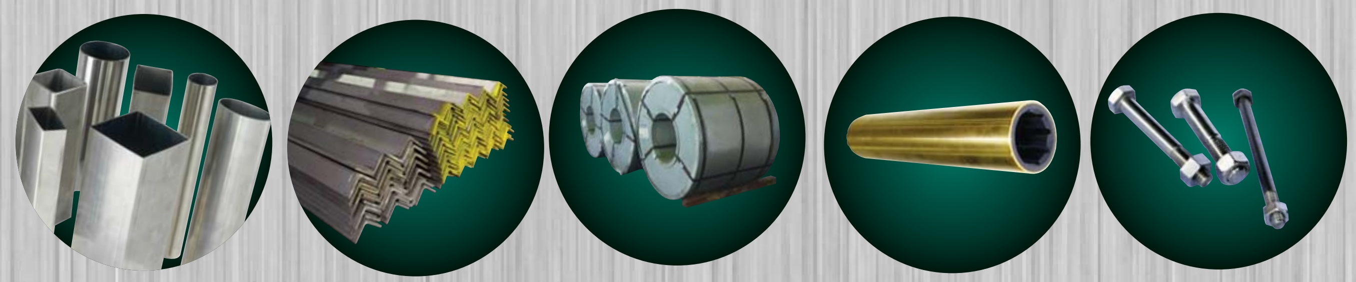
Lot 3707, Jalan 7/5,
Taman Industri Selesa Jaya,
43300 Balakong, Selangor, Malaysia.
Tel : 603-8961 5555 (Hunting Line)
Fax : 603-8962 6666 (Marketing)
603-8962 1111 (Accounts)
E-mail : sales@kssc.com.my

K. SENG SENG CORPORATION BERHAD (Company No.: 133427-W)

Annual Report 2011



誠成集團
K. SENG SENG CORPORATION BERHAD
(Company No.: 133427-W)

Annual
Report
2011

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Koh Seng Kar @ Koh Hai Sew
Chairman/Managing Director

Koh Seng Lee
Deputy Managing Director

Tsen Ket Shung @ Kon Shung
Executive Director

Zainal Rashid Bin Haji Mohd Eusoff
Independent Non-Executive Director

Yap Siok Teng
Independent Non-Executive Director

Lim Ho Kin
Independent Non-Executive Director

AUDIT COMMITTEE

Chairman
Yap Siok Teng
Members
Zainal Rashid Bin Haji Mohd Eusoff
Lim Ho Kin

REMUNERATION COMMITTEE

Chairman
Zainal Rashid Bin Haji Mohd Eusoff
Members
Yap Siok Teng
Lim Ho Kin
Koh Seng Kar @ Koh Hai Sew

NOMINATION COMMITTEE

Chairman
Yap Siok Teng
Members
Zainal Rashid Bin Haji Mohd Eusoff
Lim Ho Kin

COMPANY SECRETARIES

Lim Seck Wah
(MAICSA NO.: 0799845)
M. Chandrasegaran A/L S. Murugasu
(MAICSA NO.: 0781031)

REGISTERED OFFICE

Level 15-2
Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : 03-2692 4271
Fax : 03-2732 5388

SHARE REGISTRAR

Sympony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
Selangor Darul Ehsan
Tel : 03-7841 8000
Fax : 03-7841 8150

PRINCIPAL BANKERS

Hong Leong Bank Berhad
Malayan Banking Berhad

SOLICITORS

S L Kang (Johor)
Tay & Helen Wong
Teh Cheng Aik & Co

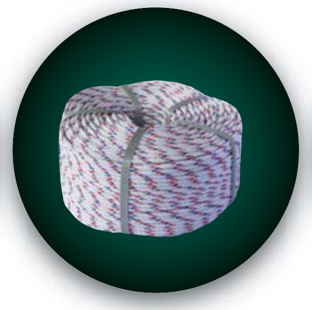
AUDITORS

Moore Stephens AC (AF : 001826)
Chartered Accountants

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad,
Stock Code: 5192






CORPORATE STRUCTURE

誠成集團
K. SENG SENG CORPORATION BERHAD
(Company No.: 133427-W)

- 100% K. Seng Seng Industries Sdn Bhd (KSSI) (490138-K)
- 100% K.Seng Seng Manufacturing Sdn Bhd (KSSM) (791541-W)
- 100% PTM Steel Industry Sdn Bhd (PTM) (244942-P)
- 100% Three & Three Hardware Sdn Bhd (TTH) (352333-P)
- 100% SSG Industries Sdn Bhd (SSG) (722242-D)
- 75% KSG Engineering Sdn Bhd (KSG) (922460-A)
- 50% EIE Asian Holding Sdn Bhd (EIE) (569526-P)

CHAIRMAN'S STATEMENT

OUR CORE BUSINESS

Our Group performance continues to be principally involved in the secondary stainless steel industry. Our core revenue streams are derived from manufacturing of stainless steel tubes, pipes and industrial fasteners, processing of stainless steel sheets and bars, trading of marine and industrial hardware and consumables.

OVERVIEW AND OUTLOOK OF THE MALAYSIAN ECONOMY

Despite the challenging global economic and financial conditions, the Malaysian economy continued to expand in the fourth quarter of 2011, growing by 5.2%. Growth in domestic demand remained favourable due to support from both private and public sector spending. Domestic demand expanded by 10.5% in the fourth quarter as compared to 9.0% for the third quarter of 2011. The growth in domestic demand was sustained by a continued expansion in household and business spending as well as public sector expenditure (Source : Quarterly Bulletin, Q4/2011, Bank Negara Malaysia).

For 2012, GDP growth in Malaysia will be largely domestic driven, due to heightened uncertainties in the global economy. While the outlook for 2012 is affected by the increasingly adverse external environment, strong economic fundamentals coupled with pragmatic macroeconomic policies and implementation of the Economic Transformation Programme ("ETP") will enhance domestic sources of growth. Domestic demand, in particular private sector expenditure is expected to play a more significant role in driving economic expansion in 2012. The public sector will remain supportive of growth with higher capital spending by non-financial public enterprises. The Government will continue to provide an enabling environment to facilitate private investment by implementing key initiatives under the National Key Result Areas and National Key Economic Areas.

On the external front, increased domestic demand in the region and steady regional intra-regional trade will provide support for Malaysia's exports. Hence, Malaysia' real GDP growth is expected to be sustained at 5% - 6% in 2012. The projection takes into consideration a modest world economic growth with sustained strong expansion in intra-regional trade, improvement in electrical and electronic exports and firm commodity prices (Source : Economic Report 2011/2012, Ministry of Finance).

INDUSTRY TREND

Generally the stainless steel industry in Malaysia will encounter a challenging year in 2012 despite many projects have been rolled out under ETP and 10th Malaysia Plan to boost domestic market.

OUR GROUP PERFORMANCE

Due to slowdown of global economic conditions and prudent sales strategy adopted by the Group, our Group's revenue fell by 14.99% to RM70.52 million for FYE 2011. Our largest revenue contribution came from trading of marine hardware and consumable (46.6%), followed by manufacturing and processing of stainless steel tubes and pipes and sheets (37.9%), and trading of industrial hardware (15.5%).

CHAIRMAN'S STATEMENT
cont'd

OUR GROUP PERFORMANCE *cont'd*

For FYE 2011, our gross profit slide by 27.4% to RM10.81 million. This gave us a gross profit margin of 15.4% for our Group's operations. Our marine hardware and consumable segment (55.8%) gave us the highest gross profits followed by manufacturing and processing (27.4%) and industrial hardware (16.8%).

For the FYE 2011, our profit after tax dropped by 56.8% to RM2.87 million. This gave us a profit after tax margin of 4.1% for our Group's operations for FYE 2011 compared to 8.0% for FYE 2010.

Our lower profit after tax for FYE 2011 was primarily due to decline in gross profit margins for our segments were attributed primarily to the impact on overall adverse demand and selling prices, increases in administration expenses, written-off Group's listing expenses, depreciation charges and employee benefit expenses.

PROSPECTS OF OUR GROUP

We believe the prospects of our Group will continue to be favorable in light of the following factors:

- Our local Malaysian economy is expected to continue growing. The Malaysian Ministry of Finance had forecasted real GDP to grow by 5.0% to 6.0% for 2012. The continuing growth of our local economy will provide our Group with growth opportunities as most of our revenue is derived from Malaysia.

- We expect the stainless steel industry, marine hardware and consumables and other industrial hardware to continue their strong growth momentum to increase demand for our products and services.

- Moving forward, our future plans will provide us with growth opportunities and they include the following:

  - to manufacture new sizes of stainless steel tubes and pipes to cater to various applications in the automotive industry later this year;
  - We intend to manufacture surface treated stainless steel;
  - We intend to manufacture industrial schedule stainless pipes;
  - We export and shall expand our products to other Asean countries.

I am confident that with the full support of the management and staff of our Group, we will continue to grow our business to create wealth and enhance value for all our shareholders. On that note, I would like to extend my sincere thanks to our directors and staff, who have worked together tirelessly over the years to build a thriving business for our Group.

Koh Seng Kar @ Koh Hai Sew
Chairman

DIRECTORS' PROFILE

KOH SENG KAR @ KOH HAI SEW
Chairman/Managing Director

KOH SENG LEE
Deputy Managing Director

TSEN KET SHUNG @ KON SHUNG
Executive Director

ZAINAL RASHID BIN HAJI MOHD EUSOFF
Independent Non-Executive Director

LIM HO KIN
Independent Non-Executive Director

YAP SIOK TENG
Independent Non-Executive Director

DIRECTORS' PROFILE
cont'd

KOH SENG KAR @ KOH HAI SEW
Chairman/Managing Director

Mr. Koh Seng Kar @ Koh Hai Sew, a Malaysian, aged 69, is our Chairman and Managing Director. He was appointed to our Board on 15 January 1985. He is also a member of our Remuneration Committee. He brings with him approximately twenty seven (27) years of experience in the trading of steel industrial fasteners, marine hardware and consumables, and industrial hardware as well as the manufacturing and processing of secondary stainless steel products. As our Managing Director and the founder of our Company, he has been instrumental in the development, growth and success of our Group.

