overall profit performance because of its dependence on its export-driven edge-banding products. Until the recent diversification programme into the property sector which is still in its infancy, the Group's core business has hither to being its plastic extrusion manufacturing.

During the period under review, three major factors contributed significantly to lowering our revenue and in consequence, our profitability.

The prolonged economic slowdown in the global markets, particularly those in the Eurozone countries resulted in a slump in the furniture-making industry of which our Group's core product of edge-bending is very much dependent.

The next obstacle facing our Group was the political tension between the United States and Iran, a major market for us in the Middle-Eastern region. While the demand for our products from Iran remained strong, the inability for us to receive payment in the US dollar meant that we have very little option but to curtail exporting our goods there. However, business relations with our buyers there remain good and we hope to resume trading activities when political situation improves.

The third critical factor resulted from the declining demand for edge-banding products from furniture industry players owing to the slowdown in furniture exports. This, together with the entry of new edge-banding producers particularly from China and India led to a fierce pricing competition which could only result in a buyers' market situation. Coupled with the rising cost of production arising out of higher cost for raw materials, labour and transportation, the end result is that profitability margin is tightly squeezed.

We are pleased to report that your Management has made timely response to overcome these obstacles with a few key initiatives. While enhancing some of the initiatives already started in the previous financial year such as better resource management, productivity improvement and quality control, the Research and Development section in the Group was strengthened and given more priority. A review of the Group marketing efforts and personnel were also undertaken. With the timely initiative, the Group's performance showed improvement in the second half of the financial year when compared to the first. This will be further highlighted in plastic manufacturing section.

Turning next to our business diversification programme, we are most appreciative to have received your approval and firm support at the Extraordinary General Meeting held on April 9, 2012. This formal approval enabled your Management to move firmly ahead into the property development sector with much confidence and is now progressing smoothly. In the near future, the move into this new business area should stand our Group in good stead to avoid heavy dependence on a single source of core revenue. Additional information on this new business venture is reported under the 'Business Development' section.

During the year under review, your Management also acquired a 4-storey shophouse in Greentown in the Ipoh city centre to be used as the Corporate Office of SCB as well as the main office for our new property development business. The purchase was done under Scanwolf Properties Sdn. Bhd., a wholly-owned subsidiary of SCB. It is now under renovation to ready it for use by the Group soon.

In spite of the Management's focus on critical business issues facing our Group, it did not neglect the importance of maintaining good corporate governance as well as other important corporate and management matters. We continued to pursue the recruitment of quality management talent, improving the skills of our human resources as well as enhancing our evaluation and reward system. The human resource department also improved several areas of its operations to improve its administration and staff productivity.

In terms of corporate governance, your Board decided to merge the Nomination and Remuneration Committees into a single Committee to be more effective as SCB has a small number of Directors on its Board. We continue to adhere strongly to the best principles and practices of good corporate governance required of us as a public-listed Company.

Finally, we are pleased to report that as in the past, we continued to play our role as a good corporate citizen by looking after the welfare of our employees and contributing to charitable and worthy causes as well as paying attention to the well-being to the environment we operate in.

FINANCIAL PERFORMANCE

Your Group endured another tough financial year 2013. The three major factors mentioned earlier were the reasons that greatly impacted the financial performance of SCB. However, on the positive side, our plastic extrusion business saw improvements during the 2nd half of the financial year which helped to reduce the overall losses for the year. As for the property development business, the initial working capital required to start-up the projects resulted in a negative financial result for the year. With encouraging response to our projects in Kampar and Bidor, the Group expects the property development division to contribute positively in the Group's financial performance moving forward.

For the financial year 2013, SCB achieved revenue of RM36.8 million against RM36.9 million in the preceding year mainly from its edge-banding business as against the total operating expenditure of RM25.8 million for the Group as a whole. Taken with the initial losses incurred by the property development division, the Group suffered a loss of RM2.2 million for the financial year under review. At the close of the financial year on March 31, 2013, our Group's shareholders' fund stood at RM41.9 million. As we move into the new financial year, the Group continues to remain financially stable with healthy cash flow and working capital.

DIVIDEND

The Company is not proposing any dividend payment in the forthcoming Annual General Meeting.

BUSINESS DEVELOPMENT

Plastic Extrusion Manufacturing

The performance in the first half of the financial year was a big concern to your Management. To combat the various negative issues enumerated earlier on, the newly-strengthened Research and Development department promptly reviewed some of our edge-banding products and their pricing in comparison to those of our competitors. This move resulted in our producing different grades of the edge-banding products to suit the price-appetite of the different type of buyers in the market without sacrificing quality and the reputation of our Group. Your Management also continued the practice of tapping whatever opportunities available to increase overall productivity such as further improving operational procedures, optimising the use of our production capacity, minimising wastages and maintaining staff morale and management effectiveness.

The Group's marketing activities also came under review. Marketing efforts were stepped up both for the international and domestic markets. A stronger and more appropriate marketing team was put in place. Contacts were re-established with past and existing customers who are dormant or who had slowed down their purchases from us. Local customers were also given greater attention given the uncertain international market. We also continued our quest to expand our customer base by participating in international furniture fairs such as the Mumbai Furniture Fair held in October 2012 and the Malaysian International Furniture Fair 2013.

With the initiatives adopted, the manufacturing sector performed improved in the second-half of the financial year.

Property Development

With the establishment of the subsidiary companies as reported in the previous Annual Management Report to manage the property development business, our diversification programme is progressing smoothly. Our Joint Venture with Amal Development (M) Sdn. Bhd. to undertake the proposed development of forty-four (44) units of shop office building in Kampar is due for completion soon with sales very positive.

The other Joint Venture with SQ Land Sdn. Bhd. to undertake the proposed development of One Hundred and Twenty Eight (128) plots of mixed development land in Bidor is also progressing as planned. The show house will be completed as schedule for the launching on the month of July 2013.

At the Extraordinary General Meeting held on April 9, 2012, the shareholders approved the acquisition of 511 leasehold vacant development plots in the District of Kampar, State of Perak for a total consideration of RM13,000,000. On February 3, 2013, Scanwolf Development Sdn. Bhd. ("SDSB"), a subsidiary of Scanwolf Properties Shd. Bhd. ("SPSB"), launched the sale of 72 units of single storey terrace houses, 72 units of double-storey houses and 3 blocks of shop office home office (SOHO). Response to the launching has been very encouraging.

While the property development business has taken off very encouragingly, the profit contribution to the Group will not be seen immediately as property development requires a necessary period of gestation. Meanwhile, your Management is monitoring this new business closely with an Executive Director assigned to oversee the progress of the various ongoing projects.

FUTURE PROSPECTS AND OUTLOOK

With the Country's 13th General Elections recently concluded and the political uncertainty that accompanied it lifted, the Malaysian economy should now progress smoothly. This will augur well for our property development business and the conduct of our plastic extrusion business with our overseas partners.

There are also positive signs of the international business environment gradually improving and this can only help demands for consumer items like furniture from the more economically-advanced countries. This development should help demand for our edge-banding products both from domestic and international customers.

With the several initiatives taken to strengthen our plastic extrusion business and if accompanied by an improving global economy, this core business is expected to perform better in the days ahead. Taken together with our business diversification in the property development sector which will help to bring in a different revenue stream, SCB can be more confident in its future profit performance. In spite of a more positive outlook ahead, your Management will continue to remain vigilant and prudent to counter any unforeseen circumstances that may arise.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to place on record, our thanks to the Management and staff of the Group for their hard work and contributions to the Group.

The Board of Directors continues to acknowledge and appreciate the strong support and confidence of our customers, business partners, bankers and governmental authorities.

To our esteemed shareholders we owe them a special thank you for giving their unstinted support to and confidence in our Board of Directors, Management and Staff of the Group.

Finally, on a personal note, my thanks to my fellow Directors for the support and understanding in helping to make my job an easier and pleasant one.

NEOH CHOO KEAN
Independent Non-Executive Chairman

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("Board") of Scanwolf Corporation Berhad ("SCB") remains committed to achieving and maintaining high standards of corporate governance and effective application of the principles and best practices set out in the Malaysian Code on Corporate Governance ("the Code") to ensure high standards of corporate governance are practised throughout the Company and its group of Companies ("Group"). The Board will continue conscientiously to enhance the practice of good governance within the Group as sound corporate governance is the key to ensuring high performance and integrity while maintaining the trust of its stakeholders.

The Malaysian Code on Corporate Governance sets out the broad principles and specific recommendations on structures and processes which companies should adopt in making corporate governance an integral part of their business dealings and culture and it advocates the adoption of standards that go beyond the minimum prescribed by regulation.

The Board is pleased to share the manner in which the Principles of the Code have been applied in the Group in respect of the financial year ended March 31, 2013 and the extent to which the Group has complied with the Best Practices of the Code. The Board, to the best of its knowledge, believes that the Principles and Best Practices set out in the Code have, in all material aspects, been adhered to and complied with.

BOARD OF DIRECTORS

Composition and Size of Board

As at the date of this statement the Board has seven (7) members, comprising of three (3) independent non-executive directors and four (4) non-independent executive directors. The present Board composition is in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirement") whereby at least one-third (1/3) of the Board must comprise of independent directors.

Board Balance

The present Board of SCB comprises of members from diverse professional backgrounds with appropriate skills in management, operational, financial, banking, accounting and decision-making processes. This mix of skills and experiences allows the Board to enjoy the benefit of good balance in term of participating mind during deliberations and discussions and is vital for the successful performance of the Board.

Board members are individuals who are committed to business integrity and professionalism. Their extensive work experiences enable them to exercise balance and sound judgement on various issues discussed during board meetings. All members of the Board have always been independent in expressing their thoughts and views and this has enabled the Board to conduct fruitful discussions and deliberations in an atmosphere of equitable power and authority.

With their extensive experience and diversity of skills, the Board has been able to provide clear and effective leadership to the Group and has brought informed and independent judgement to the Group's strategy and performance.

The presence of Independent Non-Executive Directors ensures that there is a proper check and balance in the Board, and to provide unbiased and independent views, advice and judgement, besides playing key supporting roles as members of the Board.

A brief profile of each member of the Board is set out on pages 7 to 9 of this Annual Report.

Roles and Responsibilities of Non-Executive Chairman and Chief Executive Officer

The position of the Non-Executive Chairman of SCB and its Chief Executive Officer ("CEO") are held by separate persons to ensure proper and accepted division of their individual roles and responsibilities in their respective capacity.

The Non-Executive Chairman, together with other members of the Board, are responsible for the effective running of the Board which includes developing the Group's overall business policies and strategic directions whilst the CEO, assisted by the Executive Directors, are responsible for the effective running of the day-to-day business and implementation of the Board's policies and decisions.

Board Responsibilities and Duties

The Board is primarily tasked with leading and managing the Group in an effective and responsible manner. Each director has a legal duty to act in the best interest of the Group. The directors, collectively and individually, are aware of their responsibilities to shareholders and all stakeholders.

In summary, the duties and responsibilities of the Board are as follows:

- Setting policies appropriate for the business of the Group.
- Overseeing the conduct of the Group's business and to evaluate whether such business is being properly managed.
- Approving annual budget and at the same time setting and reviewing budgetary controls and conformance strategies.
- Monitoring management performance and business results.
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks.
- Keeping pace with the modern risks of doing business and other aspects of governance that encourage enhancement of effectiveness of the Management and the Board.
- Ensuring the existence of and reviewing the adequacy and soundness of the Group's financial systems, internal control systems and management systems in compliance with applicable standards and laws and regulations.
- Developing and implementing an investor relation programme as well as shareholders' communication policy for the Group.

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.

Board Meetings

The Directors meet on a scheduled basis once every quarter, or at least four (4) times a year. Additional meeting will be convened as and when required with formal agenda for the Board to deliberate on urgent issues that require immediate decision-making.

The quarterly Board meetings were scheduled in advance and the meeting dates were approved 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.

All Board meetings are formally structured with pre-set agenda approved by the Chairman, and Board papers containing information relevant to the matters to be deliberated upon at the meetings are circulated to all directors prior to the meeting whenever possible.

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

Senior Management of the Group, internal auditors and external auditors are also invited to attend Board meetings on specific items on the agenda which requires clarification.

There were four (4) meetings held during the financial year ended March 31, 2013. All Directors attended all the meetings. In addition, the Executive Directors meet regularly to discuss corporate strategy, business operations and results of the business units in the Group.

Board Committees

The Board has set up various committees to assist in the discharge of its duties. These committees operate within clearly defined terms of reference and specific authority delegated by the Board. These Board committees, comprising of members from the Board itself, provide added assurance and accountability to the shareholders.

Each Board committee is empowered to deliberate and examine issues delegated to them and provide feedbacks to the Board with their recommendations and comments.

The Board Committees are as follows:-

- **Audit Committee**

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

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

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

  In accordance with the best practices of corporate governance, the Audit Committee presents its report on pages 25 to 27 of this Annual Report.

- **Nomination and Remuneration Committee**

  The Nomination and Remuneration Committee currently consist of four (4) directors of which two (2) are independent non-executive directors. The Chairman of the committee is an independent non-executive director.

  The committee operates in accordance with established structure and policy given by the Board and it strives to ensure adoption of fair structure of compensation comparable to those organisations of similar size, market sector and business complexity. All decisions made by the committee are recommended to the Board for approval.

Duties and responsibilities of the committee include the following:-

i. To evaluate and make appropriate recommendations to the Board on matters pertaining to retirement, appointment and re-appointment of directors

ii. To assess and recommend suitable candidates for directorship and ensuring an appropriate plan for Board succession for the Group

iii. To review and recommend to the Board an appropriate remuneration framework for the directors' remuneration and benefits including those of key senior management personnel.

iv. To ensure that the level of remuneration and benefits are fair and competitive in order to motivate and retain a team of executive directors and key senior management personnel to manage the Group profitably.

v. To review the effectiveness of the Group's performance measurement and reward process.

vi. To appraise and review on a yearly basis the remuneration package of the executive directors and to make appropriate recommendations to the Board.

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

During the year under review, the Nomination and Remuneration Committee met a total of four (4) times.

SUPPLY OF INFORMATION

Prior to Board meetings, all directors are provided with an agenda and a set of Board papers pertaining to the agenda to allow the directors to obtain further explanations and clarifications, where necessary, in order to be properly briefed before the meeting. The Board papers include, among others, the following:-

a) Quarterly financial statements
b) Corporate and Business development matters.
c) Minutes of previous Board and Committee meetings
d) Directors' Circular Resolutions.