He started his career in 1980, when he set-up a sole propriety business which was involved in the trading of industrial textiles and threads. Subsequently in 1985, he established Vinylon Industries Sdn Bhd and ventured into the trading of marine hardware and consumables industry. Under his leadership, and guidance, we have grown from a small marine hardware and consumable trading company to a one-stop supply centre for secondary stainless steel products. He is presently responsible for the overall operations of our Group with emphasis on strategic business planning and development. He implements and executes the Group's strategic plans.

He is also a director of K. Seng Seng Industries Sdn Bhd, K. Seng Seng Manufacturing Sdn Bhd, PTM Steel Industry Sdn Bhd, Three & Three Hardware Sdn Bhd and SSG Industries Sdn Bhd under the KSSC Group and director of Isotank Container Sdn Bhd, W.S.I Sdn Bhd, KSK Realty Sdn Bhd and Herald Heights Sdn. Bhd.

He does not hold any directorships in any other public companies.

He holds 36,960,000 shares in KSSC. He is a sibling to Mr. Koh Seng Lee. He has no conflict of interest with KSSC and has no convictions for offences within the past ten years saves for the traffic offences, if any.

KOH SENG LEE
Deputy Managing Director

Mr. Koh Seng Lee, a Malaysian, aged 50, is our Deputy Managing Director. He was appointed to our Board on 26 May 1986, subsequently he was redesignated to an Executive Director and Deputy Managing Director of KSSC on 24 March 2010 and 26 March 2010 respectively. He is not a member of any Board Committee.

He brings with him approximately twenty six (26) years of experience in the trading of steel industrial fasteners, marine hardware and consumables, industrial hardware as well as the manufacturing and processing of secondary stainless steel products. As our Deputy Managing Director, his overall management and supervision has contributed significantly to the development, growth and success of our Group. He is currently responsible for overseeing our day-to-day manufacturing, processing and trading operations as well as the sales and marketing activities of our Group.

He does not hold any directorships in any other public companies.

He holds 15,840,000 shares in KSSC. He is a sibling to Mr. Koh Seng Kar @ Koh Hai Sew. He has no conflict of interest with KSSC and has no convictions for offences within the past ten years saves for the traffic offences, if any.

TSEN KET SHUNG @ KON SHUNG
Executive Director

Mr. Tsen Ket Shung, a Malaysian, aged 41, is our Executive Director. He was appointed to our Board on 19 June 2009. He is a Chartered Accountant, a member of the Malaysian Institute of Accountants (MIA) and a Fellow of the Association of Chartered Certified Accountant (FCCA). His career started in 1992, when he joined a local accounting firm as an Audit Assistant but later held the position of Audit Senior when he left the company in 1995. In 1996, he joined KLS Car Upholstery Sdn Bhd (presently known as DK Leather Manufacturing Sdn Bhd) as an Accountant and in 1999, he left to join our Company as the Group Accountant. He is currently responsible for overseeing our Group's overall financial, corporate information and information technology. He is not a member of any Board Committee.

He does not hold any directorships in any other public companies.

He holds 714,400 shares in KSSC. He has no conflict of interest with KSSC and has no convictions for offences within the past ten years saves for the traffic offences, if any.

DIRECTORS' PROFILE
cont'd

ZAINAL RASHID BIN HAJI MOHD EUSOFF
Independent Non-Executive Director

Mr. Zainal Rashid, a Malaysian, aged 71. He was appointed to our Board on 24 March 2010. He is a member in both Audit Committee and Nomination Committee, and the Chairman of the Remuneration Committee.

He has more than thirty (30) years experience working with the Royal Malaysian Customs Department where he held various positions within the Department. During his tenure at the Royal Malaysian Customs Department, he was involved in participating as Malaysian delegate in international meetings pertaining to the formation and development of the Harmonized Commodity Description and Coding System ("Harmonized System"), an international coding system for classification of imported goods under the auspices of the World Customs Organization based in Brussels, Belgium. He was also responsible for the preparation and implementation of the Malaysian Customs Tariffs based on the Harmonized System in 1988. In addition, he had previously headed the Special Squad Unit, an enforcement section as Senior Assistant Director prior to his retirement in 1996.

He does not hold any directorships in any other public companies.

He holds 100,000 shares in KSSC. He has no conflict of interest with KSSC and has no convictions for offences within the past ten years saves for the traffic offences, if any.

YAP SIOK TENG
Independent Non-Executive Director

Ms. Yap Siok Teng, a Malaysian, aged 52. She is a Fellow member of the Association of Chartered Certified Accountant (FCCA), a member of Malaysian Institute of Accountant (MIA) and Chartered Tax Institute of Malaysia. Presently, she is a practicing accountant in Yap & Associates which she set up in 1994 upon obtaining her audit license from the Treasury Department of Malaysia. In addition, she is also a partner in the audit firm, Cheong Lim & Associates.

She was appointed to our Board on 24 March 2010. She is the Chairperson to both Audit Committee and Nomination Committee, and a member of the Remuneration Committee. She brings with her approximately twenty seven (27) years working experience in the field of audit, accountancy, general management and corporate advisory. Her qualifications and vast experience as an accountant will benefit our Group in the financial and corporate governance aspects.

She currently sits on the board of Nextnation Communication Berhad, a company listed on the ACE market of Bursa Securities which is involved in providing software development, internet consulting and information technology services.

She holds 50,000 shares in KSSC. She has no conflict of interest with KSSC and has no convictions for offences within the past ten years saves for the traffic offences, if any.

LIM HO KIN
Independent Non-Executive Director

Lim Ho Kin, a Malaysian, aged 66. He has been an Associate Member of the Chartered Institute of Bankers, London. He began his career at Bank Negara Malaysia in 1965 where he worked until 1978, and was mainly engaged in the examination of banking institutions. In 1978, he joined Oriental Bank Berhad and during his tenure there, he held various positions within the company. The positions he held include, amongst others, Head of International and Treasury, Head of Internal Audit and Head of Branch Supervision Department. He retired as the Assistant General Manager in 2001. Between May 2002 and April 2011, he was employed as the Assistant Vice President and Head of group Internal Audit of Elken Sdn Bhd, a multi-level marketing company.

He was appointed as an Independent Non-Executive Director of KSSC on 24 March 2010. He is a member of the Audit, Nomination and Remuneration Committees. He is also appointed as the Senior Independent Non-Executive Director.

He does not hold any directorship in any other public companies.

He holds 60,000 shares in KSSC. He has no conflict of interest with KSSC and has no convictions for offences within the past ten years saves for the traffic offences, if any.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors ("the Board") of K. Seng Seng Corporation Berhad are committed to a corporate culture that emphasizes good corporate governance and are practiced throughout the Company and its subsidiaries ("the Group").

The Group will continue to endeavor to comply with all the key Principles and Best Practices of the Malaysian Code on Corporate Governance ("the Code") in its effort to observe high standards of transparency, accountability and integrity. The Group believes that good corporate governance will help to realise long-term Shareholders value, whilst taking into account the interest of other stakeholders.

The Board is pleased to disclose below, a description of the application of the principles of good governance and the extent to which the Group has complied with the best practices advocated by the Code.

BOARD OF DIRECTORS

The Company is led and managed by an experienced Board, comprising members with a wide range of experience in relevant fields such as manufacturing, processing and trading of marine and industrial hardware and consumables, entrepreneurship, economics, marketing, finance and accounting. The Directors bring a broad range of skills, experiences and knowledge required to successfully direct and supervise the Group's business activities. A brief profile of each Director are set out in the Directors' Profile of this Annual Report.

Board Composition and Balance

The Board consists of six (6) members; comprising of Chairman/Managing Director, a Deputy Managing Director, an Executive Director and three (3) Independent Non-Executive Directors.

The roles of the Chairman/Managing Director of the Board and Deputy Managing Director are segregated. The Chairman/ Managing Director is primarily responsible for the proper conduct and working of the Board and responsible for overall operations of the Group with emphasis on strategic business planning and development as well as implementation of Board policies and decisions whilst the Deputy Managing Director is responsible for overseeing the day-to-day manufacturing, processing and trading operations as well as the sales and marketing activities of the Group.

The Executive Director is overall responsible on the group finance to ensure the accounts are written in compliance with FRS.

The three (3) Independent Non-Executive Directors of the Company are independent of management and free from any business relationship which could materially interfere with the exercise of their judgment. They present a good mix of industry specific knowledge plus broad business and commercial experience. They provide guidance, unbiased, fully balanced and independent views, advice and judgment to many aspects of the Group's strategy so as to safeguard the interests of minority shareholders and to ensure that the highest standards of conduct and integrity were maintained by the Group.

Board Responsibilities

The Board retains full and effective control of the Group and has developed corporate objectives and position descriptions including the limits to management's responsibilities, which the Executive Directors are aware and are responsible for meeting.

The Board understands the principal risks of all aspects of the business that the Group is engaged in recognising that business decisions require the incurrence of risk. To achieve a proper balance between risks incurred and potential returns to shareholders, the Board ensures that there are in place systems that effectively monitor and manage these risks with a view to the long term viability of the Group.

CORPORATE GOVERNANCE STATEMENT
cont'd

BOARD OF DIRECTORS *cont'd*

Board Responsibilities *cont'd*

As certain Board functions are delegated to management, the Board ensures management is of the highest calibre and has in place programmes to train and develop management and also provide for the orderly succession of management.

The Company has in place a policy to enable the Group to communicate effectively with its shareholders, other stakeholders and the public generally. The policy ensures that it effectively interprets the operations of the Group to the shareholders and accommodates feedback from shareholders, which should be factored into the Group's business decisions.

Senior Independent Non-Executive Director

The Board has appointed Mr. Lim Ho Kin as the Senior Independent Non-Executive Director to whom concerns may be conveyed.

Supply of Information

Prior to Board meetings, an agenda together with the relevant documents and information are distributed to all Directors. The Executive Director and/or other relevant Board members will provide comprehensive explanation of pertinent issues and recommendations by the management. The issues would then be deliberated and discussed thoroughly by the Board prior to decision-making.

Apart from the above, the Board members are updated on the Company's activities and its operations on a regular basis. All Directors have access to all information of the Company on a timely basis in an appropriate form and quality necessary to enable them to discharge their duties and responsibilities.

All Directors have access to the advice and services of the Company Secretary and to obtain independent professional advice, whenever necessary, at the expense of the Company.

Board Meetings

There were six (6) Board of Directors' Meetings held during the financial year ended 31 December 2011. Details of the attendance of the Directors at the Board of Directors' Meetings are as follows:

Name of Director		Attendance
(a)	Koh Seng Kar @ Koh Hai Sew	6/6
(b)	Koh Seng Lee	6/6
(c)	Tsen Ket Shung @ Kon Shung	6/6
(d)	Lim Ho Kin	6/6
(e)	Yap Siok Teng	6/6
(f)	Zainal Rashid bin Haji Mohd Eusoff	6/6

Appointments to the Board

A Nomination Committee has been established by the Board comprising exclusively of Independent Non-Executive Directors as follows:

1. Yap Siok Teng – *Chairman (Independent Non-Executive Director)*
2. Lim Ho Kin – *Member (Independent Non-Executive Director)*
3. Zainal Rashid bin Haji Mohd Eusoff – *Member (Independent Non-Executive Director)*

BOARD OF DIRECTORS *cont'd*

Appointments to the Board *cont'd*

The Committee is generally responsible to assess:

i. the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director.
ii. the size of the Board and review the mix of skills and experience and other qualities of the Board members required for the Board to function completely and efficiently.
iii. recommend new nominees for appointment to the Board for the Board's final decision-making.

The Board is entitled to the services of the Company Secretary who would ensure that all appointments are properly made upon obtaining all necessary information from the Directors.

During the financial year, the Nomination Committee has met once to assess the balance composition, directors' contribution and board effectiveness.

Re-election

In accordance with the provisions of the Articles of Association of the Company, one-third (1/3) of the Board of Directors for the time being or if their number is not three (3) or multiples of three (3), then the number nearest to one-third (1/3) shall retire from office at each Annual General Meeting and shall be eligible for re-election. Directors over seventy (70) years of age are subject for re-appointment annually in accordance with Section 129(6) of the Companies Act 1965.

Directors' Training

All the Directors of the Company have attended the Mandatory Accreditation Programme conducted by Bursa Malaysia Training Sdn Bhd within the stipulated timeframe required in the Listing Requirements.

During the year, the Board Members have attended the directors' training as detailed below:-

Name of Director	Training attended
(a) Koh Seng Kar @ Koh Hai Sew	- Mandatory Accreditation Programme For Directors For Public Listed Companies - Corporate Governance Guide : Towards Boardroom Excellence - Advocacy Sessions on Disclosure for CEOs and CFOs
(b) Koh Seng Lee	- Mandatory Accreditation Programme For Directors For Public Listed Companies - Corporate Governance Guide : Towards Boardroom Excellence - Advocacy Sessions on Disclosure for CEOs and CFOs
(c) Tsen Ket Shung @ Kon Shung	- Mandatory Accreditation Programme For Directors For Public Listed Companies - Corporate Governance Guide : Towards Boardroom Excellence - Advocacy Sessions on Disclosure for CEOs and CFOs - IFRS 9 & Financial Institution Update - A Comprehensive Workshop on Deferred Taxation
(d) Lim Ho Kin	- Mandatory Accreditation Programme For Directors For Public Listed Companies - Corporate Governance Guide : Towards Boardroom Excellence - Advocacy Sessions on Disclosure for CEOs and CFOs

CORPORATE GOVERNANCE STATEMENT
cont'd

BOARD OF DIRECTORS *cont'd*

Directors' Training *cont'd*

Name of Director	Training attended
(e) Yap Siok Teng	- Treatment of Benefits-In-Kind (BIK) & Latest Developments on Schedular Tax Deductions (STD) - Updates On The Case Law Developments - 2012 Budget Seminar
(f) Zainal Rashid bin Haji Mohd Eusoff	- Mandatory Accreditation Programme For Directors For Public Listed Companies - Advocacy Sessions on Disclosure for CEOs and CFOs

Throughout the year, directors also received updates and briefings, particularly on regulatory, industry and legal developments, including information on significant changes in business and procedures instituted to mitigate such risks.

Directors' Remuneration

A Remuneration Committee has been established by the Board comprising a majority of Non-Executive Directors as follows:

1. Zainal Rashid bin Haji Mohd Eusoff – *Chairman (Independent Non-Executive Director)*
2. Yap Siok Teng – *Member (Independent Non-Executive Director)*
3. Lim Ho Kin – *Member (Independent Non-Executive Director)*
4. Koh Seng Kar @ Koh Hai Sew – *Member (Chairman and Managing Director)*

The Remuneration Committee shall ensure that the levels of remuneration are sufficient to attract and retain Directors of quality required to manage the business of the Group. The Remuneration Committee is entrusted under its terms of reference to assist the Board, amongst others, to recommend to the Board the remuneration of the executive directors. In the case of non-executive directors, the level of remuneration shall reflect the experience and level of responsibilities undertaken by the non-executive directors concerned.

Details of Directors' remuneration for the financial year ended 31 December 2011 are as follows:

	Executive Directors (RM)	Non-Executive Directors (RM)
Directors' fees	-	85,800.00
Salaries	966,000.00	-
Other emoluments	123,420.00	7,500.00
Benefits in Kind	37,191.67	-
Total	1,126,611.67	93,300.00

CORPORATE GOVERNANCE STATEMENT
cont'd

BOARD OF DIRECTORS *cont'd*

Directors' Remuneration *cont'd*

The number of Directors whose remuneration fall into the following bands are as follows:-

Range of Remuneration (RM)	Executive	Non-Executive
50,000 and below	-	3
200,001 – 250,000	1	-
400,001 – 450,000	1	-
450,001 – 500,000	1	-

SHAREHOLDERS

Dialogue with Investors

Recognising the importance of timely dissemination of information to shareholders and other stakeholders, the Board is committed to ensuring that the shareholders and other stakeholders are well informed of major developments of the Company and the information is communicated to them through the following:

(i) the Annual Report;

(ii) the various disclosures and announcements made to Bursa Malaysia Securities Berhad including the Quarterly Results and Annual Results; and

(iii) the website at www.kssc.com.my which shareholders as well as members of the public are invited to access for the latest information on the Group.

General Meetings

The Company's Annual General Meeting ("AGM") serves as a principle forum for dialogue with shareholders. Shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions. Extraordinary General Meetings is held as and when required.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors are responsible to present a true and fair assessment of the Group's position and prospects in the annual reports and quarterly reports. The quarterly financial results were reviewed by the Audit Committee and approved by the Board of Directors prior to submission to Bursa Malaysia Securities Berhad.

A statement by the Directors of their responsibilities in the preparation of financial statements is set out in the ensuing section.

Statement of Directors' Responsibility for Preparing Financial Statements

The Board is responsible to ensure that the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group as at the end of the financial year and of the results and cash flows of the Group for the financial year then ended.

CORPORATE GOVERNANCE STATEMENT
cont'd

ACCOUNTABILITY AND AUDIT *cont'd*

Statement of Directors' Responsibility for Preparing Financial Statements *cont'd*

The Directors are satisfied that in preparing the financial statements of the Group for the year ended 31 December 2011, the Group has adopted suitable accounting policies and applied them consistently, prudently and reasonably. The Directors also consider that all applicable approved accounting standards have been followed in the preparation of the financial statements, subject to any material departures being disclosed and explained in the notes to the financial statements. The financial statements have been prepared on the going concern basis.

The Directors are responsible for ensuring that the Group keeps sufficient accounting records to disclose with reasonable accuracy, the financial position of the Group and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

Internal Control

The Board has an overall responsibility in maintaining a sound internal control system that provides reasonable assurance of effective and efficient operations and compliance with internal procedures and guidelines. The Statement on Internal Control is set out in this Annual Report.

Relationship with the Auditors

The Board has established a formal and transparent arrangement for maintaining appropriate relationships with the external auditors in seeking professional advice and ensuring compliance with the appropriate accounting standards. The Audit Committee met with the external auditors to discuss their audit plan, audit findings and the financial statements. To this effect, the Audit Committee Chairman met the out-sourced Internal Audit service provider without the presence of Management during the financial year.

COMPLIANCE STATEMENT

The group has complied with the principles as set out in parts 1 and 2 respectively of the code.

AUDIT COMMITTEE REPORT

1. COMPOSITION

The Audit Committee was established by the Board on 26 March 2010. The Committee presently comprises of three (3) members of the Board which consists of Non-Executive Directors.

Chairperson	:	Ms Yap Siok Teng	*Independent Non-Executive Director*
Members	:	Mr Lim Ho Kin	*Independent Non-Executive Director*
	:	Encik Zainal Rashid bin Haji Mohd Eusoff	*Independent Non-Executive Director*

2. ROLE OF AUDIT COMMITTEE

The Audit Committee assists, supports and implements the Board's responsibility to oversee the Group's operations in the following manner:-

- To review the Group's quarterly financial data, its internal controls and independence of the Group's Internal and External Auditors.
- To review the RRPTs to ensure they are not detrimental to the minority.
- Reinforces the independence of the Group's External Auditors.
- Reinforces the objectivity of the Group's Internal Auditors.