Every Board member has full and unrestricted access to senior management within the Group and is entitled to advice and services of the Company Secretary. In furtherance of their duties, 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.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Appointment of Directors

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

The proposed appointment of new members to the Board, as well as proposed re-appointment and re-election of directors seeking re-election at the Annual General Meeting are recommended by the Nomination and Remuneration 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 appointment 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.

DIRECTORS' REMUNERATION

The Group's policy on Directors' remuneration is to ensure that formal and transparent remuneration policies and procedures be put in place to attract and retain Directors of calibre needed to run the Group profitably and successfully. The Board has thus, empowered the Nomination and Remuneration Committee to deliberate, examine and propose the compensation level of remuneration in order to achieve the objectives of the Group's policy.

Details of the Directors' remuneration for the financial year ended March 31, 2013 are as follows:-

Category	Fees RM	Salaries RM	Benefits-in-Kind RM	Other Emoluments RM	Total RM
Executive Directors	60,000	928,800	87,350	261,246	1,337,396
Non-Executive Directors	83,000	-	-	-	83,000
Total	143,000	928,800	87,350	261,246	1,420,396

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
250,001 to 300,000	1	-
300,001 to 350,000	2	-
400,001 to 450,000	1	-

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

DIRECECTORS' TRAINING

All Directors have attended the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad. The Directors are encouraged to attend continuing education programmes, seminars or forums to keep abreast with current developments in the market place and with new statutory and regulatory requirements. They are provided with updates from time to time, in particularly during board meetings, relevant new laws and regulations affecting their directorship and also any other relevant compliances requirements.

During the financial year ended March 31, 2013, the Directors of the company attended the following courses and seminars.

NAMES OF DIRECTORS	TITLES OF SEMINARS/COURSES/WORKSHOPS
Leuk Sing King	• Directors' Duties and Responsibilities under Companies Act, 1965. • Directors Obligations under Listing Requirements. • How To Prepare Standard Operating Procedure (SOP)
Tan Sin Keat	• Directors' Duties and Responsibilities under Companies Act, 1965. • Directors Obligations under Listing Requirements.
Teoh Teik Kean	• Directors' Duties and Responsibilities under Companies Act, 1965. • Directors Obligations under Listing Requirements. • How To Prepare Standard Operating Procedure (SOP)
Lim Beng Huat	• Directors' Duties and Responsibilities under Companies Act, 1965. • Directors Obligations under Listing Requirements.
Lau Tiang Hua	• MIA Care Learning Programme • National Tax Conference 2012 • Transfer Pricing Seminar 2012 (LHDN) • Budget 2013 & Tax Audit Framework and Findings Seminar. • Budget 2013 Highlights on Tax Changes and Its Implication on Business. (MIA) • Understanding the Governance Framework for Boardroom Excellence – MCCG 2012 & Amended Listing Requirement.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board acknowledges its responsibility in ensuring that all financial statements of the Company and the Group are drawn up in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

The Board is also committed to provide the highest level of disclosure possible to ensure integrity and consistency of its financial reports. In addition, the Board further commits to the provision of a clear, balanced and comprehensive assessment of the Group's financial performance and prospect, primarily through the annual financial statements and quarterly announcement of results to shareholders as required by Bursa Malaysia Securities Berhad Listing Requirements.

The Statement by the Directors pursuant to Section 169 of the Companies Act, 1965 is set out on page 108 of this Annual Report.

The Statement of Directors' Responsibility is also enclosed in page 108 of this Annual Report.

Internal Control

The Board 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, acts 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 reports to the Board's Audit Committee which reviews the tasks and results of the audit assignment periodically. The Internal Auditor operates independently from the management of the Group.

In line with the requirement of the Bursa Malaysia Securities Berhad, a Statement on Risk Management and Internal Control is set out from pages 23 to 24 in this Annual Report.

Relationship with Auditors

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

The auditors are invited to attend the Audit Committee meetings as and when required apart from the scheduled meeting when the external auditors present the audited financial statements 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 management.

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 3, 2013.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Scanwolf Corporation Berhad ("SCB") recognizes that Corporate Social Responsibility ("CSR") is a continuing commitment by businesses to behave ethically and contribute to the nation's economic development while improving the quality of life of the workforce and their families as well as the local community and society at large.

The Board of Directors and the management of SCB fully embrace the initiatives taken by the Government and Bursa Malaysia Securities Berhad to increase the awareness of CSR among Malaysian companies. The principal approach towards CSR is the integration of business practices with strong ethical value towards achieving the fiscal goals of the Group, while at the same time aligning with the aspirations of society, local community and other stakeholders in general.

SCB is also conscious of the environment we operate in and continuously seek to equip our employees with the tools and skills needed to effectively support the Group. 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 appreciation and understanding that SCB presents the CSR statement for the financial year ended March 31, 2013.

Human Resource Development

SCB believes that employees with good knowledge, competent skills and positive attitude are among the cornerstones for the Group's continuing success. Thus, we are always actively creating opportunities for our employees to develop and realize their full 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.

In the year under review, eleven (11) training programmes were conducted internally involving a total of 128 participants.

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

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

Safety And Health

The Occupational Safety and Health policy in SCB is committed to the provision of a safe and healthy working environment for employees in the Group. The Occupational Safety and Health Committee was set up as part of the Group's plan to ensure a healthy and safe working environment for the employees. The Committee is chaired by a HR Manager 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.

In the year under review, the Occupational Safety and Health Committee met a total of fifteen (15) times and conducted eight (8) awareness programmes for the benefit of the employees to create more awareness on occupational safety in the company.

Environmental Management

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

Industrial wastes are properly disposed of by a licensed industrial waste collector on a regular and systematic manner. Recyclable items such as carton boxes, plastic and tin containers and wooden pallets are sold off and the proceeds were used to finance extra-curricular activities organised for the benefit of the staff.

Vacant lands surrounding the factory premises were planted with trees to beautify the surrounding area and to reduce the temperature in the area. A total of 5,280 trees were planted at a cost of RM34,207.00

Community

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

For this financial year, two (2) schools, local police contingent and an association received the Company's support.

Our Commitment

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance stipulates that the Board of Directors of public listed companies should establish a sound risk management framework and internal controls system to safeguard shareholders' investment and Group assets.

Set out below is the Statement on Risk Management and Internal Control prepared pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

THE BOARD'S RESPONSIBILITY

The Board affirms their responsibilities for a sound system of internal control, quality risk management practices and for reviewing the Group's adequacy and integrity in these systems. The principal function of internal control system is intended to identify and to manage significant risks faced by the Group's business operations, which may impede the achievement of the Group's objective. The Board ensures that the effectiveness and integrity of the risk management and internal control system are reviewed on an ongoing basis and is of the view that the system in place is sound and sufficient to safeguard the Group's assets.

The Board also acknowledges that these systems are designed to ensure that risks are identified and managed at acceptable levels rather than to eliminate such risks. Hence, systems can only provide reasonable but not absolute assurance against financial losses or uncertainties.

Risk Management

The Board regards risk management as an integral part of the Group's business operations. However, the Board is in the process of formalizing its risk management process to establish a risk management committee (RMC) which will be tasked with the responsibilities of identifying, evaluating and managing various types of risks which might have an impact on the profitable operation of the Group's business. These include market price risk, counterparty, credit, legal and interest rate risks. The RMC will monitor these risks constantly to ensure that risks are actively updated and effectively managed.

During the financial year under review, the identified risks were discussed at management committees' meetings and controls were developed to mitigate such risks identified. Further the internal auditor has also identified operational risks and has recommended the remedial controls to counter the risks identified. All these findings were escalated to the Board for further discussion during the board meetings. The directors were also brought up those unidentified risks which they felt were significant for management's consideration and action. Pending the formation of the RMC, the board is of the opinion that the risk management practices during the financial year under review were sufficient to meet the Group's risk objectives and risk appetite.

Internal Control

The outsourced internal auditor has assessed the adequacy and effectiveness of the Group's system of internal control and compliance frameworks pursuant to the audit plan as approved by the Audit Committee, and have subsequently reported their findings to the Audit Committee. The Audit Committee reviewed the internal audit reports together with the internal auditor and report to the Board on the adequacy and effectiveness of the Group's system of internal control.

For the financial year under review, the Board is satisfied with the adequacy of the Group's system of risk management and internal control. No major weaknesses or uncertainties, which could result in material losses, were identified.

The key elements of the Group's internal control system are:-

- Organization structure with clearly defined lines of authority and the appropriate levels of delegation.
- Policies and procedures are clearly communicated to all staff members.
- The executive directors and the senior management would discuss the possible risk areas on the Group's operational and management issues as and when necessary.
- The executive directors oversee the Group's operations and internal controls and report to the Board on the key risks.
- The Audit Committee meets on a quarterly basis or as and when required to discuss on matters besides the quarterly announcements which are significant to the Group's operation.
- All major decisions are subject to detailed appraisal and review by the Board.
- The Board receives and reviews quarterly reports from management covering the financial performance and key business indicators of various business operating units.

Adequacy and Effectiveness of the Group's Risk Management and Internal Control System

The Board has received assurance from the executive directors and the finance manager that the Group's risk management and internal control system is operating adequately and effectively in all material aspects. The Board is of the view that the risk management and internal control system is satisfactory and that there was no material internal control failures which had resulted in material losses or contingencies during the financial year under review.

Review of the Statement by External Auditors

In accordance with paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the financial year ended March 31, 2013 and reported to the Board that nothing has come to their attention that caused them to believe that the Statement is inconsistent with their understanding of the process the Board adopted in the review of adequacy and integrity of internal controls of the Company.

This Statement on Risk Management and Internal Control was approved by the Board of Directors on June 3, 2013.

AUDIT COMMITTEE REPORT

1. Composition

The composition of Audit Committee during the financial year under review is as follows:

Name
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:-

- Must be a member of the Malaysian Institute of Accountants; or
- 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
- Fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

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 key functions of the Audit Committee are to review the interim quarterly results and the annual audited financial statements and to make the appropriate recommendations to the Board of Directors. In addition, the Audit Committee will review the reports of the internal auditors as well as those of the external auditors and to instruct management to take the appropriate actions to rectify whatever shortcomings reported. All significant breaches especially those in contravention of existing rules and regulations and laws will be reported to the Board of Directors and the regulatory authorities where appropriate.

The Audit Committee will review related party transactions on a quarterly basis to ensure that such transactions are not at a disadvantage to the Group and where appropriate, have the prior approval of the disinterested shareholders at a general meeting.

The Audit Committee will also review the adequacy of the internal controls and assist in identifying risks pending the formalization of a risk management committee, to ensure that inadequacies of internal controls and risks are rectified or mitigated.

The Audit Committee will meet with the external auditors at least twice a year without the presence of the Management.

2.4 Procedures

The Audit Committee shall regulate its procedures as follows:-

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

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

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

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

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

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

2.5 Summary of activities

The Committee members and details attendance of each member at committee meeting during financial year ended March 31, 2013, are set out below:

	Meetings Attended
Mr. Lau Tiang Hua	4 out of 4
Mr. Neoh Choo Kean	4 out of 4
Mr. Lim Beng Huat	4 out of 4

The following is a summary of the activities carried out by the Audit Committee during the financial year ended March 31, 2013:-

a) Reviewed and recommended for Board's approval the quarterly interim financial report of the Group for announcement to Bursa Malaysia Securities Berhad;

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 meetings;

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.

2.6 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 financial year ended March 31, 2013, the internal auditor has carried out audits to assess the adequacy of the internal controls of the main operating subsidiaries which include the Group's property division, 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.

This Audit Committee Report has been approved by a resolution of your Board of Directors dated June 3, 2013.

ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad:-

1. **Utilisation of Proceeds**

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

2. **Material Contracts**

   There were no material contracts entered into during the financial year ended March 31, 2013 involving Directors' and major shareholders' interests.

3. **Sanctions and/or Penalties**

   During the financial year ended March 31, 2013, no material sanctions and/or penalties were imposed on the Group and its subsidiaries, directors or management by the relevant regulatory bodies.

4. **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, 2013 amounted to RM3,000.00 for advisory services rendered.

5. **Share Buy-Back**

   Details of the shares repurchased and held as Treasury Shares are presented on page 30.

6. **Option, Warrants or Convertible Securities**

   The Group did not issue options, warrants or convertible securities during the financial year ended March 31, 2012.

7. **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.

8. **Profit Guarantee**

   There were no profit guarantees given by the Group during the financial year.

DIRECTORS' REPORT

The Directors of **SCANWOLF CORPORATION BERHAD** hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended March 31, 2013.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company.

The principal activities of the subsidiaries are disclosed in Note 15 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Company and its subsidiaries 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
Loss for the year	(1,929,525)	(181,793)
Loss attributable to:		
Owners of the Company	(2,191,299)	(181,793)
Non-controlling interests	261,774	-
	(1,929,525)	(181,793)

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

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors also do not recommend any dividend payment in respect of the current financial year.

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 24, 2012, granted the approval for the Company to repurchase its own shares. The shares repurchased are being held as Treasury Shares in accordance with the requirements of Section 67A of the Companies Act, 1965. 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, 2012	4,040,000	0.47	0.30	0.41	1,638,664
July 2012	200,000	0.33	0.32	0.32	64,492
August 2012	118,000	0.31	0.30	0.31	36,878
September 2012	220,000	0.30	0.30	0.30	66,532
November 2012	15,000	0.30	0.30	0.30	4,546
February 2013	10,000	0.31	0.31	0.31	3,095
	4,603,000				1,814,207

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 STATUTORY INFORMATION

Before the statements of comprehensive income and the statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

(a) to ascertain that proper action have been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that no known bad debts need to be written off and that adequate allowance had 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.

OTHER STATUTORY INFORMATION (contd)

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

(a) which would necessitate the writing off of any bad debts or render 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

DIRECTORS (cont'd)

In accordance with Article 103(1) of the Company's Articles of Association, Mr. Loo Bin Keong and Mr. Teoh Teik Kean retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Section 129(6) of the Company Act, 1965, Mr. Neoh Choo Kean, who has attained the age of 70 years, retires and offers himself for re-appointment.

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 subsidiaries 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 subsidiaries 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 Company and its subsidiaries as disclosed in Note 21 to the financial statements.

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

AUDITORS

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

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

MR. LEUK SING KING

MR. TAN SIN KEAT

Ipoh,
June 3, 2013

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 statements of financial position of the Group and of the Company as of March 31, 2013 and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 36 to 107.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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 Financial Reporting Standards 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, 2013 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 Act to be kept by the Company and by the subsidiaries have been properly kept in accordance with the provisions of the Act;

(b) we are satisfied that the accounts of the subsidiaries 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 accounts of the subsidiaries were not subject to any qualification and did not include any adverse comment made under Section 174 (3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 38 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, 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.

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

LIM KENG PEO
Partner - 2939/01/14(J)
Chartered Accountant

June 3, 2013

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED MARCH 31, 2013

	Note	The Group 2013 RM	The Group 2012 RM	The Company 2013 RM	The Company 2012 RM
Revenue	5	36,755,069	36,946,645	540,000	960,000
Investment revenue	7	4,692	8,890	837,278	538,145
Other gains and (losses)	8	(44,814)	342,037	-	-
Other operating income		327,992	117,047	-	-
Changes in inventories of finished goods and work-in-progress		(1,287,784)	(1,175,774)	-	-
Raw materials and consumables used		(13,440,588)	(19,088,246)	-	-
Purchase of finished goods		(1,787,852)	(2,079,534)	-	-
Property development costs recognised	19	(5,692,959)	-	-	-
Directors' remuneration	9	(1,333,046)	(1,332,962)	(1,333,046)	(1,332,962)
Employee benefits expenses		(5,365,126)	(5,479,559)	-	-
Depreciation of property, plant and equipment	14	(3,618,097)	(3,779,981)	-	-
Finance costs	11	(1,013,942)	(377,329)	-	-
Other operating expenses		(5,392,191)	(4,958,878)	(226,845)	(257,206)
Loss before tax	10	(1,888,646)	(857,644)	(182,613)	(92,023)
Income tax (expense)/ credit	12	(40,879)	(296,992)	820	(28,000)
LOSS FOR THE YEAR		(1,929,525)	(1,154,636)	(181,793)	(120,023)
Other comprehensive (loss)/income:					
Net loss arising on revaluation of available-for-sale financial asset during the year		(23,200)	(20,800)	-	-
Gain arising from revaluation of properties		-	1,537,434	-	-
Other comprehensive (loss)/income for the year		(23,200)	1,516,634	-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		(1,952,725)	361,998	(181,793)	(120,023)

(Forward)

	Note	The Group 2013 RM	The Group 2012 RM	The Company 2013 RM	The Company 2012 RM
Loss for the year attributable to:					
Owners of the Company		(2,191,299)	(928,094)	(181,793)	(120,023)
Non-controlling interests		261,774	(226,542)	-	-
		(1,929,525)	(1,154,636)	(181,793)	(120,023)
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(2,214,499)	588,540	(181,793)	(120,023)
Non-controlling interests		261,774	(226,542)	-	-
		(1,952,725)	361,998	(181,793)	(120,023)
Loss per share:					
Basic	13	(2.90 sen)	(1.22 sen)		
Diluted	13	(2.90 sen)	(1.22 sen)		

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

STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2013

	Note	The Group 2013 RM	The Group 2012 RM	The Company 2013 RM	The Company 2012 RM
ASSETS					
Non-current assets					
Property, plant and equipment	14	26,261,276	28,351,542	-	-
Investment in subsidiaries	15	-	-	21,924,076	21,924,076
Land held for property development	18	13,276,918	-	-	-
Other investment	16	-	124,000	-	-
Trade receivables	20	1,741,457	-	-	-
Total non-current assets		41,279,651	28,475,542	21,924,076	21,924,076
Current assets					
Inventories	17	8,827,700	9,101,830	-	-
Property development projects	19	12,899,627	1,791,114	-	-
Trade and other receivables	20	15,635,038	23,446,243	1,287,430	367,449
Amount owing by subsidiaries	21	-	-	16,803,403	18,113,578
Other financial asset	22	8,081	44,950	-	-
Current tax assets	12	443,896	233,873	94,589	4,300
Cash and bank balances	23	3,886,379	2,448,495	28,875	104,062
Total current assets		41,700,721	37,066,505	18,214,297	18,589,389
Total assets		82,980,372	65,542,047	40,138,373	40,513,465
EQUITY AND LIABILITIES					
Capital and reserves					
Issued capital	24(a)	40,000,000	40,000,000	40,000,000	40,000,000
Treasury shares	24(b)	(1,814,207)	(1,638,664)	(1,814,207)	(1,638,664)
Reserves	25	3,720,092	5,934,591	1,737,139	1,918,932
Equity attributable to owners of the Company		41,905,885	44,295,927	39,922,932	40,280,268
Non-controlling interests	26	157,732	(177,542)	-	-
Total equity		42,063,617	44,118,385	39,922,932	40,280,268

(Forward)

		The Group		The Company	
		2013	2012	2013	2012
	Note	RM	RM	RM	RM
Non-current liabilities					
Hire-purchase payables	27	957,430	1,112,403	-	-
Borrowings	30	5,771,240	-	-	-
Deferred tax liabilities	28	3,797,405	4,066,378	-	-
Total non-current liabilities		10,526,075	5,178,781	-	-
Current liabilities					
Trade and other payables	29	10,362,671	3,368,140	215,441	233,197
Hire-purchase payables	27	352,020	345,637	-	-
Borrowings	30	14,736,639	9,258,914	-	-
Progress billings	33	4,665,350	3,259,190	-	-
Current tax liability	12	274,000	13,000	-	-
Total current liabilities		30,390,680	16,244,881	215,441	233,197
Total liabilities		40,916,755	21,423,662	215,441	233,197
Total equity and liabilities		82,980,372	65,542,047	40,138,373	40,513,465

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

		← Attributable to Owners of the Company →									
				← Non-distributable Reserves →				Distributable			
The Group	**Note**	**Issued Capital RM**	**Treasury Shares RM**	**Reverse Acquisition Reserve RM**	**Share Premium RM**	**Properties Revaluation Reserve RM**	**Investments Revaluation Reserve RM**	**Reserve Retained Earnings RM**	**Subtotal RM**	**Non-controlling Interests RM**	**Net Equity RM**
Balance as of April 1, 2011		40,000,000	(1,029,122)	(19,524,076)	2,035,339	1,482,638	44,000	22,828,870	45,837,649	-	45,837,649
Loss for the year		-	-	-	-	-	-	(928,094)	(928,094)	(226,542)	(1,154,636)
Other comprehensive income for the year		-	-	-	-	1,537,434	(20,800)	-	1,516,634	-	1,516,634
Total comprehensive income for the year		-	-	-	-	1,537,434	(20,800)	(928,094)	588,540	(226,542)	361,998
Issuance of shares to non-controlling interests		-	-	-	-	-	-	-	-	49,000	49,000
Payment of dividends	31	-	-	-	-	-	-	(1,520,720)	(1,520,720)	-	(1,520,720)
Buy-back of ordinary shares	24(b)	-	(609,542)	-	-	-	-	-	(609,542)	-	(609,542)
Balance as of March 31, 2012		40,000,000	(1,638,664)	(19,524,076)	2,035,339	3,020,072	23,200	20,380,056	44,295,927	(177,542)	44,118,385
Loss for the year		-	-	-	-	-	-	(2,191,299)	(2,191,299)	261,774	(1,929,525)
Other comprehensive loss for the year		-	-	-	-	-	(23,200)	-	(23,200)	-	(23,200)
Total comprehensive loss for the year		-	-	-	-	-	(23,200)	(2,191,299)	(2,214,499)	261,774	(1,952,725)
Issuance of shares to non-controlling interests		-	-	-	-	-	-	-	-	73,500	73,500
Buy-back of ordinary shares	24(b)	-	(175,543)	-	-	-	-	-	(175,543)	-	(175,543)
Balance as of March 31, 2013		40,000,000	(1,814,207)	(19,524,076)	2,035,339	3,020,072	-	18,188,757	41,905,885	157,732	42,063,617

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	Retained Earnings/ (Accumulated Loss) RM	Net Equity RM
Balance as of April 1, 2011		40,000,000	(1,029,122)	2,035,339	1,524,336	42,530,553
Loss and total comprehensive loss for the year		-	-	-	(120,023)	(120,023)
Payment of dividend	31	-	-	-	(1,520,720)	(1,520,720)
Buy-back of ordinary shares	24(b)	-	(609,542)	-	-	(609,542)
Balance as of March 31, 2012		40,000,000	(1,638,664)	2,035,339	(116,407)	40,280,268
Loss and total comprehensive loss for the year		-	-	-	(181,793)	(181,793)
Buy-back of ordinary shares	24(b)	-	(175,543)	-	-	(175,543)
Balance as of March 31, 2013		40,000,000	(1,814,207)	2,035,339	(298,200)	39,922,932

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

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2013

	Note	The Group 2013 RM	2012 RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Loss for the year		(1,929,525)	(1,154,636)
Adjustments for:			
Depreciation of property, plant and equipment		3,618,097	3,779,981
Finance costs		1,013,942	377,329
Fair value adjustment on non-current trade receivables		273,338	-
Property, plant and equipment written off		217,500	-
Allowance for slow moving inventories		159,678	571,965
Income tax expense recognised in profit or loss		40,879	296,992
Fair value loss/(gain) on financial derivatives		36,869	(44,950)
Impairment loss recognised on trade receivables		285	699
Recovery from insurance claim		(290,000)	-
Unrealised gain on foreign exchange - net		(92,344)	(37,198)
Gain on disposal of property, plant and equipment		(19,999)	(278,998)
Investment revenue		(4,692)	(8,890)
Interest income		(58)	(256)
Revaluation deficit on property, plant and equipment		-	164,546
Doubtful debts on trade receivables recovered		-	(49,314)
		3,023,970	3,617,270
Movements in working capital:			
(Increase)/Decrease in:			
Inventories		114,452	312,668
Property development projects		(4,847,192)	(1,791,114)
Trade and other receivables		1,735,735	(4,358,820)
Increase/(Decrease) in:			
Trade and other payables		733,210	(974,461)
Progress billings		1,406,160	2,672,470
Cash Generated From/(Used In) Operations		2,166,335	(521,987)
Income tax refunded		3,963	385,743
Interest income received		-	256
Income tax paid		(262,838)	(147,687)
Net Cash Generated From/(Used In) Operating Activities		1,907,460	(283,675)

(Forward)

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

	Note	The Group 2013 RM	2012 RM
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Proceeds from disposal of quoted shares		100,800	-
Proceeds from issuance of shares to non-controlling interests		73,500	49,000
Proceeds from disposal of property, plant and equipment		20,000	279,000
Interest received from fixed and short-term deposits		4,750	3,490
Purchase of land held for property development		(8,032,994)	-
Purchase of property, plant and equipment	35(a)	(1,545,332)	(1,643,853)
Deposit paid for acquisition of land		(919,981)	(5,200,000)
Deposit paid for purchase of property, plant and equipment		(32,862)	(131,050)
Dividend income from quoted investment		-	5,400
Net Cash Used In Investing Activities		(10,332,119)	(6,638,013)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Proceeds from term loan		8,625,000	-
Proceeds from bankers' acceptances		6,105,000	6,050,000
Repayment of term loan		(1,012,752)	-
Finance costs paid		(954,633)	(354,735)
Repayment of hire-purchase payables		(348,590)	(396,992)
Repurchase of own shares		(175,543)	(609,542)
Dividends paid		-	(1,520,720)
Net Cash From Financing Activities		12,238,482	3,168,011
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		3,813,823	(3,753,677)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		(310,419)	3,406,060
Effect of changes in exchange rate on foreign currency translation		92,344	37,198
CASH AND CASH EQUIVALENTS AT END OF YEAR	35(b)	3,595,748	(310,419)

	Note	The Company 2013 RM	2012 RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Loss for the year		(181,793)	(120,023)
Adjustments for:			
Investment revenue		(837,278)	(538,145)
Income tax (credit)/expense recognised in profit or loss		(820)	28,000
		(1,019,891)	(630,168)
Movements in working capital:			
(Increase)/Decrease in trade and other receivables		(919,981)	7,204
Decrease in trade and other payables		(17,756)	(5,259)
Cash Used In Operations		(1,957,628)	(628,223)
Income tax paid		(89,469)	(14,880)
Net Cash Used In Operating Activities		(2,047,097)	(643,103)
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Repayment from subsidiaries - net		1,310,175	739,519
Interest received from advances granted to subsidiaries		837,278	538,145
Dividends received from a subsidiary		-	1,600,000
Investment in a subsidiary		-	(100,000)
Net Cash Generated From Investing Activities		2,147,453	2,777,664
CASH FLOWS USED IN FINANCING ACTIVITIES			
Repurchase of own shares		(175,543)	(609,542)
Dividends paid		-	(1,520,720)
Net Cash Used In Financing Activities		(175,543)	(2,130,262)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(75,187)	4,299
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		104,062	99,763
CASH AND CASH EQUIVALENTS AT END OF YEAR	35(b)	28,875	104,062

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The Company is principally an investment holding company.

The principal activities of the subsidiaries are disclosed in Note 15.

There have been no significant changes in the nature of the principal activities of the Company and its subsidiaries 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 3, 2013.

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

The financial statements of the Group and of the Company have been prepared in accordance with FRSs and the provisions of the Companies Act, 1965 in Malaysia.

2.1 Adoption of new and revised FRSs and IC Interpretations ("IC Int.")

During the financial year, the Group and the Company adopted all new and revised FRSs and IC Int. issued by the Malaysian Accounting Standards Board ("MASB") that are relevant to their operations and effective for accounting periods beginning on or after January 1, 2012. The adoption of these new and revised FRSs and IC Int. has not affected the amounts reported in the financial statements of the Group and of the Company and/or material changes to the Group's and the Company's accounting policies.

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

2.2 Standards and IC Int. in issue but not yet effective

The Group and the Company have not elected for early adoption of the relevant new and revised FRSs and IC Int. and amendments to FRSs and IC Int. which have been issued but not yet effective until future periods at the date of authorisation for issue of these financial statements. The directors anticipate that the adoption of these Standards and IC Int. when they become effective will have no material impact on the amounts reported in the financial statements of the Group and of the Company in the period of initial application, except as discussed below:

FRS 10 Consolidated Financial Statements

FRS 10 replaces the parts of FRS 127 *Consolidated and Separate Financial Statements (revised in 2010)* that deal with consolidated financial statements. IC Int. 112 *Consolidation - Special Purpose Entities* has been withdrawn upon the issuance of FRS 10. Under FRS 10, there is only one basis for consolidation, that is control. In addition, FRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in FRS 10 to deal with complex scenarios.