3. KEY FUNCTIONS AND RESPONSIBILITIES

The key functions and responsibilities of the Audit Committee are as follows:-

- to consider the nomination and the capability of external auditors, the audit fees and any question of resignation or dismissal;

- to oversee all matters pertaining to audit including the review of the audit plan and report;

- to review the adequacy of existing external audit arrangements, with particular emphasis on the scope and quality of the audit;

- to discuss problems and reservations arising from the interim and final results, and any matters the external auditors may wish to discuss (in the absence of management where necessary);

- to review the quarterly interim results, half-year, annual financial statements and audit report, focusing on:

    - any changes in accounting and operating policies and practices;
    - significant adjustment(s) arising from the audit;
    - adequacy of disclosure of all information in the financial statements essential to a true and fair representation of the financial affairs of the Company and its subsidiary companies; and
    - compliance with applicable approved accounting standards and business practices.

- to review any management letter sent by the external auditors to the Company and the management's response to such letter;

- to discuss with the external auditors their evaluation of the quality and effectiveness of the internal control and management information systems;

- to review the adequacy of the scope, functions, resources and competency of the internal audit function and that it has the necessary authority to carry out its work;

AUDIT COMMITTEE REPORT
cont'd

3. KEY FUNCTIONS AND RESPONSIBILITIES *cont'd*

- to review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- to review and approve the annual audit plan proposed by Internal Auditors;
- to review the co-operation or assistance given by the Company's officers to both external and internal auditors;
- to review all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels;
- to review all related party transactions and potential conflict of interests situations; and
- to consider other matters, act upon the Board of Directors' request to investigate and report on any issues or concerns in regard to management of the Group, as defined.

4. SUMMARY OF ACTIVITIES UNDERTAKEN BY THE AUDIT COMMITTEE DURING THE YEAR 2011

The Audit Committee met six (6) times during the financial year ended 31 December 2011. Attendance by each member of the Audit Committee during the financial year ended 31 December 2011 are as follows:

Name of Director		Meetings Attended
(a)	Madam Yap Siok Teng	6/6
(b)	Mr. Lim Ho Kin	6/6
(c)	Encik Zainal Rashid bin Haji Mohd Eusoff	6/6

The Audit Committee Members were served with the meeting agendas and relevant board papers which were distributed earlier before the meeting. The Company Secretary is the secretary of the Audit Committee.

During the financial year, the activities of the Committee included:-

- Reviewing the quarterly financial result announcements of the Group prior to seeking the Board of Directors' approval;
- Reviewing the audit strategy and plan of the External Auditors;
- Reviewing External Auditors' reports in relation to audit and accounting issues arising from the audit, and updates of new developments on accounting standards issued by the Malaysian Accounting Standards Board;
- Reviewing the annual financial statements of the Group and the Company;
- Reviewing the internal audit reports and the recommendations on audit findings; and
- Reviewing related party transactions quarterly.

5. INTERNAL AUDIT FUNCTIONS

The Group's internal audit function is outsourced to KPMG Business Advisory Sdn Bhd, an independent professional consulting firm, which reports to the Audit Committee and assists the Board of Directors in assessing the adequacy and integrity of the system of internal controls established by Management. The Audit Committee approved the internal audit plan tabled during the Audit Committee meeting during the financial year.

There is no restriction placed on the scope of the Internal Audit function's work and the internal auditor is allowed full, free and unrestricted access to all departments and subsidiaries (based on selected areas of coverage).

The scope of internal audit for the year under review covered risk management, internal control, governance and compliance activities of the Group, with focus on the key operations undertaken by the Group. The internal audit was carried out in line with the International Professional Practices Framework for the Internal Audit function as promulgated by the Institute of Internal Auditors Incorporation ("IIA Inc"). The costs incurred for the internal audit function for the financial year 2011 is about RM56,000.

STATEMENT OF INTERNAL CONTROL

INTRODUCTION

Directors of listed companies are required to disclose in their annual reports on the state of internal control of the listed company as a group in accordance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa"). The Statement on Internal Control - Guidance for Directors of Public Listed Companies ("Guidance"), a publication of Bursa, provides guidance for directors to make such disclosure.

BOARD RESPONSIBILITY

The Board recognises the importance of a sound risk management and internal control system for good corporate governance. The Board acknowledges its overall responsibility for identifying principal risks within the Group and ensuring the implementation of appropriate systems to manage these risks, as well as reviewing the adequacy and integrity of the Group's internal control system. The Group's system of internal control is designed to manage the principal business risks that may impede the Group from achieving its business objectives, as well as comply with applicable laws, regulations, rules, directives and guidelines. The system, by its nature, can only provide reasonable but not absolute assurance against any material misstatement or loss occurrence.

RISK MANAGEMENT

The Board firmly believes that risk management is critical to the Group's continued profitability and the enhancement of shareholder value.

SYSTEMS OF INTERNAL CONTROL

The following key processes have been established by the Board in reviewing the adequacy and integrity of the Group's system of internal controls:-

- **Clear lines of accountability and reporting within the organisation**

  Key responsibilities and accountability in the organisational structure are clearly defined, with clear reporting lines up to the Board and its Committees. Established delegation of authority sets out the appropriate authority levels for decision-making, including matters requiring Board's approval.

- **Financial Performance**

  The preparation of periodic and annual results and the financial position of the Group is reviewed and approved by the Board before release of the same to the regulators whilst the full year financial statements are audited by the external auditors before issuance to the regulators and shareholders.

- **Quality Control**

  The Group takes continuous efforts in maintaining the quality of products and services. Safety and health regulations, environmental requirements and relevant legislations affecting the Group's operations are considered and complied with, as appropriate.

STATEMENT OF INTERNAL CONTROL
cont'd

INTERNAL AUDIT FUNCTION

Regular internal audits are carried out by an independent professional firm to review the adequacy and integrity of the internal control systems of the business units (operational and non-operational) within the Group. The internal audit function reports directly to the Audit Committee on improvement measures pertaining to internal controls, including a follow-up on the status of Management's implementation of recommendation by the Internal Audit. Internal audit reports are submitted to the Audit Committee, who reviews the findings with Management in its quarterly meetings. In addition, the External Auditors' management letters and management's responses to the control recommendations on deficiencies noted during the financial audits provide added assurance that control procedures on matters of finance are in place, and are being properly followed up. In assessing the adequacy and effectiveness of the system of internal controls and accounting control procedures of the Group, the Audit Committee reports to the Board its activities, significant results, findings and the necessary recommendations or changes.

CONCLUSION

The Board is of the view that there was no breakdown or weaknesses in the system of internal control of the Group for the financial year ended 31 December 2011 that resulted in a significant loss to the Group. The Board continues to take the necessary measures to ensure that the system of internal control is in place and is functioning effectively.

OTHER DISCLOSURE REQUIREMENTS

PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. UTILISATION OF PROCEEDS FROM CORPORATE EXERCISE

The details of the utilization of proceeds raised from its IPO as at 31 December 2011 are as follows :-

Details of the utilization of IPO proceeds	Proposed Utilization of IPO Proceeds (RM'000)	Actual Utilization of IPO Proceeds (RM'000)	Balance of Unutilized IPO Process (RM'000)	Initial Timeframe For Utilization of IPO Proceeds From Date of Listing (i.e. 19 January 2011)	Extension of Timeframe for Utilization of IPO Proceeds From Date Listing (i.e. 19 January 2011)
a) Business Expansion and Capital Expenditures	3,310	-	3,310	Within 12 months (i.e. until 18 January 2012)	Within 24 months (i.e. until 18 January 2013)
b) Working Capital	6,260	4,070	2,190	Within 12 months (i.e. until 18 January 2012)	Within 24 months (i.e. until 18 January 2013)
c) Listing Expenses	1,900	1,823	77	Within 1 month	Fully utilized. The balance RM77,000 was transferred to working capital.
Total	**11,470**	**5,893**	**5,577**		

2. SHARE BUY-BACKS

There were no share buy-back arrangements during the financial year.

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There were no options and warrants exercised in respect of the financial year.

4. DEPOSITORY RECEIPT ("DR")

The Company did not sponsor any DR programme during the financial year.

5. IMPOSITION OF SANCTIONS/PENALTIES

There were no public imposition of sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the regulatory bodies during the financial year.

6. NON-AUDIT FEES

The non-audit fee amounted to RM5,000 was payable to the external auditors for the financial year 31 December, 2011.

7. PROFIT ESTIMATE, FORECAST OR PROJECTION

The Company did not undertake any profit estimate, forecast or projection for the financial year.

OTHER DISCLOSURE REQUIREMENTS
PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD
cont'd

8. VARIATION OF ACTUAL PROFIT FROM THE UNAUDITED RESULTS

There has been no material variance between the audited results for the financial year ended 31 December 2011 and the unaudited results previously announced.

9. PROFIT GUARANTEE

The Company did not give any form of profit guarantee to any parties during the financial year.

10. MATERIAL CONTRACTS AND CONTRACTS RELATING TO LOANS

There were no contracts relating to loan and material contracts of the Company and its subsidiaries involving the Directors and substantial shareholders since the end of the previous financial year.

11. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND TRADING NATURE

The recurrent related party transaction of the Company during the year amounted to RM5,249,280.00 with details as stated in Note 29 of the financial statements.

The names of the related parties involved and their relationship with the Company are detailed in Section 2.2.1 of the Circular to Shareholders dated 8 May 2012.

12. REVALUATION POLICY ON LANDED PROPERTIES

The Group does not adopt a policy on regular revaluation to its landed properties.

13. CORPORATE SOCIAL RESPONSIBILITY ("CSR")

The Company recognizes the importance of being a responsible corporate citizen. In addition to improving workplace environment and commitment to staff training, the Company will be planning and organizing more CSR activities for the coming financial year.