FRS 12 Disclosure of Interests in Other Entities

FRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in FRS 12 are more extensive than those in the current standards.

In July 2012, amendments were made to FRS 10, FRS 11 and FRS 12 *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*.

The amendments clarifies that the "date of initial application" in FRS 10 means "the beginning of the annual reporting period in which FRS 10 is applied for the first time". Consequently, an entity is not required to adjust its previous accounting if (a) the consolidation conclusion reached upon the application of FRS 10 is the same as previous accounting; or (b) the entity had disposed of its interests in investees during a comparative period.

If an entity has to consolidate an investee that was not previously consolidated when applying FRS 10 or concludes that it will no longer consolidate an investee that was previously consolidated, the amendments limit the requirement to present adjusted comparative information to the period immediately preceding the date of initial application. However, the entity is not prohibited from presenting adjusted comparative information for earlier periods.

A similar relief is also provided in FRS 11 and FRS 12. Additionally, entities would no longer be required to provide disclosures for unconsolidated structured entities in periods prior to the first annual period that FRS 12 is applied.

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

2.2 Standards and IC Int. in issue but not yet effective (cont'd)

FRS 12 Disclosure of Interests in Other Entities (cont'd)

If, upon applying FRS 10, an entity concludes that it shall consolidate an investee that was not previously consolidated and that control was obtained before the effective date of FRS 3 *Business Combinations* and FRS 127 *Consolidated and Separate Financial Statements* issued by the MASB in January 2010, the amendments provide the choice to Transitioning Entities to apply either the earlier (i.e. as issued in February 2006) or the revised versions of FRS 3 and FRS 127 (as issued in January 2010).

The directors anticipate that FRS 10 and FRS 12 will be adopted in the Group's consolidated financial statements for the annual period beginning April 1, 2013. The application of these new standards may have significant impact on amounts reported in the consolidated financial statements. The application of FRS 10 may result in the Group no longer consolidating some of its investees, and consolidating investees that were not previously consolidated.

FRS 13 Fair Value Measurement

FRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of FRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in FRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under FRS 7 *Financial Instruments: Disclosures* will be extended by FRS 13 to cover all assets and liabilities within its scope.

The directors anticipate that FRS 13 will be adopted in the Group's and the Company's financial statements for the annual period beginning April 1, 2013 and that the application of this new standard may result in more extensive disclosures in the financial statements.

Amendments to FRS 101 Presentation of Items of Other Comprehensive Income

The amendments to FRS 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to FRS 101 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to FRS 101 are effective for annual periods beginning on or after July 1, 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

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

2.2 Standards and IC Int. in issue but not yet effective (cont'd)

Malaysian Financial Reporting Standards Framework ("MFRS Framework")

In addition, on November 19, 2011, the MASB issued a new MASB approved accounting framework, the MFRS Framework in conjunction with its planned convergence of FRSs with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") on January 1, 2012.

The MFRS Framework is a fully IFRS-compliant framework, equivalent to IFRSs which is mandatory for adoption by all Entities Other than Private Entities for annual periods beginning on or after January 1, 2012, with the exception of entities that are within the scope of MFRS 141 *Agriculture* and/or IC Interpretation 15 *Agreements for the Construction of Real Estate*, including its parent, significant investor and venture (hereinafter called "Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional two years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after January 1, 2014.

The Group and the Company fall within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in their first MFRS financial statements for the year ending March 31, 2015. In presenting their first MFRS financial statements, the Group and the Company may be required to restate the comparative financial statements to amounts reflecting the application of the MFRS Framework. The majority of the adjustments required on transition (if any), will be made retrospectively, against opening retained profits.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared on the historical cost basis except for the revaluation of certain non-current assets and financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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, 2013.

Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is presumed to exist when the Company owns, directly or indirectly through subsidiaries, 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)

Basis of Consolidation (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 results of subsidiaries 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, as appropriate.

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

All significant intergroup transactions, balances and income and expenses are eliminated in full on consolidation. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

Business Combinations

The acquisitions of other subsidiaries are accounted for using the purchase method. 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.

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.

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount on initial recognition.

Dividend income

Dividend income represents gross dividends from quoted and unquoted investments and is recognised when the shareholder's right to receive payment is established, provided that it is probable that the economic benefits will flow to the Group and the Company, and the amount of revenue can be measured reliably.

Management income

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

Property development projects

Revenue and cost of property development projects are recognised in the statements of comprehensive income using the percentage of completion method in respect of sales where agreement has been finalised by the end of the reporting period. The percentage of completion is determined based on the proportion that property development costs incurred for work performed to-date bear to the estimated total property development costs.

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. Once the contributions have been paid, the Group has no further payment obligations.

Foreign Currencies

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

In preparing the financial statements of the Group and of the Company, transactions in currencies other than the Group's and the Company's functional currency are initially recorded in Ringgit Malaysia at the rates of exchange prevailing on the date of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at 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 the statements of comprehensive income in the year in which they arise except for exchange differences arising on the retranslation of non-monetary items carried at fair value in respect of which gains and losses are recognised in the statements of comprehensive income. For such non-monetary items, the exchange component of that gain or loss is also recognised in the statements of comprehensive income.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which require a substantial period of time to get them ready for their intended use, are capitalised and included as part of the cost of the related assets. Capitalisation of borrowing costs will cease when the assets are ready for their intended use.

All other borrowing costs are recognised as an expense in the year in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are 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 end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary 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. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits 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 tax effects of unutilised reinvestment allowance are only recognised upon actual realisation.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 end of the reporting period. 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 end of the reporting period, 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 intend to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Property, Plant and Equipment

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

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statements of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of the reporting period.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in the statements of comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued land and buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

Leasehold land is amortised over the lease period ranging from 45 to 87 years.

Depreciation is recognised so as to write off the cost of assets or valuation of assets, less their residual values over their estimated useful lives, using the straight-line method on the following bases:

Factory buildings	2%
Office 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%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Property, Plant and Equipment (cont'd)

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

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

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 the statements of comprehensive income 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.

Property Development Projects

Property development costs consist of the cost of land, direct building costs and related development expenditure incurred less cost recognised in the statements of comprehensive income and allowances for foreseeable loss (if any).

Property development revenue are recognised, using the percentage of completion method, based on the proportion that property development costs incurred bear to the estimated total costs for the property development, in respect of sales where agreements have been finalised by the end of the financial year.

When the outcome of a property development activity cannot be estimated reliably, property development revenue is recognised to the extent of property development costs incurred that is probable of recovery.

Any anticipated loss on a property development project (including costs to be incurred over the defects liability period), is recognised as an expense immediately.

Accrued billings represent the excess of property development revenue recognised in the statements of comprehensive income over the billings to purchasers while progress billings represent the excess of billings to purchasers over property development revenue recognised in the statements of comprehensive income.

Allowance for foreseeable loss (if any) is made based on losses estimated to arise upon the completion of the property development project which are already in progress.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases, other than leasehold properties classified as investment property, are classified as operating leases. Property interest held under an operating lease to earn rentals or for capital appreciation or both is classified as investment property.

Assets held under finance leases are initially recognised as assets of the Company at its fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statements of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the statements of comprehensive income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

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 year 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.

Investment in Subsidiaries

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

Investment

Investment in quoted shares, is classified as being available-for-sale and is stated at fair value, with any resultant fair value changes recognised in statements of comprehensive income and accumulated in the investments revaluation reserve, with the exception for impairment losses.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Goodwill (cont'd)

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 the end of each reporting period, the Group and the Company review the carrying amounts of their assets (other than inventories, property development projects and financial assets which are dealt with in their respective policies) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

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

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statements of comprehensive income, 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 (or 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statements of comprehensive income, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 and spare parts 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 less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of past event and it is probable that the Group and the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Treasury Shares

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

Financial Instruments

Financial assets and financial liabilities are recognised in the statements of financial position when, and only when the Group and the Company become a party to the contractual provisions of the financial instruments.

Where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, such financial assets are recognised and derecognised on trade date.

Financial instruments are initially measured at fair value, plus transaction costs, except for those financial assets and financial liabilities classified as at fair value through profit or loss ("FVTPL"), which are initially measured at fair value.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Instruments (cont'd)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income and expense is recognised on an effective interest basis for debt instruments other than those financial assets or financial liabilities classified as at FVTPL.

(a) Financial assets

Financial assets of the Group and of the Company are classified into 'available-for-sale' ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

(i) AFS financial assets

AFS financial assets are non-derivatives financial assets that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at FVTPL. All AFS assets are measured at fair value at the reporting period. Gains and losses arising from changes in fair value are recognised in statements of comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's and the Company's right to receive the dividends is established.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Financial assets of the Group are cash and bank balances, trade and other receivables, other investment and derivative financial assets.

Financial assets of the Company are cash and bank balances, trade and other receivables and amount owing by subsidiaries.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Instruments (cont'd)

Effective interest method *(cont'd)*

(a) Financial assets *(cont'd)*

(iii) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the statements of comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Instruments (cont'd)

Effective interest method *(cont'd)*

(a) Financial assets *(cont'd)*

(iii) Impairment of financial assets *(cont'd)*

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the statements of comprehensive income to the extent that the carrying amount of the financial assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in the statements of comprehensive income are reclassified to profit or loss in the period.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in the statements of comprehensive income.

(iv) Derecognition of financial assets

The Group and the Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group and the Company neither transfer nor retain substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group and the Company recognise their retained interest in the asset and an associated liability for amounts it may have to pay. If the Group and the Company retain substantially all the risks and rewards of ownership of a transferred financial asset, the Group and the Company continue to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(b) Financial liabilities and equity instruments

(i) Classification as debt or equity

Financial liabilities and debt and equity instruments issued by the Group and the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

(ii) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and the Company are recognised at the proceeds received, net of direct issue costs.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Instruments (cont'd)

Effective interest method *(cont'd)*

(b) Financial liabilities and equity instruments *(cont'd)*

(iii) Financial liabilities

Financial liabilities of the Group and of the Company including borrowings, are classified into "other financial liabilities" category, and are initially measured at fair value, net of transaction costs.

(iv) Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs, and subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Financial liabilities of the Group are trade and other payables, hire-purchase payables and borrowings.

Financial liabilities of the Company are trade and other payables.

(v) Derecognition of financial liabilities

The Group and the Company derecognise financial liabilities when, and only when, the Group's and the Company's obligations are discharged, cancelled or they expire.

Statements of Cash Flows

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

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.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(a) ***Critical judgement made in applying accounting policies***

In the application of the Group' and of the Company's accounting policies, which are described in Note 3, 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.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(a) ***Critical judgement made in applying accounting policies*** *(cont'd)*

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.

Property development projects

The Group recognises property development projects in the statements of comprehensive income by using the stage of percentage-of-completion method, which is the standard for similar industries.

The stage of completion is determined by the proportion that property development costs incurred bear to the estimated total costs for the property development projects. Estimated losses are recognised in full when determined. Property development projects and expenses estimates are reviewed and revised periodically as work progresses and as variation orders are approved.

Significant judgement is required in determining the stage of completion, the estimated total property development revenue and costs as well as the recoverability of the project undertaken. In making the judgement, the Group evaluates by relying on the work of specialists. If the Group is unable to make reasonably dependable estimates, the Group would not recognise any profit before a project is completed, but would recognise a loss as soon as the loss becomes evident.

Adjustments based on the percentage-of-completion method are reflected in property development revenue and costs in the reporting period. To the extent that these adjustments result in a reduction or elimination of previously reported property development revenue and costs, the Group recognises a charge or credit against current earnings and amounts in prior periods, if any, are not restated.

(b) ***Key sources of estimation uncertainty***

The following are key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

(i) Impairment of Property, Plant and Equipment

The carrying amounts of property, plant and equipment of the Group as of March 31, 2013 was RM26,261,276 (2012: RM28,351,542).

The Group assesses 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.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(b) *Key sources of estimation uncertainty* *(cont'd)*

(i) Impairment of Property, Plant and Equipment (cont'd)

Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on the Group's estimate calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information. Management of the Group has carried out an impairment review on its property, plant and equipment and concluded that there is no impairment loss on the Group's property, plant and equipment.

(ii) 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.

(iii) Recoverability of Receivables

The carrying amounts of third-party trade and other receivables of the Group as of March 31, 2013 were RM11,623,761 (2012: RM13,192,727).

An allowance is established when there is objective evidence that the Group and the Company will not be able to collect all amounts due according to the original terms of transactions. This is determined based on the ageing profile and collection patterns. Where the expectation is different from the original estimate, such difference will impact the carrying values of the trade and other receivables and doubtful receivables expenses in the period in which such estimate has been changed.

(iv) Allowance for Slow Moving Inventories

The Group makes allowance for slow moving inventories based on an assessment of the recoverability of the inventories through sales and recycling for alternatives uses. Allowance is applied to inventories where events or changes in circumstances indicate that the costs may not be recoverable.

The identification of slow moving inventories requires use of judgement and estimates.

Where the expectation is different from the original estimate, such difference will impact the carrying value of the inventories and slow moving inventories expenses in the period in which such estimate has been changed.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(b) *Key sources of estimation uncertainty (cont'd)*

(v) Property development projects

Management is required to estimate the profitability of each property development projects by formulating reasonable assumptions and estimates of each project's budgeted costs and revenue. The assumptions and estimates are reviewed annually or when circumstances on which the original assumptions and estimates were based on have changed.