DIRECTORS' REPORT

The Directors have pleasure in presenting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries and its associate are set out in Notes 11 and 12 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit net of tax	**2,870,701**	**2,507,312**
Profit attributable to:		
Owners of the parent	**2,757,687**	**2,507,312**
Non-controlling interest	**113,014**	**-**
	2,870,701	**2,507,312**

DIVIDEND

Since the end of the previous financial year, the Company paid a first and final single-tier dividend of 3 sen on 96,000,000 ordinary shares amounting to RM2,880,000 on 21 June 2011 in respect of the financial year ended 31 December 2010 as reported in the Directors' report of that year.

The Directors proposed a first and final single-tier dividend of 2 sen on 96,000,000 ordinary shares amounting to RM1,920,000 on 20 February 2012 in respect of the financial year ended 31 December 2011 subject to shareholders' approval at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

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

DIRECTORS' REPORT
cont'd

BAD AND DOUBTFUL DEBTS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would render it necessary to write off any bad debts or render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps to ensure that any current assets which were unlikely to realise in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
(ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.

No contingent or other liability of any companies within the Group 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 affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

DIRECTORS' REPORT
cont'd

ITEMS OF AN UNUSUAL NATURE

In the opinion of the Directors:

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES

During the financial year, the issued and paid-up share capital of the Company has been increased from RM37,938,000 to RM48,000,000 by way of issuance of 20,124,000 ordinary shares of RM0.50 each at an issue price RM0.57 per ordinary share.

DIRECTORS OF THE COMPANY

The Directors in office since the date of the last report are:-

KOH SENG KAR @ KOH HAI SEW
KOH SENG LEE
TSEN KET SHUNG @ KON SHUNG
ZAINAL RASHID BIN HAJI MOHD EUSOFF
LIM HO KIN
YAP SIOK TENG

DIRECTORS' INTERESTS

The interests of the Directors in office as at the end of the financial year in the shares of the Company during the financial year are as follows:-

	Number of Ordinary Shares of RM0.50 Each			
	At 1.1.2011	**Bought**	**Sold**	**At 31.12.2011**
Name of Directors:				
Koh Seng Kar @ Koh Hai Sew	52,500,000	-	15,540,000	**36,960,000**
Koh Seng Lee	22,500,000	-	6,660,000	**15,840,000**
Tsen Ket Shung @ Kon Shung	-	806,300	91,900	**714,400**
Zainal Rashid Bin Haji Mohd Eusoff	-	100,000	-	**100,000**
Lim Ho Kin	-	60,000	-	**60,000**
Yap Siok Teng	-	50,000	-	**50,000**

By virtue of their interests in the Company, the above mentioned Directors are deemed to have interests in the shares of the subsidiaries during the financial year to the extent that the Company has an interest.

DIRECTORS' REPORT
cont'd

DIRECTORS' INTERESTS *cont'd*

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors of the Company as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SIGNIFICANT EVENT

Details of significant event during the financial year is disclosed in Note 34 to the financial statements.

SUBSEQUENT EVENT

Details of subsequent event are disclosed in Note 35 to the financial statements.

AUDITORS

The auditors, Messrs. Moore Stephens AC, have expressed their willingness to continue in office.

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

KOH SENG KAR @ KOH HAI SEW | **KOH SENG LEE**

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Koh Seng Kar @ Koh Hai Sew and Koh Seng Lee, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying financial statements as set out on pages 29 to 79, are 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 at 31 December 2011 and of their financial performance, and cash flows for the year then ended.

The supplementary information set out in Note 37 to the financial statements has been prepared in accordance with the 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 Requirement,* as issued by the Malaysian Institute of Accountants and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 25 April 2012.

KOH SENG KAR @ KOH HAI SEW

KOH SENG LEE

STATUTORY DECLARATION
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Tsen Ket Shung @ Kon Shung, being the Director primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 29 to 79, are to the best of my knowledge and belief, 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.

Subscribed and solemnly declared at
Kuala Lumpur in the Federal Territory
on 25 April 2012

TSEN KET SHUNG @ KON SHUNG

Before me

TENGKU FARIDDUDIN BIN TENGKU SULAIMAN (NO.W533)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF K. SENG SENG CORPORATION BERHAD
(Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of K. Seng Seng Corporation Berhad, which comprise the statements of financial position as at 31 December 2011 of the Group and of the Company, 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 29 to 79.

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 controls as the directors determine are 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 our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we 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 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 31 December 2011 and of their financial performance and cash flows for the year then ended.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF K. SENG SENG CORPORATION BERHAD
(Incorporated in Malaysia)

cont'd

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 11 to the financial statements, being financial statements that have been included in the consolidated financial statements.

(c) We are satisfied that the financial statements 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 consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification or did not include any comment required to be made under Section 174(3) of the Act.

OTHER REPORTING RESPOSIBILITIES

The supplementary information set out in Note 37 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad ("Bursa Securities") and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the 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 Securities. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Securities.

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 to any other person for the content of this report.

MOORE STEPHENS AC
Chartered Accountants
AF 001826

STEPHEN WAN YENG LEONG
2963/07/13(J)
Chartered Accountant

Kuala Lumpur

25 April 2012

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2011

		Group		Company	
		2011	2010	2011	2010
	Note	RM	RM	RM	RM
Revenue	4	**70,516,319**	82,949,506	**3,790,800**	24,445,200
Cost of sales	5	**(59,705,900)**	(68,066,744)	**-**	-
Gross profit		**10,810,419**	14,882,762	**3,790,800**	24,445,200
Other income		**536,183**	146,803	**295,226**	74,000
Selling and distribution costs		**(1,339,229)**	(1,100,744)	**(4,663)**	(959)
Administrative costs		**(4,224,293)**	(2,540,028)	**(1,098,058)**	(120,601)
Other costs		**(1,478,452)**	(1,754,082)	**(305,193)**	(643,816)
		(7,041,974)	(5,394,854)	**(1,407,914)**	(765,376)
Profit from operations		**4,304,628**	9,634,711	**2,678,112**	23,753,824
Finance costs		**(1,215,766)**	(1,095,460)	**(59,877)**	(67,308)
Share of result of an associate		**319,310**	287,873	**-**	-
Profit before tax	6	**3,408,172**	8,827,124	**2,618,235**	23,686,516
Income tax expense	8	**(537,471)**	(2,175,636)	**(110,923)**	(37,499)
Profit net of tax, representing total comprehensive income for the year		**2,870,701**	6,651,488	**2,507,312**	23,649,017
Total comprehensive income attributable to:					
Owners of the parent		**2,757,687**	6,651,488	**2,507,312**	23,649,017
Non-controlling interest		**113,014**	-	**-**	-
		2,870,701	6,651,488	**2,507,312**	23,649,017
Earnings per share attributable to owners of the parent (sen per share)					
Basic	9	**2.87**	8.77		
Diluted		**Not Applicable**	Not Applicable		

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

		Group		Company	
		2011	2010	2011	2010
	Note	RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	10	**17,109,511**	17,099,845	**7,206,168**	7,063,387
Investment in subsidiaries	11	**-**	-	**31,925,004**	8,600,008
Investment in an associate	12	**2,594,636**	2,275,326	**820,000**	820,000
Goodwill	13	**140,455**	140,455	**-**	-
Deferred tax assets	14	**665,256**	126,057	**-**	-
		20,509,858	19,641,683	**39,951,172**	16,483,395
Current assets					
Inventories	15	**26,243,026**	20,913,415	**-**	-
Trade receivables	16	**28,808,588**	33,761,450	**1,800**	-
Other receivables, deposits and prepayments	17	**410,477**	2,622,724	**144,882**	2,350,216
Amounts due from subsidiaries	18	**-**	-	**1,890,746**	18,275,134
Tax recoverable		**961,960**	307,449	**55,438**	71,440
Cash and bank balances	19	**12,478,784**	7,129,031	**8,940,189**	3,426,723
		68,902,835	64,734,069	**11,033,055**	24,123,513
TOTAL ASSETS		**89,412,693**	84,375,752	**50,984,227**	40,606,908

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011
cont'd

		Group		Company	
		2011	2010	2011	2010
	Note	RM	RM	RM	RM
EQUITY AND LIABILITIES					
Share capital	20	**48,000,000**	37,938,000	**48,000,000**	37,938,000
Share premium	21	**514,639**	-	**514,639**	-
Retained earnings	22	**11,762,492**	11,884,805	**1,101,700**	1,474,388
Equity attributable to owners of the parent		**60,277,131**	49,822,805	**49,616,339**	39,412,388
Non-controlling interest		**138,014**	-	**-**	-
Total equity		**60,415,145**	49,822,805	**49,616,339**	39,412,388
Liabilities					
Non-current liabilities					
Bank borrowings	23	**720,244**	3,801,451	**-**	762,605
Deferred tax liabilities	14	**97,500**	80,632	**97,500**	80,352
		817,744	3,882,083	**97,500**	842,957
Current liabilities					
Trade payables	25	**4,247,596**	2,750,581	**-**	-
Other payables and accruals	26	**2,037,809**	1,667,270	**383,005**	202,101
Bank borrowings	23	**21,853,250**	25,704,443	**-**	149,462
Amount due to a subsidiary	18	**-**	-	**887,383**	-
Tax payable		**41,149**	548,570	**-**	-
		28,179,804	30,670,864	**1,270,388**	351,563
Total liabilities		**28,997,548**	34,552,947	**1,367,888**	1,194,520
TOTAL EQUITY AND LIABILITIES		**89,412,693**	84,375,752	**50,984,227**	40,606,908

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2011

		Attributable to Owners of the Parent					
		Share Capital	Non-Distributable Share Premium	Distributable Retained Earnings	Equity Attributable to Owners of the Parent	Non-controlling Interest	Total Equity
Group	**Note**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Balance at 1.1.2010		15,000,000	-	30,733,443	45,733,443	437,874	46,171,317
Total comprehensive income for the year		-	-	6,651,488	6,651,488	-	6,651,488
Transactions with owners							
Shares issued for acquisition of non - controlling interest		438,000	-	-	438,000	-	438,000
Effect of changes in stake in a subsidiary		-	-	(126)	(126)	(437,874)	(438,000)
Bonus issue		22,500,000	-	(22,500,000)	-	-	-
Dividend on ordinary shares	27	-	-	(3,000,000)	(3,000,000)	-	(3,000,000)
Total transactions with owners		22,938,000	-	(25,500,126)	(2,562,126)	(437,874)	(3,000,000)
Balance at 31.12.2010		37,938,000	-	11,884,805	49,822,805	-	49,822,805
Balance at 1.1.2011		**37,938,000**	**-**	**11,884,805**	**49,822,805**	**-**	**49,822,805**
Total comprehensive income for the year		**-**	**-**	**2,757,687**	**2,757,687**	**113,014**	**2,870,701**
Transactions with owners							
Issuance of ordinary shares		**10,062,000**	**514,639**	**-**	**10,576,639**	**-**	**10,576,639**
Acquisition of subsidiary		**-**	**-**	**-**	**-**	**25,000**	**25,000**
Dividend on ordinary shares	27	**-**	**-**	**(2,880,000)**	**(2,880,000)**	**-**	**(2,880,000)**
Total transactions with owners		**10,062,000**	**514,639**	**(2,880,000)**	**7,696,639**	**25,000**	**7,721,639**
Balance at 31.12.2011		**48,000,000**	**514,639**	**11,762,492**	**60,277,131**	**138,014**	**60,415,145**

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2011
cont'd

Company	Note	Share Capital RM	Non-Distributable Share Premium RM	Distributable Retained Earnings RM	Total Equity RM
Balance at 1.1.2010		15,000,000	-	3,325,371	18,325,371
Total comprehensive income for the year		-	-	23,649,017	23,649,017
Transactions with owners					
Shares issued for acquisition of non-controlling interest		438,000	-	-	438,000
Bonus issue		22,500,000	-	(22,500,000)	-
Dividend on ordinary shares	27	-	-	(3,000,000)	(3,000,000)
Total transactions with owner		22,938,000	-	(25,500,000)	(2,562,000)
Balance at 31.12.2010		37,938,000	-	1,474,388	39,412,388
Total comprehensive income for the year		-	-	2,507,312	2,507,312
Transactions with owners					
Issuance of ordinary shares		10,062,000	514,639	-	10,576,639
Dividend on ordinary shares	27	-	-	(2,880,000)	(2,880,000)
Total transactions with owner		10,062,000	514,639	(2,880,000)	7,696,639
Balance at 31.12.2011		**48,000,000**	**514,639**	**1,101,700**	**49,616,339**

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2011

		Group		Company	
		2011	2010	2011	2010
	Note	RM	RM	RM	RM
Cash Flows from Operating Activities					
Profit before tax		**3,408,172**	8,827,124	**2,618,235**	23,686,516
Adjustments for:					
Depreciation of property, plant and equipment		**1,481,918**	1,317,599	**189,409**	182,704
Impairment loss on trade receivables		**111,495**	-	**-**	-
Property, plant and equipment written off		**1**	-	**-**	-
Reversal of impairment loss on trade receivables		**(6,582)**	(25,118)	**-**	-
Unrealised loss on foreign exchange		**-**	75,531	**-**	-
Gain on disposal of property, plant and equipment		**-**	(24,930)	**-**	-
Interest expense		**1,215,766**	1,095,460	**59,877**	67,308
Interest income		**(315,091)**	(89,937)	**(295,226)**	(74,000)
Share of result of an associate		**(319,310)**	(287,873)	**-**	-
Operating profit before working capital changes		**5,576,369**	10,887,856	**2,572,295**	23,862,528
Change in working capital:					
Increase in inventories		**(5,329,611)**	(3,239,811)	**-**	-
Decrease/(increase) in receivables		**7,060,196**	(9,870,878)	**2,203,534**	(842,873)
Increase in payables		**1,867,554**	961,325	**180,904**	89,510
Net (repayment)/drawndown of bankers' acceptances		**(6,052,276)**	4,693,754	**-**	-
Cash generated from operations		**3,122,232**	3,432,246	**4,956,733**	23,109,165
Tax paid		**(2,221,734)**	(2,280,460)	**(77,773)**	(60,000)
Interest paid		**(1,215,766)**	(1,095,460)	**(59,877)**	(67,308)
Interest received		**315,091**	89,937	**295,226**	74,000
Net cash (used in)/from operating activities, Balance carried down		**(177)**	146,263	**5,114,309**	23,055,857

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2011
cont'd

		Group		Company	
		2011	2010	2011	2010
	Note	RM	RM	RM	RM
Balance brought down		**(177)**	146,263	**5,114,309**	23,055,857
Cash Flows from Investing Activities					
Repayment from/(Advances) to subsidiaries		**-**	-	**3,939,334**	(17,710,998)
Capital work-in-progress incurred		**(363,387)**	(519,355)	**-**	-
Purchase of property, plant and equipment	10	**(741,698)**	(352,582)	**(332,190)**	(63,885)
Proceeds from disposal of plant and equipment		**-**	47,698	**-**	-
Subscription of shares in subsidiaries		**-**	-	**(11,899,942)**	(499,998)
Net cash used in investing activities		**(1,105,085)**	(824,239)	**(8,292,798)**	(18,274,881)
Cash Flows from Financing Activities					
Proceeds from issuance of ordinary shares		**10,576,639**	-	**10,576,639**	-
Subscription of shares by non-controlling shareholder		**25,000**	-	**-**	-
Repayment of term loans		**(1,030,664)**	(274,426)	**(912,067)**	(139,823)
Payment of finance lease payables		**(200,591)**	(529,911)	**-**	-
Advances from/(Repayment to) subsidiaries		**-**	-	**1,907,383**	(2,236,316)
(Repayment)/drawndown of trust receipts		**(35,369)**	35,369	**-**	-
Dividend paid		**(2,880,000)**	(3,000,000)	**(2,880,000)**	(3,000,000)
Net cash from/(used in) financing activities		**6,455,015**	(3,768,968)	**8,691,955**	(5,376,139)
Net cash and cash equivalents		**5,349,753**	(4,446,944)	**5,513,466**	(595,163)
Cash and cash equivalents at beginning of the year		**7,129,031**	11,575,975	**3,426,723**	4,021,886
Cash and cash equivalents at end of the year	19	**12,478,784**	7,129,031	**8,940,189**	3,426,723

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

1. CORPORATE INFORMATION

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

The registered office of the Company is located at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur.

The principal place of business of the Company is located at Lot 3707, Jalan 7/5, Taman Industri Selesa Jaya, 43300 Balakong, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries and its associate are set out in Notes 11 and 12. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 18 April 2012.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with the Financial Reporting Standards ("FRSs") issued by the Malaysian Accounting Standards Board ("MASB") and complied with the provisions of the Companies Act, 1965 in Malaysia.

New and revised FRSs, Amendments to FRS, Issues Committee ("IC") Interpretations and Technical Release ("TR") adopted

On 1 January 2011, the Group and the Company adopted the following new and revised FRSs, Amendments to FRS, IC Interpretations and TR as follows:-

FRS 1 First-time Adoption of Financial Reporting Standards
FRS 3 Business Combinations (Revised)
FRS 127 Consolidated and Separate Financial Statements (Revised)
Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters (Amendment to FRS 1)
Additional Exemptions for First-time Adopters (Amendments to FRS 1)
Improving Disclosures about Financial Instruments (Amendments to FRS 7)
Amendments to FRS 2 Share-based Payment
Group Cash-settled Share-based Payment Transactions (Amendments to FRS 2)
Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 132 Financial Instruments: Presentation
Amendments to FRS 138 Intangible Assets
Amendments to FRSs contained in the document entitled "Improvements to FRSs (2010)"
IC Interpretation 4 Determining whether an Arrangement contains a Lease
IC Interpretation 12 Service Concession Arrangements
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17 Distributions of Non-cash Assets to Owners
IC Interpretation 18 Transfers of Assets from Customers
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
TR i-4 Shariah Compliant Sale Contracts

2. BASIS OF PREPARATION *cont'd*

(a) Statement of compliance *cont'd*

The adoption of the above FRSs, Amendments to FRSs, IC Interpretations and TR does not have any effect on the financial statements of the Group and of the Company except for those discussed below.

FRS 3, Business Combinations (Revised) and FRS 127, Consolidated and Separate Financial Statements (Revised)

The revised FRS 3 introduces a number of significant changes to the accounting for business combinations with greater use of fair value. These changes include recognising all acquisition-related costs as expense, measuring any pre-existing interest at fair value and allowing measurement of non-controlling interest (previously known as minority interest) at either fair value or at its proportionate share of the acquiree's net identifiable assets. The revised FRS 127 requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the non-controlling interests to be absorbed by minority shareholders instead of by the parent even if the losses exceed the non-controlling interests in the subsidiary's equity. The Group has applied the changes of revised FRS 3 and FRS 127 prospectively. There is no financial impact on the financial statements of the Group for the current financial year other than changes in accounting policies.

Amendments to FRS 3 [Improvements to FRSs (2010)]

The amendment clarifies that the choice of measuring non-controlling interests at fair value or at the proportionate share of the acquiree's net assets applies only to instruments that represent present ownership interests and entitle their holders to a proportionate share of the net assets in the event of liquidation. All other components of non-controlling interests are measured at fair value unless another measurement basis is required by FRS.

The amendment also clarifies that the amendments to FRS 7, FRS 132 and FRS 139 that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of FRS 3 (2010). Those contingent consideration arrangements are to be accounted for in accordance with the guidance in FRS 3 (2005).

Amendments to FRS 101 [Improvements to FRSs (2010)]

The amendment clarifies that an entity shall present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. There is no financial impact on the financial statements of the Group for the current financial year other than the presentation of statement of changes in equity.