5. REVENUE

	The Group		The Company	
	2013 RM	**2012 RM**	**2013 RM**	**2012 RM**
Manufacturing sales	25,882,286	33,471,215	-	-
Property development project	7,493,949	-	-	-
Trading sales	3,378,834	3,475,430	-	-
Management fees received from subsidiaries	-	-	540,000	960,000
	36,755,069	36,946,645	540,000	960,000

6. SEGMENT REPORTING

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

Business Segment

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

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

6. SEGMENT REPORTING (cont'd)

The Group 2013	Manufacturing RM	Trading RM	Property Development RM	Others RM	Eliminations RM	Consolidated RM
Revenue						
External sales	25,882,286	3,378,834	7,493,949	-	-	36,755,069
Inter-segment sales	582,786	27,982	-	540,000	(1,150,768)	-
	26,465,072	3,406,816	7,493,949	540,000	(1,150,768)	36,755,069
Results						
Segment results	(1,688,052)	365,162	448,186	-	-	(874,704)
Finance costs						(1,013,942)
Loss before tax						(1,888,646)
Income tax expense						(40,879)
Loss for the year						(1,929,525)
Other information						
Capital expenditure	632,676	-	1,112,656	-	-	1,745,332
Depreciation of property, plant and equipment	3,572,057	32,502	13,538	-	-	3,618,097
Consolidated Statement of Financial Position						
Assets						
Segment assets	45,313,311	1,167,123	32,818,992	-	-	79,299,426
Unallocated corporate assets						3,680,946
Consolidated total assets						82,980,372
Liabilities						
Segment liabilities	10,902,921	769,200	12,551,598	-	-	24,223,719
Unallocated corporate liabilities						16,693,036
Consolidated total liabilities						40,916,755

6. SEGMENT REPORTING (cont'd)

The Group 2012	Manufacturing RM	Trading RM	Property Development RM	Others RM	Eliminations RM	Consolidated RM
Revenue						
External sales	33,471,215	3,475,430	-	-	-	36,946,645
Inter-segment sales	519,370	-	-	1,010,000	(1,529,370)	-
	33,990,585	3,475,430	-	1,010,000	(1,529,370)	36,946,645
Results						
Segment results	(472,547)	272,085	(279,853)	-	-	(480,315)
Finance costs						(377,329)
Loss before tax						(857,644)
Income tax expense						(296,992)
Loss for the year						(1,154,636)
Other information						
Capital expenditure	1,637,154	-	-	-	-	1,637,154
Depreciation of property, plant and equipment	3,779,981	-	-	-	-	3,779,981
Consolidated Statement of Financial Position						
Assets						
Segment assets	55,401,798	1,109,188	7,579,873	-	-	64,090,859
Unallocated corporate assets						1,451,188
Consolidated total assets						65,542,047
Liabilities						
Segment liabilities	3,998,138	114,800	3,972,432	-	-	8,085,370
Unallocated corporate liabilities						13,338,292
Consolidated total liabilities						21,423,662

6. SEGMENT REPORTING (cont'd)

Geographical Segment

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	
	2013 RM	**2012 RM**
Asia	10,738,324	13,991,830
Middle east	217,504	6,469,311
Oceania	962,363	843,171
Africa	2,024,200	353,838
Others	226,459	367,007
Total export	14,168,850	22,025,157
Malaysia	22,586,219	14,921,488
Total revenue	36,755,069	36,946,645

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.

7. INVESTMENT REVENUE

	The Group		The Company	
	2013 RM	**2012 RM**	**2013 RM**	**2012 RM**
Interest income from:				
Fixed and short-term deposits	4,692	3,490	-	-
Advances granted to subsidiaries	-	-	837,278	538,145
Dividend income from quoted investment	-	5,400	-	-
	4,692	8,890	837,278	538,145

8. OTHER GAINS AND (LOSSES)

	The Group	
	2013 RM	2012 RM
Unrealised gain on foreign exchange - net	92,344	37,198
Gain on disposal of property, plant and equipment	19,999	278,998
Realised (loss)/gain on foreign exchange	(120,288)	145,437
Fair value (loss)/gain on financial derivatives	(36,869)	44,950
Revaluation deficit on property, plant and equipment	-	(164,546)
	(44,814)	342,037

9. DIRECTORS' REMUNERATION

	The Group and The Company	
	2013 RM	2012 RM
Executive Directors:		
Fees	60,000	60,000
Salaries and bonuses	1,025,550	1,025,550
EPF contributions	164,496	164,412
	1,250,046	1,249,962
Non-executive Directors:		
Fees	83,000	83,000
	1,333,046	1,332,962

The estimated monetary value of benefits-in-kind received and receivable by the Directors otherwise than in cash from the Group amounted to RM87,350 (2012: RM68,965).

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

10. LOSS BEFORE TAX

Loss before tax has been arrived at after crediting/(charging):

	The Group		The Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Interest income	58	256	-	-
Fair value adjustment on non-current trade receivables	(273,338)	-	-	-
Property, plant and equipment written off	(217,500)	-	-	-
Rental of:				
Premises	(214,380)	(204,125)	-	-
Office	(30,000)	(7,500)	-	-
Gas cylinder	(26,892)	-	-	-
Allowance for slow moving inventories	(159,678)	(571,965)	-	-
Auditors remuneration:				
Statutory audit:				
Current year	(58,000)	(54,000)	(23,000)	(23,000)
Prior year	(2,500)	-	-	-
Non-audit services	(4,500)	(3,000)	(3,000)	(3,000)
Impairment loss recognised on trade receivables	(285)	(699)	-	-
Doubtful debts on trade receivables recovered	-	49,314	-	-
Preliminary expenses written off	-	(7,204)	-	-

Included in employee benefits expenses of the Group are contributions made to EPF of RM348,280 (2012: RM336,223).

11. FINANCE COSTS

	The Group	
	2013 RM	2012 RM
Interest on:		
Bankers' acceptances	423,216	187,158
Term loan	380,305	-
Hire-purchase	62,786	51,586
Bank overdrafts	26,460	22,541
Fixed loan	17,910	-
Bank charges and commission	103,265	116,044
	1,013,942	377,329

12. INCOME TAX (EXPENSE)/CREDIT

Income tax recognised in profit or loss

	The Group		The Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Income tax comprises:				
Current tax expense in respect of the current year	(327,705)	(110,000)	-	(28,000)
Prior year adjustments recognised in the current year in relation to income tax	17,853	(107,965)	820	-
	(309,852)	(217,965)	820	(28,000)
Deferred tax:				
Relating to origination and reversal of temporary differences:				
Current year	214,000	(41,000)	-	-
Prior year adjustments recognised in the current year	26,000	(67,000)	-	-
	240,000	(108,000)	-	-
Relating to crystallisation of deferred tax liability on revaluation surplus of property, plant and equipment	28,973	28,973	-	-
(Note 28)	268,973	(79,027)	-	-
	(40,879)	(296,992)	820	(28,000)

12. INCOME TAX (EXPENSE)/CREDIT (cont'd)

The income tax expense for the year can be reconciled to loss before tax as follows:

	The Group		The Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Loss before tax	(1,888,646)	(857,644)	(182,613)	(92,023)
Tax expense calculated using the Malaysian statutory income tax rate of 25% (2012: 25%)	473,000	214,000	46,000	23,000
Tax effects of:				
Reinvestment allowances utilised	90,000	-	-	-
Expenses available for double deduction	19,000	-	-	-
Expenses that are not deductible in determining taxable profit	(506,732)	(293,027)	(46,000)	(51,000)
Unutilised tax losses and unabsorbed tax capital allowances carried forward	(160,000)	(67,000)	-	-
Income that is not taxable in determining taxable profit	-	24,000	-	-
Prior year adjustments recognised in the current year in relation to:				
Income tax	17,853	(107,965)	820	-
Deferred tax	26,000	(67,000)	-	-
Income tax (expense)/ credit recognised in profit or loss	(40,879)	(296,992)	820	(28,000)

	The Group		The Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Current tax assets				
Tax refund receivable	443,896	233,873	94,589	4,300
Current tax liability				
Income tax payables	274,000	13,000	-	-

12. INCOME TAX (EXPENSE)/CREDIT (cont'd)

As of March 31, 2013, the Company has tax-exempt account balance of approximately RM713,000 (2012: RM713,000). The tax-exempt account arose from tax-exempt dividend received and is available for distribution as tax-exempt dividends to the shareholders of the Company.

As of March 31, 2013, the subsidiaries have tax credits and tax-exempt accounts balances of approximately RM3,909,000 (2012: RM3,909,000) and RM4,235,000 (2012: RM3,880,000) respectively. The tax-exempt accounts 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 shareholder of the subsidiaries.

As of March 31, 2013, a subsidiary has unutilised reinvestment allowances and unutilised tax losses claimed amounting to approximately RM3,665,000 and RM907,000 (2012: RM3,642,000 and Nil) which are available for set-off against future taxable income.

13. LOSS PER SHARE

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

	The Group	
	2013 RM	2012 RM
Basic and diluted		
Loss for the year attributable to owners of the Company	(2,191,299)	(928,094)
Number of ordinary shares in issue as of April 1	80,000,000	80,000,000
Share repurchased and held as treasury shares as of April 1	(4,040,000)	(2,647,000)
	75,960,000	77,353,000
Effect of shares repurchased	(364,917)	(1,206,458)
Weighted average number of ordinary shares in issue	75,595,083	76,146,542
	2013	**2012**
Basic and diluted loss per ordinary share (sen)	(2.90)	(1.22)

14. PROPERTY, PLANT AND EQUIPMENT

The Group 2013	Cost or valuation					
	At beginning of year RM	Additions RM	Disposals RM	Written off RM	Reclassification RM	At end of year RM
At valuation:						
Factory buildings	9,071,000	-	-	-	-	9,071,000
Long-term leasehold land	350,000	-	-	-	-	350,000
Short-term leasehold land	2,560,000	-	-	-	-	2,560,000
At cost:						
Factory buildings	-	-	-	-	-	-
Office buildings	-	1,100,000	-	-	-	1,100,000
Plant and machinery	29,298,818	148,488	-	-	-	29,447,306
Moulds	4,492,691	27,644	-	-	-	4,520,335
Motor vehicles	1,691,586	630	(296,362)	-	643,948	2,039,802
Motor vehicles under hire-purchase	2,665,417	266,370	-	(290,000)	(643,948)	1,997,839
Office equipment	307,300	23,625	-	-	-	330,925
Computers	324,298	17,235	-	-	-	341,533
Furniture, fixtures and fittings	275,571	5,905	-	-	-	281,476
Tools and equipment	482,104	155,135	-	-	-	637,239
Electrical installation	501,116	-	-	-	-	501,116
Air-conditioners	199,802	-	-	-	-	199,802
Signboard	16,294	300	-	-	-	16,594
Renovation	30,537	-	-	-	-	30,537
Total	52,266,534	1,745,332	(296,362)	(290,000)	-	53,425,504

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

The Group 2013	Accumulated depreciation At beginning of year RM	Charge for the year RM	Disposals RM	Written off RM	Reclassification RM	At end of year RM
At valuation:						
Factory buildings	43,913	193,490	-	-	-	237,403
Long-term leasehold land	364	4,106	-	-	-	4,470
Short-term leasehold land	5,386	58,268	-	-	-	63,654
At cost:						
Factory buildings	-	-	-	-	-	-
Office buildings	-	11,000	-	-	-	11,000
Plant and machinery	16,115,182	2,365,525	-	-	-	18,480,707
Moulds	3,776,767	341,585	-	-	-	4,118,352
Motor vehicles	1,581,106	63,797	(296,361)	-	643,947	1,992,489
Motor vehicles under hire-purchase	892,214	440,536	-	(72,500)	(643,947)	616,303
Office equipment	140,177	25,442	-	-	-	165,619
Computers	271,741	18,318	-	-	-	290,059
Furniture, fixtures and fittings	213,437	9,994	-	-	-	223,431
Tools and equipment	338,343	39,605	-	-	-	377,948
Electrical installation	345,961	35,170	-	-	-	381,131
Air-conditioners	153,739	8,853	-	-	-	162,592
Signboard	13,821	620	-	-	-	14,441
Renovation	22,841	1,788	-	-	-	24,629
Total	23,914,992	3,618,097	(296,361)	(72,500)	-	27,164,228

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

The Group 2012	At beginning of year RM	Additions RM	Disposals RM	Written off RM	Reclassification RM	At end of year RM
	Cost or valuation					
At valuation:						
Factory buildings	8,190,000	30,100	229,627	-	621,273	9,071,000
Long-term leasehold land	300,000	-	50,000	-	-	350,000
Short-term leasehold land	2,280,000	-	280,000	-	-	2,560,000
At cost:						
Factory buildings	598,773	22,500	-	-	(621,273)	-
Plant and machinery	28,154,872	786,556	-	-	357,390	29,298,818
Plant and machinery under hire-purchase	357,390	-	-	-	(357,390)	-
Moulds	4,171,817	320,874	-	-	-	4,492,691
Motor vehicles	2,171,521	1,600	-	(638,083)	156,548	1,691,586
Motor vehicles under hire-purchase	910,869	1,911,096	-	-	(156,548)	2,665,417
Office equipment	245,601	61,699	-	-	-	307,300
Computers	298,646	25,652	-	-	-	324,298
Furniture, fixtures and fittings	269,910	5,661	-	-	-	275,571
Tools and equipment	475,954	6,150	-	-	-	482,104
Electrical installation	487,571	13,545	-	-	-	501,116
Air-conditioners	191,382	8,420	-	-	-	199,802
Signboard	16,294	-	-	-	-	16,294
Renovation	30,537	-	-	-	-	30,537
Total	49,151,137	3,193,853	559,627	(638,083)	-	52,266,534

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

The Group 2012	Accumulated depreciation At beginning of year RM	Charge for the year RM	Disposals RM	Written off RM	Reclassification RM	At end of year RM
At valuation:						
Factory buildings	806,114	206,449	(1,010,175)	-	41,525	43,913
Long-term leasehold land	18,038	3,562	(21,236)	-	-	364
Short-term leasehold land	248,357	51,357	(294,328)	-	-	5,386
At cost:						
Factory buildings	41,525	-	-	-	(41,525)	-
Plant and machinery	13,546,063	2,449,989	-	-	119,130	16,115,182
Plant and machinery under hire-purchase	83,391	35,739	-	-	(119,130)	-
Moulds	3,366,360	410,407	-	-	-	3,776,767
Motor vehicles	2,045,088	54,714	-	(638,081)	119,385	1,581,106
Motor vehicles under hire-purchase	580,234	431,365	-	-	(119,385)	892,214
Office equipment	117,065	23,112	-	-	-	140,177
Computers	254,888	16,853	-	-	-	271,741
Furniture, fixtures and fittings	203,098	10,339	-	-	-	213,437
Tools and equipment	307,508	30,835	-	-	-	338,343
Electrical installation	302,265	43,696	-	-	-	345,961
Air-conditioners	144,553	9,186	-	-	-	153,739
Signboard	13,231	590	-	-	-	13,821
Renovation	21,053	1,788	-	-	-	22,841
Total	22,098,831	3,779,981	(1,325,739)	(638,081)	-	23,914,992

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

The Group	**Carrying amounts**	
	2013	**2012**
	RM	**RM**
At valuation:		
Factory buildings	8,833,597	9,027,087
Long-term leasehold land	345,530	349,636
Short-term leasehold land	2,496,346	2,554,614
At cost:		
Factory buildings	-	-
Office buildings	1,089,000	-
Plant and machinery	10,966,599	13,183,636
Moulds	401,983	715,924
Motor vehicles	47,313	110,480
Motor vehicles under hire-purchase	1,381,536	1,773,203
Office equipment	165,306	167,123
Computers	51,474	52,557
Furniture, fixtures and fittings	58,045	62,134
Tools and equipment	259,291	143,761
Electrical installation	119,985	155,155
Air-conditioners	37,210	46,063
Signboard	2,153	2,473
Renovation	5,908	7,696
Total	26,261,276	28,351,542

Certain leasehold land and buildings of the Group with total carrying value of RM1,803,875 and RM9,726,970 (2012: RM1,846,143 and RM8,827,460) respectively are charged to local licensed banks for facilities granted to the Group as mentioned in Note 30.

The leasehold land and buildings of the Company were revalued by the Directors on February 24, 2012 and February 28, 2012 respectively based on valuations carried out by a registered valuer of CH Williams Talhar & Wong, an independent firm of professional valuers using the "Open Market Value on Existing Use" basis. The resulting revaluation surplus amounting to RM1,537,434 (net of deferred tax of RM512,478) has been credited to properties revaluation reserve account.

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

The historical cost, accumulated depreciation and carrying amount of the revalued leasehold land and buildings are as follows:

	The Group	
	2013 RM	2012 RM
Cost:		
Leasehold land	2,004,968	2,004,968
Factory buildings	7,455,988	7,455,988
	9,460,956	9,460,956
Accumulated depreciation:		
Leasehold land	583,759	546,465
Factory buildings	1,841,603	1,691,297
	2,425,362	2,237,762
Carrying amounts	7,035,594	7,223,194

15. INVESTMENT IN SUBSIDIARIES

	The Company	
	2013 RM	2012 RM
Unquoted shares, at cost	21,924,076	21,924,076

The details of the subsidiaries are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest 2013 %	Effective Equity Interest 2012 %	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.
Scanwolf Properties Sdn. Bhd.	Malaysia	100	100	Property development.

15. INVESTMENT IN SUBSIDIARIES (cont'd)

Name of Company	Country of Incorporation	Effective Equity Interest 2013 %	Effective Equity Interest 2012 %	Principal Activities
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.
Held through Scanwolf Properties Sdn. Bhd.				
Scanwolf Development Sdn. Bhd.	Malaysia	51	51	Property development.

16. OTHER INVESTMENT

	The Group 2013 RM	The Group 2012 RM
Available-for-sale investment carried at fair value:		
Quoted shares in Malaysia	-	124,000

The fair value of the above quoted shares were derived from quoted price (unadjusted) in active market.

17. INVENTORIES

	The Group 2013 RM	The Group 2012 RM
Raw materials	4,761,061	3,231,176
Finished goods	2,787,559	3,213,077
Work-in-progress	2,029,294	2,787,150
Packing materials and spare parts	218,844	679,807
	9,796,758	9,911,210
Less: Allowance for slow moving inventories	(969,058)	(809,380)
	8,827,700	9,101,830

17. INVENTORIES (cont'd)

The cost of inventories recognised as an expense during the year for the Group was RM25,062,400 (2012: RM31,665,409).

Movement in the allowance for slow moving inventories is as follows:

	The Group	
	2013 RM	**2012 RM**
Balance at beginning of year	809,380	237,415
Amount recognised during the year	159,678	571,965
Balance at end of year	969,058	809,380

18. LAND HELD FOR PROPERTY DEVELOPMENT

Land held for development comprises the following:

	The Group	
	2013 RM	**2012 RM**
At beginning of year	-	-
Additions:		
Land cost - leasehold	13,000,000	-
Development costs	276,918	-
	13,276,918	-
At end of year:		
Land cost - leasehold	13,000,000	-
Development costs	276,918	-
	13,276,918	-

On July 30, 2012, Scanwolf Properties Sdn. Bhd. entered into a Joint Development Agreement ("JDA") with its subsidiary, Scanwolf Development Sdn. Bhd., ("Developer") for the development of 511 plots of land located in Kampar, Perak Darul Ridzuan held under HS(D) 170690 to HS(D) 171200 for No. PT 16097 to PT 16607, Mukim of Kampar, District of Kinta, Perak Darul Ridzuan measuring approximately 59 acres.

The leasehold land held for property development with carrying amounts of RM13,276,918 (2012: Nil) has been pledged to a licensed bank to secure term loan facility granted to the subsidiary as disclosed in Note 30.

19. PROPERTY DEVELOPMENT PROJECTS

Property development projects comprise the followings:

	The Group 2013 RM	The Group 2012 RM
Property development projects:		
Landowners' entitlement	-	-
Development costs	1,791,114	-
At beginning of year	1,791,114	-
Costs incurred during the year:		
Landowners' entitlement	8,000,000	-
Development costs	8,801,472	1,791,114
	16,801,472	1,791,114
	18,592,586	1,791,114
Costs recognised as an expense in the statement of comprehensive income:		
Current year	(5,692,959)	-
At end of year:		
Landowners' entitlement	5,807,704	-
Development costs	7,091,923	1,791,114
	12,899,627	1,791,114

Property development projects of the subsidiary comprise the development costs in respect of Joint Development Agreements as follows:

(a) On May 26, 2011, Scanwolf Properties Sdn. Bhd., entered into a Joint Development Agreement ("JDA 1") with a company in which a director of the Company is also a director ("Landowner 1") for the development of a parcel of leasehold land located in Kampar, Perak Darul Ridzuan held under HS(D) 8508 to HS(D) 8551 for No. PT 20153 to PT 20196, Mukim of Kampar, District of Kinta, Perak Darul Ridzuan measuring approximately 2.58 acres. The development of the project is undertaken by the subsidiary.

The salient features of JDA 1 are as follows:

(i) Landowner 1 is entitled to 2 units of shoplots amounted to RM1,990,998 and a sum of RM6,009,002 in cash; and

(ii) The subsidiary would be entitled to all remaining profit of the development after deduction of landowner's entitlement.

Based on JDA 1, the subsidiary is required to pay an advance of RM3,000,000 to landowner as part of the total landowner's entitlement as disclosed above.

19. PROPERTY DEVELOPMENT PROJECTS (cont'd)

(b) On January 26, 2012, the subsidiary entered into a Joint Development Agreement ("JDA 2") with an independent third party ("Landowner 2") for the development of a parcel of land located in Bidor, Perak Darul Ridzuan held under HS(D) 15463 to HS(D) 15590 for No. PT 7445 to PT 7572, Mukim of Bidor, District of Batang Padang, Perak Darul Ridzuan measuring approximately 12.65 acres.

The salient features of JDA 2 are as follows:

(i) Landowner 2 is entitled to a sum of between 12% to 20% of the sales proceeds with a total minimum entitlement of not less than RM4,051,760; and

(ii) The subsidiary would be entitled to all remaining profits of the development after deduction of landowner's entitlement.

Upon signing of JDA 2, the subsidiary is required to pay a deposit of RM800,000 to landowner as part of the total landowner's entitlement as disclosed above.

(c) As disclosed in Note 18, on July 30, 2012, the subsidiary entered into a Joint Development Agreement ("JDA 3") with immediate holding company, Scanwolf Properties Sdn. Bhd., ("Landowner 3") for the development of 511 plots of land located in Kampar, Perak Darul Ridzuan.

The salient features of JDA 3 are as follows:

(i) Landowner 3 would be entitled for 20% of the sales proceeds of the sold units.

(ii) The Company would be entitled to all remaining profits of the development after deduction of landowner's entitlement.

Included in property development projects incurred during the year is travelling allowances paid to certain directors of the Company of RM79,000 (2012: RM29,700).

20. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Trade receivables	11,546,705	13,263,526	-	-
Less:				
Allowance for doubtful debts	(106,604)	(106,319)	-	-
Fair value adjustment on non-current trade receivables	(273,338)	-	-	-
	11,166,763	13,157,207	-	-

20. TRADE AND OTHER RECEIVABLES (cont'd)

	The Group		The Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Other receivables	509,028	87,550	-	-
Less: Allowance for doubtful debts	(52,030)	(52,030)	-	-
	456,998	35,520	-	-
Refundable deposits	1,442,006	499,600	1,272,431	352,450
Loans and receivables	13,065,767	13,692,327	1,272,431	352,450
Advance payment for:				
Acquisition of plant and machinery	197,862	165,000	-	-
Acquisition of land	-	5,200,000	-	-
Landowners' entitlement	3,800,000	3,800,000	-	-
Purchase of raw materials	98,687	334,098	-	-
Prepaid expenses	214,179	254,818	14,999	14,999
	17,376,495	23,446,243	1,287,430	367,449
Less: Amount due within 12 months (shown under current assets)	(15,635,038)	(23,446,243)	(1,287,430)	(367,449)
	1,741,457	-	-	-

Trade and other receivables disclosed above are classified as loans and receivables and are therefore, measured at amortised costs.

Trade receivables of the Group comprise amount receivable for the sale of goods and amounts receivable from progress billings to customers. Certain trade transactions for sale of goods were on cash terms and credit period granted for remaining trade transactions ranged from 30 days to 120 days (2012: 30 days to 120 days). Credit period for progress billings to customers is 14 days (2012: 14 days).

Other receivables of the Group comprise mainly proceed from outstanding insurance claims, advances granted to employees and expenses paid on behalf, which are unsecured and interest-free.

Deposits of the Group and of the Company include down payments for acquisition of leased industrial land in Vietnam of RM1,272,431 (2012: RM352,450).

In 2012, the Group entered a sale and purchase agreement to purchase 511 leasehold vacant development land at District of Kampar, Perak Darul Ridzuan for a total consideration of RM13,000,000. Deposit of RM1,300,000 and advance payment of RM3,900,000 was paid for the said acquisition.

20. TRADE AND OTHER RECEIVABLES (cont'd)

The acquisition was completed during the year and the leasehold vacant development land were classified as land held for property development as mentioned in Note 18.

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

	The Group	
	2013 RM	**2012 RM**
Ringgit Malaysia	7,778,848	6,499,277
United States Dollar	3,956,433	4,042,609
Singapore Dollar	320,452	511,271
United Arab Emirates Dirham	-	2,297,919
	12,055,733	13,351,076

An allowance has been made for estimated irrecoverable amounts of trade receivables and other receivables of RM106,604 and RM52,030 (2012: RM106,319 and RM52,030) respectively based on the default experience of the Group.

Movement in the allowance for doubtful debts is as follows:

	The Group	
	2013 RM	**2012 RM**
Trade receivables		
Balance at beginning of year	106,319	395,757
Impairment loss recognised on receivables	285	699
Amount written off during the year	-	(240,823)
Amounts recovered during the year	-	(49,314)
Balance at end of year	106,604	106,319
Other receivables		
Balance at beginning and end of year	52,030	52,030

Ageing of impaired trade and other receivables are as follows:

	The Group	
	2013 RM	**2012 RM**
Trade receivables		
More than 120 days	106,604	106,319
Other receivables		
More than 120 days	52,030	52,030

Included in trade receivables of the Group are receivable with total carrying amount of RM6,246,946 (2012: RM5,877,861) which are past due at the end of the reporting period for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances nor does it have a legal right to offset against any amounts owed by the company to the counterparty.

20. TRADE AND OTHER RECEIVABLES (cont'd)

Ageing of trade receivables which are past due but not impaired as at the end of the reporting period is as follows:

	The Group	
	2013 RM	2012 RM
1 - 30 days	68,023	20,834
31 - 60 days	179,310	59,973
61 - 90 days	496,568	214,061
91 - 120 days	555,103	187,653
More than 120 days	4,947,942	5,395,340
	6,246,946	5,877,861

The Group seeks to maintain strict control over its outstanding trade receivables and has a credit period policy to minimise credit risk. Overdue balances are reviewed regularly by management. The Group has not provided for impairment loss on these trade receivables that are past due as there has not been a significant change in credit quality and the amounts are still considered recoverable.

21. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS

The amount owing by subsidiaries represents advances granted with interest rates which range from 1.50% to 7.10% (2012: 1.50% to 7.10%) per annum which are collectible upon demand.

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

	The Company	
	2013 RM	2012 RM
Subsidiaries		
Repayment of advances received	5,518,728	11,435,000
Advances granted	3,090,000	10,000,000
Management fee received (Note 5)	540,000	960,000
Interest on advances granted received/receivable (Note 7)	837,278	538,145

22. OTHER FINANCIAL ASSET

The Group	2013 RM	2012 RM
Derivative financial asset - foreign currency forward contracts	8,081	44,950

The Group enters into foreign currency forward contracts in the normal course of business to manage its exposure against foreign currency fluctuation on foreign receipts and payments.

23. CASH AND BANK BALANCES

	The Group		The Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Cash on hand and at banks	3,322,940	2,448,495	28,875	104,062
Fixed deposits with licensed bank	420,000	-	-	-
Housing Development Accounts with a licensed bank	143,439	-	-	-
	3,886,379	2,448,495	28,875	104,062

The Housing Development Accounts are maintained in accordance with Section 7(A) of the Housing Developers (Control and Licensing) Act, 1966. These accounts, which consist of monies received from purchasers and interest credited thereon, are for the payment of property development expenditure incurred. The surplus monies, if any, will be released to the subsidiary upon the completion of the property development projects and after all property development costs have been fully settled.

Fixed deposits of the subsidiary with carrying amount of RM420,000 (2012: Nil) have been pledged to a licensed bank to secure the subsidiary's bank guarantee facilities as mentioned in Note 32, and have maturity period ranging from 12 to 48 months (2012: Nil).

The effective interest rates are as follows:

The Group	2013 %	2012 %
Fixed deposits	2.00	-
Housing Development Accounts	2.00	-

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

	The Group		The Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Ringgit Malaysia	1,769,258	1,751,651	28,875	104,062
United States Dollar	1,519,347	569,605	-	-
Singapore Dollar	25,592	95,681	-	-
Euro	7,093	29,937	-	-
Others	1,650	1,621	-	-
	3,322,940	2,448,495	28,875	104,062

24. SHARE CAPITAL AND TREASURY SHARES

(a) Share Capital

	The Group and The Company			
	2013 Number of ordinary shares	2012 Number of ordinary shares	2013 RM	2012 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 24, 2012, 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, 2012	4,040,000	0.47	0.30	0.41	1,638,664
July 2012	200,000	0.33	0.32	0.32	64,492
August 2012	118,000	0.31	0.30	0.31	36,878
September 2012	220,000	0.30	0.30	0.30	66,532
November 2012	15,000	0.30	0.30	0.30	4,546
February 2013	10,000	0.31	0.31	0.31	3,095
	4,603,000				1,814,207

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

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

During the financial year, the Company repurchased a total of 563,000 (2012: 1,393,000) of its issued shares from the open market for a total cost of RM175,543 (2012: RM609,542). The average price paid for the shares repurchased during the year was RM0.31 (2012: RM0.44) 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.