MFRS Framework issued but not yet effective

On 19 November 2011, MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework") in conjunction with the MASB's plan to converge with International Financial Reporting Standards ("IFRS") in 2012. The MFRS Framework comprises Standards as issued by the International Accounting Standards Board ("IASB") that are effective on 1 January 2012 and new/revised Standards that will be effective after 1 January 2012.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011
cont'd

2. BASIS OF PREPARATION *cont'd*

(a) Statement of compliance *cont'd*

MFRS Framework issued but not yet effective *cont'd*

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual financial periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer.

As such, the Group and the Company will prepare their first financial statements using the MFRS framework for the financial year ending 31 December 2012. 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 Group is currently in the process of determining the impact arising from the initial application of MFRS Framework.

(b) Basis of measurement

The financial statements have been prepared on the historical cost convention except for those as disclosed in the significant accounting policies note.

(c) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency'). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency. All financial information presented in RM has been rounded to the nearest RM, unless otherwise stated.

(d) Significant accounting estimates and judgements

The preparation of financial statements of the Group and of the Company require management to make assumptions, estimates and judgements that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis and are recognised in the period in which the assumption or estimate is revised.

Significant areas of estimation, uncertainty and critical judgements used in applying accounting principles that have significant effect on the amount recognised in the financial statements are as follows:

(i) Useful lives of property, plant and equipment (Note 10) - The cost of property, plant and equipment is depreciated on a straight line method over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment to be within 2 to 50 years. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Deferred tax assets (Note 14) - Deferred tax assets are recognised for all deductible temporary differences based on projected future profit to the extent that it is probable that taxable profit will be available against which the deductible temporary differences in respect of expenses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the future financial performance of the subsidiaries.

2. BASIS OF PREPARATION *cont'd*

(d) Significant accounting estimates and judgements *cont'd*

(iii) Impairment loss on trade receivables (Note 16) – The Group assesses at each reporting date whether there is any objective evidence that a receivable is impaired. Allowances are applied where events or changes in circumstances indicate that the balances may not be collectable. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where the expectation is different from the original estimate, such difference will impact the carrying amount of receivables at the reporting date.

(iv) Income tax expense (Note 8) – Significant judgement is required in determining the capital allowances and deductibility of certain expenses when estimating the provision for taxation. There were transactions during the ordinary course of business for which ultimate tax determination of whether additional taxes will be due is uncertain. The Group and the Company recognises liabilities for tax based on estimate of assessment of the tax liability due. When the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax in the periods in which the outcome is known.

(v) Annual testing for impairment of goodwill (Note 13) – The measurement of the recoverable amount of cash-generating units are determined based on the value-in-use method, which requires the use of cash flow projections based on financial budgets approved by management covering a 5-year period.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra group balances, transactions and resulting unrealised profits and losses (unless cost cannot be recovered) are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

Subsidiaries are consolidated using the purchase method, from the date of acquisition being the date on which the Company obtains control and continue to be consolidated until the date that such control ceases. The assets, liabilities and contingent liabilities assumed from a subsidiary are measured at their fair values at the date of acquisition and these values are reflected in the consolidated financial statements. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Where the present ownership interests in the acquiree entitles the holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects for each individual business combination, whether non-controlling interests in the acquisition is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree represents goodwill.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(a) Basis of Consolidation *cont'd*

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree over the cost of acquisition is recognised immediately in profit or loss.

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributable to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

The Group has applied the revised FRS 127 prospectively on 1 January 2011 in accordance with the transitional provisions. Accordingly, transactions with non-controlling interests prior to the respective effective date have not been restated to comply with the Standard.

(b) Foreign Currency

(i) Foreign Currency Transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(c) Revenue Recognition

Revenue is recognised to the extent that is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(i) Sale of Goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer.

(ii) Rental Income

Rental income is recognised on an accrual basis.

(iii) Interest Income

Interest income is recognised on an accrual basis.

(iv) Dividend Income

Dividend income is recognised when the right to receive payment is established.

(d) Employee Benefits

(i) Short Term Employee Benefits

Wages, salaries, social security contributions and bonuses are recognised as expenses in the year in which the associated services are rendered by employees of the Group and of the Company. 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.

(ii) Defined Contribution Plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund. Such contributions are recognised as an expense in profit or loss as incurred.

(e) Leases

(i) Finance Lease – the Group as Lessee

Assets acquired by way of finance leases where the Group assumes substantially all the benefits and risks of ownership are classified as property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(e) Leases *cont'd*

(i) Finance Lease – the Group as Lessee *cont'd*

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The corresponding finance lease obligations, net of finance charges, are included in borrowings. The interest element of the finance charge is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance lease are depreciated in accordance with the depreciation policy for property, plant and equipment.

(ii) Operating Lease – the Group as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentive provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(iii) Operating Lease – the Group as Lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 3(c).

(f) Borrowing Costs

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

All other borrowings costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

(g) Income Tax Expense

Income tax expense in profit or loss represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the year, using tax rates enacted or substantially enacted by the reporting date, and any adjustments recognised for prior years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantially enacted by the reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(g) Income Tax Expense *cont'd*

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxable entity and the same taxation authority to offset or when it is probable that future taxable profits will be available against which the assets can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will be available for the assets to be utilised.

Deferred tax assets relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from business combination is adjusted against goodwill on acquisition or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the acquisition cost.

(h) Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset of, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Subsequent to initial recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses, if any. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such part as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated. No depreciation is provided on capital work-in-progress and upon completion of construction, the cost will be transferred to the respective classes of property, plant and equipment. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	50 years
Electrical installation	10 years
Plant and machinery and factory equipment	5-10 years
Electrical equipment, furniture and fittings, and office equipment	5-10 years
Motor vehicles	5-10 years
Computers	2 years
Renovation	2 years

The residual value, useful live and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(i) Impairment of Non-Financial Assets

The carrying amounts of non-financial assets other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of fair value less cost to sell and the value in use, which is measured by reference to discounted future cash flows and is determined on an individual asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs to. An impairment loss is recognised whenever the carrying amount of an item of asset exceeds its recoverable amount. An impairment loss is recognised as expense in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

Any subsequent increase in recoverable amount of an asset, other than goodwill, due to a reversal of impairment loss is restricted to the carrying amount that would have been determined (net of accumulated depreciation, where applicable) had no impairment loss been recognised in prior years. The reversal of impairment loss is recognised in profit or loss.

(j) Subsidiaries

A subsidiary is an entity in which the Group has the power to exercise control over its financial and operating policies so as to obtain benefits from its activities. In assessing control, the existence and effect of potential voting rights that are currently exercisable are taken into account.

Investments in subsidiaries, which are eliminated on consolidation, are stated at cost less impairment losses, if any. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(k) Associate

An associate is defined as a company, not being a subsidiary, in which the Company has a long term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associate are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated statement financial position at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes.

In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(k) Associate *cont'd*

The financial statements of the associate are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the Company's separate financial statements, investments in associate are stated at cost less accumulated impairment loss, if any.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(l) Goodwill

Goodwill acquired in a business combination represents the difference between the purchase consideration and the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities in the subsidiaries at the date of acquisition.

Goodwill is allocated to cash generating units and is stated at cost less accumulated impairment losses, if any. Impairment test is performed annually. Goodwill is also tested for impairment when indication of impairment exists. Impairment losses recognised are not reversed in subsequent periods.

Upon the disposal of investment in the subsidiary, the related goodwill will be included in the computation of gain or loss on disposal of investment in the subsidiary in profit or loss.

(m) Financial Assets

Financial assets 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 instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and have categorised the financial assets in loans and receivables.

(i) Loans and Receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables comprise trade and other receivables including deposits and amounts due from subsidiaries and cash and bank balances.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(m) Financial Assets *cont'd*

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases and sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Company commit to purchase or sell the asset.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or where appropriate, a shorter period to the net carrying amount on initial recognition.

(n) Impairment of Financial Assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Trade and Other Receivables and Other Financial Assets Carried at Amortised Cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. 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 and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as 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 impairment loss is recognised in profit or loss.

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 becomes uncollectible, it is written off against the allowance account.

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 to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(o) Inventories

Inventories are stated at the lower of cost and net realisable value as follows:

- Raw material and trading stocks: purchase costs including costs incurred in bringing the inventories to their present location and condition on a weighted average cost basis.

- Finished goods and work-in-progress: includes cost of direct materials, direct labour and appropriate production overhead are assigned on a weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

(p) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and cash on hand, demand deposits, and short-term highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdraft.