As of March 31, 2013, 4,603,000 (2012: 4,040,000) out of the total of 80,000,000 (2012: 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, 2013 after excluding the Treasury Shares is 75,397,000 (2012: 75,960,000).

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.

25. RESERVES

	The Group		The Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Non-distributable reserves				
Share premium	2,035,339	2,035,339	2,035,339	2,035,339
Properties revaluation reserve	3,020,072	3,020,072	-	-
Investment revaluation reserve	-	23,200	-	-
Reverse acquisition reserve	(19,524,076)	(19,524,076)	-	-
	(14,468,665)	(14,445,465)	2,035,339	2,035,339
Distributable reserve				
Retained earnings/ (Accumulated loss)	18,188,757	20,380,056	(298,200)	(116,407)
	3,720,092	5,934,591	1,737,139	1,918,932

(a) 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 (2012: RM1,564,661).

25. RESERVES (cont'd)

(b) Properties revaluation reserve

	The Group	
	2013	**2012**
	RM	**RM**
At beginning of year	3,020,072	1,482,638
Increase arising on revaluation of properties	-	2,049,912
Deferred tax liability arising on revaluation	-	(512,478)
At end of year	3,020,072	3,020,072

The properties revaluation reserve of the Group arises on the revaluation of land and buildings. When revalued land and buildings are sold, the portion of the properties revaluation reserve that relates to the disposed asset is effectively realised, and is transferred directly to retained earnings.

(c) Investments revaluation reserve

	The Group	
	2013	**2012**
	RM	**RM**
At beginning of year	23,200	44,000
Net loss arising on revaluation of available-for-sale financial asset	(23,200)	(20,800)
At end of year	-	23,200

The investments revaluation reserve of the Group arises from changes in fair value of the investment. When the investment is disposed of, the portion of the reserve that relates to the disposed investment is effectively realised and is transferred directly to retained earnings.

25. RESERVES (cont'd)

(d) Reverse acquisition reserve

Reverse acquisition reserve arose from the reverse acquisition of the Company by SPI Group in 2008 as follows:

	The Group	
	2013 RM	**2012 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

(e) Retained earnings

The Company did not opt to disregard the Section 108 tax credit balance in accordance with the Finance Act, 2007. 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.

26. NON-CONTROLLING INTERESTS

	The Group	
	2013 RM	**2012 RM**
Balance at beginning of year	(177,542)	-
Issuance of shares to non-controlling interest in Scanwolf Development Sdn. Bhd.	73,500	49,000
Share of profit/(loss) for the year	261,774	(226,542)
	157,732	(177,542)

27. HIRE-PURCHASE PAYABLES

	The Group			
	Minimum lease payments		Present value of minimum lease payments	
	2013 RM	2012 RM	2013 RM	2012 RM
Amounts payable under hire-purchase arrangements:				
Within one year	405,741	407,649	352,020	345,637
In the second to fourth year inclusive	1,018,245	1,204,113	957,430	1,112,403
	1,423,986	1,611,762	1,309,450	1,458,040
Less: Future finance charges	(114,536)	(153,722)	-	-
Present value of hire-purchase payables	1,309,450	1,458,040	1,309,450	1,458,040
Less: Amount due within 12 months (shown under current liabilities)			(352,020)	(345,637)
Non-current portion			957,430	1,112,403

The non-current portion is repayable as follows:

	The Group	
	2013 RM	2012 RM
Financial years ending March 31:		
2014	-	315,575
2015	357,289	318,988
2016	374,439	334,280
2017	185,576	143,560
2018	40,126	-
	957,430	1,112,403

It is policy of the Group to acquire certain of its property, plant and equipment under hire-purchase arrangements. The terms for hire-purchase are 3 to 5 years (2012: 3 years). For the financial year ended March 31, 2013, the average effective borrowing rate was 4.76% (2012: 5.34%) 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 and certain hire-purchase payables are guaranteed by the Company and a director of the Company.

The fair values of the hire-purchase payables are approximately equal to their carrying amounts.

28. DEFERRED TAX LIABILITIES

Deferred tax balances are presented in the statements of financial position after appropriate offsetting as follows:

	The Group 2013 RM	The Group 2012 RM
Deferred tax assets	299,000	210,000
Deferred tax liabilities	(4,096,405)	(4,276,378)
	(3,797,405)	(4,066,378)

The Group 2013	At beginning of year RM	Revaluation surplus RM	Recognised in profit or loss RM	At end of year RM
Deferred tax assets				
Allowance for slow moving inventories	202,000	-	40,000	242,000
Impairment loss recognised on trade receivable	-	-	68,000	68,000
Unrealised loss on foreign exchange	(9,000)	-	(14,000)	(23,000)
Unutilised tax losses and unabsorbed tax capital allowances	17,000	-	(5,000)	12,000
	210,000	-	89,000	299,000
Deferred tax liabilities				
Property, plant and equipment	(3,078,000)	-	151,000	(2,927,000)
Properties revaluation reserve	(1,198,378)	-	28,973	(1,169,405)
	(4,276,378)	-	179,973	(4,096,405)

28. DEFERRED TAX LIABILITIES (cont'd)

The Group 2012	At beginning of year RM	Revaluation surplus RM	Recognised in profit or loss RM	At end of year RM
Deferred tax assets				
Allowance for slow moving inventories	60,000	-	142,000	202,000
Unrealised gain/(loss) on foreign exchange	27,000	-	(36,000)	(9,000)
Unutilised tax losses and unabsorbed tax capital allowances	13,000	-	4,000	17,000
	100,000	-	110,000	210,000
Deferred tax liabilities				
Property, plant and equipment	(2,860,000)	-	(218,000)	(3,078,000)
Properties revaluation reserve	(714,873)	(512,478)	28,973	(1,198,378)
	(3,574,873)	(512,478)	(189,027)	(4,276,378)

As mentioned in Note 3, the tax effects of deductible temporary differences, unused tax losses and unused tax credits which would give rise to deferred tax assets are generally recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The following estimated amount of unabsorbed tax capital allowances and unutilised tax losses were not recognised in the financial statements in 2012 due to uncertainty of their realisation. The unabsorbed tax capital allowances and unutilised tax losses were available for offset against future chargeable income

Deferred tax assets not recognised at the end of the reporting period:

	The Group 2013 RM	The Group 2012 RM
Unutilised tax losses and unabsorbed tax capital allowances	-	67,000

29. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Trade payables	1,927,809	1,849,748	-	-
Other payables	775,068	794,930	11,441	26,353
Accrued expenses	6,828,254	555,122	204,000	206,844
	9,531,131	3,199,800	215,441	233,197
Deposits received from shoplots buyers	831,540	168,340	-	-
	10,362,671	3,368,140	215,441	233,197

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 (2012: 30 days to 120 days). The amounts are non-interest bearing. The Group has finance risk management policies in place to ensure that all payables are paid within the time frame.

The cash terms are applied for construction work.

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

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

	The Group		The Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Ringgit Malaysia	2,143,515	2,369,351	11,441	26,353
United States Dollar	468,878	263,692	-	-
Euro	68,953	-	-	-
Singapore Dollar	21,531	11,635	-	-
	2,702,877	2,644,678	11,441	26,353

30. BORROWINGS

	The Group 2013 RM	The Group 2012 RM
Secured:		
Bankers' acceptances	12,605,000	6,500,000
Term loan	6,817,566	-
Fixed loan	794,682	-
Bank overdraft	290,631	2,758,914
	20,507,879	9,258,914
Less: Amount due within 12 months (shown under current liabilities)	(14,736,639)	(9,258,914)
	5,771,240	-

The non-current portion is repayable as follows:

	The Group 2013 RM	The Group 2012 RM
Financial years ending March 31:		
2015	1,961,991	-
2016	2,090,701	-
2017	1,214,918	-
2018	82,494	-
2019 and above	421,136	-
	5,771,240	-

The average effective interest rates are as follows:

	The Group 2013 %	The Group 2012 %
Bankers' acceptances	4.13	3.92
Term loan	8.10	-
Fixed loan	4.40	-
Bank overdraft	7.10	7.10

The Group's banking facilities with licensed banks amounting to RM15,850,000 (2012: RM15,850,000) are secured by:

(a) Leasehold land and buildings of the Group as disclosed in Note 14; and

(b) Facility agreement of RM10,250,000 (2012: RM10,250,000).

(c) Leasehold land held for property development as disclosed in Note 18.

The facilities are further guaranteed by the Company.

31. DIVIDENDS

	The Group and The Company		Net dividend per share	
	2013 RM	2012 RM	2013 sen	2012 sen
Final tax-exempt dividend of 2.00 sen per ordinary share for financial year 2011	-	1,520,720	-	2.00

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors also do not recommend any dividend payment in respect of the current financial year.

32. BANK GUARANTEE

A subsidiary has bank guarantee facilities to the extent of RM500,000 (2012: Nil), which are secured by fixed deposits of the Company as mentioned in Note 23.

33. PROGRESS BILLINGS

	The Group	
	2013 RM	2012 RM
Progress billings to-date	12,159,299	3,259,190
Revenue recognised in the statement of comprehensive income	(7,493,949)	-
	4,665,350	3,259,190

34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

Categories of financial instruments

	The Group		The Company	
	2013 RM	**2012 RM**	**2013 RM**	**2012 RM**
Financial assets				
Loans and receivables:				
Trade and other receivables	13,065,767	13,692,327	1,272,431	352,450
Amount owing by subsidiaries	-	-	16,803,403	18,113,578
Cash and bank balances	3,886,379	2,448,495	28,875	104,062
Derivative financial assets				
- foreign currency forward contract	8,081	44,950	-	-
Available-for-sale asset				
- other investment	-	124,000	-	-
Financial liabilities				
Other financial liabilities:				
Trade and other payables	9,531,131	3,199,800	215,441	233,197
Hire-purchase payables	1,309,450	1,458,040	-	-
Borrowings	20,507,879	9,258,914	-	-

Financial Risk Management Objectives and Policies

Risk management is integral to the whole business of the Group and of the Company. Management continually monitors the Group's and the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Group's and the Company's activities.

There have been no changes to the Group's and the Company's exposure to these financial risks or the manner in which it manages and measures the risk.

(a) Market risk

The Group's and the Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rate.

There have been no changes to the Group's and the Company's exposure to market risks or the manner in which these risks are managed and measured.

(i) Foreign currency risk management

The Group is exposed to the effects of foreign currency exchange rate fluctuation primarily in relation to the United States Dollar ("USD"), arising from normal trading activity. Exposure to foreign currency risk is monitored on an ongoing basis and the Group endeavours to keep the net exposure at an acceptable level.

34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Market risk *(cont'd)*

(i) Foreign currency risk management *(cont'd)*

The Group enters into foreign currency forward contracts to manage its exposure against foreign currency fluctuations on foreign receipts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are disclosed in Notes 20, 23 and 29.

Foreign currency sensitivity analysis

The Group is mainly exposed to the currency of USD. The management considers that the impact of the other currencies to be immaterial.

The following table details the Group's sensitivity to a 2% increase and decrease in RM against the relevant foreign currency. 2% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonable possible change in foreign exchange rates in the next 12 months.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 2% change in foreign currency rates. A positive number below indicates a decrease in loss net of tax where the USD strengthens 2% against the RM. For a 2% weakening of USD against the RM, there would be a comparable impact on the profit, and the balances below would be negative.

	The Group Profit or loss	
	2013 RM	**2012 RM**
USD impact	89,204	86,970

The above impacts are mainly attributable to the exposure on USD for receivables, cash and bank balances and payables of the Group outstanding at the end of the reporting period in the Group. In the opinion of the management, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the full exposure of the Group during the year.

34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Market risk *(cont'd)*

(ii) Interest rate risk management

Interest rate sensitivity analysis

At the end of the reporting period, if interest rates had been 100 basis points lower/higher (2012: 100 basis points lower/higher), with all other variables held constant, the Group's loss net of tax would have been RM53,311 (2012: RM27,589) lower/higher arising mainly as a result of lower/higher interest expense on floating rate borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(b) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The exposure of the Group and of the Company and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management.

At the end of the reporting period, the Group and the Company are subject to significant concentration of credit risk as 65% (2012: 61%) of its trade receivables are from the top 5 customers. A majority of these amounts have not been received since the reporting date but they are covered by letter of credits.

As the Group does not hold any collateral, the maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statements of financial position.

The Group places its cash and cash equivalents with a number of creditworthy financial institutions. The Group's policy limits the concentration of financial exposure to any single financial institution.

There is no other class of financial assets that is past due and/or impaired except for trade receivables as disclosed in Note 20.

Financial Guarantee

The Company provides unsecured financial guarantees to licensed banks in respect of credit facilities granted to a subsidiary. The Company monitors on an ongoing basis the trend of repayments made by the subsidiary.

34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(b) Credit risk management *(cont'd)*

Financial Guarantee (cont'd)

The maximum exposure to credit risk amounts to RM21,817,329 (2012: RM9,258,914) representing the outstanding balance of credit and hire-purchase facilities of the subsidiary in which financial guarantees are given as of the end of the reporting period.

At the end of the reporting period, there was no indication that the subsidiary would default on repayment.

(c) Liquidity and cash flow risks management

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

Management is of the view that the Group's and the Company's exposure to liquidity and cash flow risks are minimal as the Group and the Company have sufficient funds to finance its ongoing working capital requirements. The Group and the Company may consider opportunities to obtain additional funds to support its working capital requirements and capital expenditures.

The Group has credit facilities of approximately RM12,605,000 (2012: RM9,282,000) which is unused at the end of the reporting period. The Group expects to meet its financial obligations from its operating cash flows and proceeds from maturing financial assets.

The maturity profile for the non-derivative financial assets/liabilities of the Group and of the Company at the end of the reporting period based on the undiscounted cash flows of the respective financial assets/liabilities representing the earliest date on which the Group and the Company are entitled to receive/required to pay, is as follows:

The Group 2013	**On demand or within one year RM**	**One year to five years RM**	**Over five years RM**	**Total RM**
Non-derivative financial assets:				
Other investment	-	-	-	-
Trade and other receivables	11,324,310	2,014,795	-	13,339,105
Cash and bank balances	3,886,379	-	-	3,886,379
Total undiscounted non-derivative financial assets	15,210,689	2,014,795	-	17,225,484

34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(c) Liquidity and cash flow risks management *(cont'd)*

The Group 2013	On demand or within one year RM	One year to five years RM	Over five years RM	Total RM
Non-derivative financial liabilities:				
Trade and other payables	9,531,131	-	-	9,531,131
Hire-purchase payables	405,741	1,018,245	-	1,423,986
Borrowings	15,221,795	6,527,476	-	21,749,271
Total undiscounted non-derivative financial liabilities	25,158,667	7,545,721	-	32,704,388
Total net undiscounted non-derivative financial liabilities	(9,947,978)	(5,530,926)	-	(15,478,904)

The Group 2012	On demand or within one year RM	One year to five years RM	Over five years RM	Total RM
Non-derivative financial assets:				
Other investment	124,000	-	-	124,000
Trade and other receivables	13,692,327	-	-	13,692,327
Cash and bank balances	2,448,495	-	-	2,448,495
Total undiscounted non-derivative financial assets	16,264,822	-	-	16,264,822
Non-derivative financial liabilities:				
Trade and other payables	3,199,800	-	-	3,199,800
Hire-purchase payables	407,649	1,204,113	-	1,611,762
Borrowings	9,258,914	-	-	9,258,914
Total undiscounted non-derivative financial liabilities	12,866,363	1,204,113	-	14,070,476
Total net undiscounted non-derivative financial assets/(liabilities)	3,398,459	(1,204,113)	-	2,194,346

34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(c) Liquidity and cash flow risks management *(cont'd)*

The Company 2013	**On demand or within one year RM**	**One year to five years RM**	**Over five years RM**	**Total RM**
Non-derivative financial assets:				
Trade and other receivables	1,272,431	-	-	1,272,431
Amount owing by subsidiaries	16,803,403	-	-	16,803,403
Cash and bank balances	28,875	-	-	28,875
Total undiscounted non-derivative financial assets	18,104,709	-	-	18,104,709
Non-derivative financial liabilities:				
Trade and other payables	215,441	-	-	215,441
Total net undiscounted non-derivative financial assets	17,889,268	-	-	17,889,268

The Company 2012	**On demand or within one year RM**	**One year to five years RM**	**Over five years RM**	**Total RM**
Non-derivative financial assets:				
Trade and other receivables	352,450	-	-	352,450
Amount owing by subsidiaries	18,113,578	-	-	18,113,578
Cash and bank balances	104,062	-	-	104,062
Total undiscounted non-derivative financial assets	18,570,090	-	-	18,570,090
Non-derivative financial liabilities:				
Trade and other payables	233,197	-	-	233,197
Total net undiscounted non-derivative financial assets	18,336,893	-	-	18,336,893

The Group and the Company have not committed to any derivative financial instruments during the financial year other than foreign exchange forward contracts.

34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(d) Capital risk management

The Group and the Company manage their capital to ensure the Group and the Company will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's and the Company's overall strategy remains unchanged from 2012.

The capital structure of the Group and of the Company consists of net debt and equity of the Group and of the Company.

Fair Values of Financial Instruments

Foreign exchange forward contracts

The notional amounts and estimated fair values of the Group's foreign currency forward contracts outstanding at the end of the reporting period are as follows:

The Group

	Foreign currency		Notional value		Fair value	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
			RM	**RM**	**RM**	**RM**
Outstanding contracts						
Sell USD	400,000	1,750,000	1,248,319	5,475,710	8,081	44,950

The fair values are calculated by reference to the current rates for contracts with similar maturity profiles.

Financial instruments carried at amortised cost

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

The fair values of hire-purchase and term loan of the Group are estimated using discounted cash flow analysis based on the current borrowing rates for similar types of hire-purchase/term loan arrangements and are approximate to their carrying amounts.

The fair value of quoted investment classified as available-for-sale asset in the prior year was disclosed in Note 16.

34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

Fair Values of Financial Instruments (cont'd)

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group 2013	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Total RM**
Financial derivatives - foreign currency forward contracts	-	8,081	-	8,081
The Group 2012				
Financial derivatives - foreign currency forward contracts	-	44,950	-	44,950

Available-for-sale financial assets

The Group 2013	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Total RM**
Quoted shares	-	-	-	-

The Group 2012	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Total RM**
Quoted shares	124,000	-	-	124,000

There were no transfers between Levels 1 and 2 in both 2013 and 2012.

35. STATEMENTS OF CASH FLOWS

(a) Purchase of property, plant and equipment

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

	The Group	
	2013 RM	2012 RM
Cash purchase	1,545,332	1,643,853
Hire-purchase financing	200,000	1,550,000
	1,745,332	3,193,853

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

For the purposes of the statements of cash flows, cash and cash equivalents include cash and bank balances net of outstanding bank overdraft. Cash and cash equivalents at the end of the reporting period as shown in the statements of cash flows can be reconciled to the related items in the statements of financial position as follows:

	The Group		The Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Cash and bank balances	3,322,940	2,448,495	28,875	104,062
Fixed deposit	420,000	-	-	-
Housing Development Accounts with licensed bank	143,439	-	-	-
Bank overdraft	(290,631)	(2,758,914)	-	-
	3,595,748	(310,419)	28,875	104,062

36. CAPITAL COMMITMENTS

As of March 31, 2013, the Group has the following capital commitment in respect of capital expenditure:

	The Group		The Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Approved and contracted for:				
Land held for future development	-	7,800,000	-	-
Property, plant and equipment	247,500	247,500	-	-
	247,500	8,047,500	-	-
Approved but not contracted for:				
Property, plant and equipment	710,000	1,620,420	710,000	1,620,420

37. OPERATING LEASE ARRANGEMENTS

Operating leases relates to leases of office, warehouse and hostels with lease terms which range from 1 to 2 years (2012: 1 to 2 years). All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The Group does not have an option to purchase the leased office, warehouse and hostels at the expiry of the lease periods.

Payment recognised as an expense:

	The Group	
	2013 RM	2012 RM
Minimum lease payments	112,720	204,125

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	The Group	
	2013 RM	2012 RM
Within one year	112,720	118,160
In the second to fifth year inclusive	-	18,340
	112,720	136,500

38. SUPPLEMENTARY INFORMATION - DISCLOSURE ON REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained earnings of the Group and of the Company as of March 31, 2013 into realised and unrealised profits or losses, pursuant to the directive issued by Bursa Malaysia Securities Berhad on March 25, 2010, is as follows:

	The Group		The Company	
	2013 RM	**2012 RM**	**2013 RM**	**2012 RM**
Total retained earnings/ (accumulated loss) of the Company and its subsidiaries				
Realised	21,416,499	23,588,324	(298,200)	(116,407)
Unrealised	(3,027,057)	(3,269,357)	-	-
	18,389,442	20,318,967	(298,200)	(116,407)
Add: Consolidation adjustments	(200,685)	61,089	-	-
Total retained earnings/ (accumulated loss) as per statements of financial position	18,188,757	20,380,056	(298,200)	(116,407)

The determination of realised and unrealised profits or losses is based on Guidance of Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements" as issued by the Malaysian Institute of Accountants on December 20, 2010.

This supplementary information have been made solely for complying with the disclosure requirements as stipulated in the directives of Bursa Malaysia and is not made for any other purposes.

STATEMENT BY DIRECTORS

The Directors of **SCANWOLF CORPORATION BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Financial Reporting Standards and the provisions of 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, 2013 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

The supplementary information set out in Note 38, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the Directors,

MR. LEUK SING KING

MR. TAN SIN KEAT

Ipoh,
June 3, 2013

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 financial statements 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 3rd day of June, 2013.

Before me,

S. LETCHUMI DEVI, No. A080
COMMISSIONER FOR OATHS

LIST OF GROUP'S PROPERTIES

Item	Location	Description	Usage	Area	Tenure	Age of Buildings (Years)	Net Book Value 31-Mar-13 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	17 and 10	7,216,933	24 February 2012
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	7	3,224,912	24 February 2012
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	7	888,098	24 February 2012
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	345,530	28 February 2012
5	HSD KA 45560 PT 134841, Bandar Ipoh, Daerah Kinta, Negeri Perak	Four storey shop office	Office	167 sq ft	Lease period expiring on 21/11/2094	18	1,089,000	14 August 2012

ANALYSIS OF SHAREHOLDINGS
AS AT JUNE 25, 2013

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 25, 2013
(Excluding 4,603,000 Treasury Shares)

Size of Shareholdings	No. of Holders	%	No. of Shares	%
Less than 100	4	0.33	200	0.00
100 - 1,000	301	24.61	273,700	0.36
1,001 - 10,000	565	46.20	2,790,750	3.70
10,001 - 100,000	293	23.96	9,775,150	12.96
100,001 to less than 5% of issued shares	55	4.50	26,413,180	35.03
5% and above of issued shares	5	0.41	36,144,020	47.94
Total	1,223	100.00	75,397,000	100.00

Directors' Interest for Ordinary Shares As At June 25, 2013
(Excludig 4,603,000 Treasury Shares)

	Direct	%	Indirect	%
LEUK SING KING	3,536,981	4.69	4,837,000	6.42 *
LOO BIN KEONG	23,858,440	31.64	30,000	0.04 **
TAN SIN KEAT	8,373,981	11.11	-	-
TEOH TEIK KEAN	1,967,999	2.61	-	-
NEOH CHOO KEAN	-	-	-	
LIM BENG HUAT	-	-	-	
LAU TIANG HUA	-	-	-	-

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

** Deemed interested by virtue of his shares held by Loo Run Wei (Son)

Substantial Shareholders As at June 25, 2013
(Excluding 4,603,000 Treasury Shares)

	No. of shares			
	Direct	**%**	**Indirect**	**%**
LEUK SING KING	3,536,981	4.69	4,837,000	6.42 *
LOO BIN KEONG	23,858,440	31.64	30,000	0.04 **
TAN SIN KEAT	8,373,981	11.11	-	-
NG CHOI HA	3,911,599	5.19	-	-

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

30 Largest Securities Account Holders for Ordinary Shares As At June 25, 2013
(Excluding 4,603,000 Treasury Shares)

		Holdings	
	Names	**No.**	**%**
1	LOO BIN KEONG	13,229,240	17.55
2	LOO BIN KEONG	10,629,200	14.10
3	TAN SIN KEAT	4,537,000	6.02
4	NG CHOI HA	3,911,599	5.19
5	TAN SIN KEAT	3,836,981	5.09
6	LEUK SING KING	3,536,981	4.69
7	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR LEUK SING KING	2,637,000	3.50
8	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD - PLEDGED SECURITIES ACCOUNT FOR LEUK SING KING (IPO-SFC)	1,300,000	1.72
9	PUBLIC NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR LEE BENG CHONG (E-BBB)	1,089,800	1.45
10	GO WINSTON DY	1,048,400	1.39
11	FOO CHONG MING	1,000,000	1.33
12	TEOH TEIK KEAN	1,000,000	1.33

30 Largest Securities Account Holders for Ordinary Shares As At June 25, 2013
(Excluding 4,603,000 Treasury Shares) (cont'd)

	Names	Holdings	
		No.	**%**
13	TEOH TEIK KEAN	967,999	1.28
14	CIMSEC NOMINEES (TEMPATAN) SDN BHD - CIMB BANK FOR LEUK SING KING (MY0667)	900,000	1.19
15	FOO CHONG CHIN	900,000	1.19
16	GERALD JOHN RICHARDS	802,800	1.06
17	TAN YEAN CHOW	760,000	1.01
18	OW KOK CHEE	700,000	0.93
19	TA NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR HAR LAI KENG	523,900	0.69
20	LIEW CHIN LEONG	508,000	0.67
21	KONG CHOY WAN	500,000	0.66
22	LIEW PENG CHUEN @ LIEW AH CHOY	500,000	0.66
23	YAW CHUN FOOK	500,000	0.66
24	YAW CHUN FOOK	500,000	0.66
25	LOO MING TECK	391,600	0.52
26	GB CHEMICAL (M) SDN. BHD.	352,000	0.47
27	AIBB NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR LIM GEOK ENG MARY	315,000	0.42
28	ANG GAIK BEE	291,000	0.39
29	TAN POH HWA	284,600	0.38
30	CHEAH KOOI ENG	269,100	0.36
		57,722,200	76.56

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FORM OF PROXY

SCANWOLF

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

CDS Account No.	No. of shares held

I/We ____ Tel: ____________________

[Full name in block, NRIC No./Company No. and telephone number]

of ____

being a member/members of SCANWOLF CORPORATION BERHAD, hereby appoint:-

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, THE CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us and on my/our behalf at the Seventh Annual General Meeting of the Company to be held at Menglembu – 6A, Level 6, Kinta Riverfront Hotel & Suites, Jalan Lim Bo Seng, 30000 Ipoh, Perak Darul Ridzuan on Saturday, August 24, 2013 at 10:00 a.m. and at any adjournment thereof, and to vote as indicated below:

Resolution		For	Against
1.	Adoption of Audited Financial Statements for the financial year ended March 31, 2013		
2.	To approve the payment of Directors' fees		
3.	Re-election of Director – Loo Bin Keong		
4.	Re-election of Director – Teoh Teik Kean		
5.	Re-appointment of Director – Neoh Choo Kean		
6.	To appoint Auditors and to authorise the Directors to fix their remuneration		
7.	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		
8.	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965		

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.

Dated this ______ day of ________________ 2013

____
Signature of Shareholder/Common Seal

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149 (1) (b) of the Companies Act, 1965 shall not apply to the Company. A member shall not be entitled to appoint more than two proxies to attend at the same meeting. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
2. If a member having appointed a proxy to attend a general meeting attends such meeting in person, the appointment of such proxy shall be null and void in respect of such meeting and his proxy shall not be entitled to attend such meeting.
3. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A (1) of SICDA.
5. Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
6. The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall 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 forty eight (48) hours before the time appointed for holding the meeting or adjourned meeting, as the case may be, at which the person named as proxy in such instrument proposes to vote, or in the case of a poll, not less than twenty four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
7. For the purpose of determining a member who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Article 69 (2) of the Articles of Association of the Company and Paragraph 7.16 (2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors as at August 15, 2013 and only a Depositor whose name appear on such Record of Depositors shall be entitled to attend this meeting.

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

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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.

Fold along this line

Scanwolf Corporation Berhad (740909-T)
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