(q) Share Capital

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(r) Provision

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(s) Contingencies

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

Contingent liabilities and assets are not recognised in the statements of financial position of the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(t) Financial Guarantee Contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

(u) Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

The Group's and the Company's other financial liabilities include trade payables, other payables including deposits and accruals, and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(v) Segment Reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment manager report directly to the board of director of the Company who periodically review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 33, including the factors used to identify the reportable segments and the measurement basis of segment information.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011
cont'd

4. REVENUE

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Dividend income	**-**	-	**2,838,000**	24,000,000
Sale of goods	**70,494,719**	82,926,706	**-**	-
Rental income	**21,600**	22,800	**952,800**	445,200
	70,516,319	82,949,506	**3,790,800**	24,445,200

5. COST OF SALES

	Group	
	2011	**2010**
	RM	**RM**
Cost of production	**13,069,285**	42,927,198
Cost of trading goods sold	**46,636,615**	25,139,546
	59,705,900	68,066,744

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011
cont'd

6. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting):-

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Auditors' remuneration				
- Audit services - current year	**100,000**	111,500	**35,000**	35,000
- overprovision in prior year	**-**	(4,000)	**-**	-
- Other services by auditors of the Company	**5,000**	-	**5,000**	-
Bad debts recovered	**(210,000)**	-	**-**	-
Depreciation of property, plant and equipment	**1,481,918**	1,317,599	**189,409**	182,704
Employee benefits expense (including key management personnel)				
- Contribution to defined contribution plan	**389,603**	276,305	**56,280**	-
- Salaries, allowance and bonus	**4,115,102**	2,973,458	**476,500**	20,000
- Other employee benefits	**210,283**	185,755	**5,206**	1,000
Gain on disposal of property, plant equipment	**-**	(24,930)	**-**	-
Interest expense	**1,215,766**	1,095,460	**59,877**	67,308
Impairment loss on trade receivables	**111,495**	-	**-**	-
Interest income:				
- deposits with licensed bank	**(295,226)**	(74,550)	**(295,226)**	(74,000)
- associate	**(19,865)**	(15,387)	**-**	-
Loss on foreign exchange			**-**	-
- realised	**65,543**	295,238	**-**	-
- unrealised	**-**	75,531	**-**	-
Non-executive				
- Directors' fees	**85,800**	52,000	**85,800**	52,000
- Other emoluments	**7,500**	-	**7,500**	-
Property, plant and equipment written off	**1**	-	**-**	-
Rental expense	**45,000**	-	**-**	-
Reversal of impairment loss on trade receivables	**(6,582)**	(25,118)	**-**	-

7. DIRECTORS' REMUNERATION

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Executive:				
- Other emoluments	**973,500**	641,800	**469,500**	20,000
Total executive directors' remuneration	**973,500**	641,800	**469,500**	20,000
Non-executive:				
- Fees	**85,800**	52,000	**85,800**	52,000
- Other emoluments	**7,500**	-	**7,500**	-
Total non-executive directors' remuneration	**93,300**	52,000	**93,300**	52,000
Total directors' remuneration	**1,066,800**	693,800	**562,800**	72,000

8. INCOME TAX EXPENSE

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Current tax:				
Malaysian income tax:				
Current year	**1,035,930**	2,275,281	**65,900**	44,897
Under/(Over) provision in prior year	**23,872**	(3,382)	**27,875**	(192)
	1,059,802	2,271,899	**93,775**	44,705
Deferred tax (Note 14):				
Origination and reversal of temporary differences	**(23,056)**	73,318	**6,900**	(23,004)
(Over)/Under provision in prior year	**(499,275)**	(169,581)	**10,248**	15,798
	(522,331)	(96,263)	**17,148**	(7,206)
Income tax expense recognised in profit or loss	**537,471**	2,175,636	**110,923**	37,499

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011
cont'd

8. INCOME TAX EXPENSE *cont'd*

The reconciliations of the tax amount at statutory tax rate to the Group's and the Company's tax expense are as follows:-

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Profit before tax	**3,408,172**	8,827,124	**2,618,235**	23,686,516
Tax at the Malaysian statutory tax rate of 25%	**852,000**	2,206,781	**654,600**	5,921,629
Tax effect on non-deductible expenses	**252,901**	254,078	**127,700**	100,264
Tax effect on non-taxable income	**-**	(41,198)	**(709,500)**	(6,000,000)
Deferred tax assets recognised during the year	**(12,200)**	-	**-**	-
Deferred tax asset not recognised during the year	**-**	908	**-**	-
Tax effect on share of results of an associate	**(79,827)**	(71,970)	**-**	-
Under/(Over) provision in prior year				
- current tax	**23,872**	(3,382)	**27,875**	(192)
- deferred tax	**(499,275)**	(169,581)	**10,248**	15,798
Income tax expense recognised in profit or loss	**537,471**	2,175,636	**110,923**	37,499

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2010: 25%) of the estimated assessable profit for the year.

During the year, the Group has utilised its brought forward unabsorbed capital allowances to set-off against its chargeable income resulting in a tax saving of approximately RM166,100 (2010: RM60,800).

The Group has estimated tax loss carry-forwards of RM1,048,800 (2010: RM907,200) capital allowances carry-forward of RM804,400 (2010: RM896,900) and reinvestment allowances carry-forward of RM2,480,200 (2010: RM2,480,200), available for set-off against future taxable profit.

9. EARNINGS PER SHARE

The basic earnings per share of the Group is calculated by dividing the Group's profit for the year attributable to ordinary equity holders of the Company of RM2,757,687 (2010: RM6,651,488) by the weighted average number of ordinary share in issue during the year of 96,000,000 (2010: 75,876,000) ordinary shares of RM0.50 each.

Diluted earnings per share are not disclosed as the Group does not have any dilutive instrument.

NOTES TO THE FINANCIAL STATEMENTS
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10. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land	Buildings	Electrical installation	Plant and machinery and factory equipment	Electrical equipment, furniture and fittings, and office equipment	Motor vehicles	Computers	Renovation	Capital work-in-progress	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Cost										
At 1 January 2010	5,966,362	6,002,431	113,153	5,973,669	564,158	1,505,222	238,618	365,572	2,219,136	22,948,321
Additions	-	-	-	100,296	91,880	409,868	51,275	65,191	519,355	1,237,865
Disposals	-	-	-	(43,468)	(245)	(105,240)	-	-	-	(148,953)
Transfer to/ (from)plant and machinery	-	-	-	2,101,651	-	-	-	-	(2,101,651)	-
At 31 December 2010/ 1 January 2011	5,966,362	6,002,431	113,153	8,132,148	655,793	1,809,850	289,893	430,763	636,840	24,037,233
Additions	-	330,690	-	192,181	135,139	351,823	118,365	-	363,387	1,491,585
Written off	-	-	-	-	(855)	-	-	-	-	(855)
At 31 December 2011	**5,966,362**	**6,333,121**	**113,153**	**8,324,329**	**790,077**	**2,161,673**	**408,258**	**430,763**	**1,000,227**	**25,527,963**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011
cont'd

10. PROPERTY, PLANT AND EQUIPMENT *cont'd*

Group	Freehold land RM	Buildings RM	Electrical installation RM	Plant and machinery and factory equipment RM	Electrical equipment, furniture and fittings, and office equipment RM	Motor vehicles RM	Computers RM	Renovation RM	Capital work-in-progress RM	Total RM
Accumulated depreciation										
At 1 January 2010	-	863,797	63,143	2,623,781	521,257	1,089,890	233,036	351,070	-	5,745,974
Charge for the year	-	120,048	8,334	777,086	44,388	289,637	31,011	47,095	-	1,317,599
Disposals	-	-	-	(20,898)	(49)	(105,238)	-	-	-	(126,185)
At 31 December 2010/ 1 January 2011	-	983,845	71,477	3,379,969	565,596	1,274,289	264,047	398,165	-	6,937,388
Charge for the year	-	126,662	8,334	812,356	56,933	360,263	84,792	32,578	-	1,481,918
Writen off	-	-	-	-	(854)	-	-	-	-	(854)
At 31 December 2011	-	1,110,507	79,811	4,192,325	621,675	1,634,552	348,839	430,743	-	8,418,452
Net carrying amount										
At 31 December 2010	5,966,362	5,018,586	41,676	4,752,179	90,197	535,561	25,846	32,598	636,840	17,099,845
At 31 December 2011	**5,966,362**	**5,222,614**	**33,342**	**4,132,004**	**168,402**	**527,121**	**59,419**	**20**	**1,000,227**	**17,109,511**

10. PROPERTY, PLANT AND EQUIPMENT *cont'd*

Company	Freehold land RM	Buildings RM	Electrical installation RM	Plant and machinery and factory equipment RM	Electrical equipment, furniture and fittings, and office equipment RM	Motor vehicles RM	Computers RM	Renovation RM	Total RM
Cost									
At 1 January 2010	1,981,721	6,002,431	29,810	255,400	332,230	66,325	2,300	336,572	9,006,789
Additions	-	-	-	-	740	-	6,500	56,645	63,885
At 31 December 2010/ 1 January 2011	1,981,721	6,002,431	29,810	255,400	332,970	66,325	8,800	393,217	9,070,674
Additions	-	330,690	-	-	1,500	-	-	-	332,190
At 31 December 2011	1,981,721	6,333,121	29,810	255,400	334,470	66,325	8,800	393,217	9,402,864
Accumulated depreciation									
At 1 January 2010	-	863,797	29,806	204,320	321,468	66,324	2,298	336,570	1,824,583
Charge for the year	-	120,048	-	25,540	5,543	-	3,250	28,323	182,704
At 31 December 2010/ 1 January 2011	-	983,845	29,806	229,860	327,011	66,324	5,548	364,893	2,007,287
Charge for the year	-	126,662	-	25,538	5,653	-	3,249	28,307	189,409
At 31 December 2011	-	1,110,507	29,806	255,398	332,664	66,324	8,797	393,200	2,196,696
Net carrying amount									
At 31 December 2010	1,981,721	5,018,586	4	25,540	5,959	1	3,252	28,324	7,063,387
At 31 December 2011	**1,981,721**	**5,222,614**	**4**	**2**	**1,806**	**1**	**3**	**17**	**7,206,168**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011
cont'd

10. PROPERTY, PLANT AND EQUIPMENT *cont'd*

Capital work-in-progress is in respect of construction of new machinery for the production.

During the year, the Group and the Company acquired property, plant and equipment with aggregate cost of RM1,419,585 (2010: RM1,237,865) and RM332,190 (2010: RM63,885) respectively which are satisfied as follows:-

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Cash payments	**1,105,085**	871,937	**332,190**	63,885
Finance lease arrangement	**386,500**	365,928	**-**	-
	1,491,585	1,237,865	**332,190**	63,885

Assets held under finance leases

Included in the property, plant and equipment of the Group are assets acquired under finance lease arrangement at the reporting date as follows:-

	Group	
	2011	**2010**
	RM	**RM**
Net carrying amount		
Plant and machinery	**62,462**	-
Motor vehicles	**523,813**	523,626
	586,275	523,626

Assets pledged as security

In addition to assets held under finance leases, the Group's and the Company's property, plant and equipment are pledged as security for borrowings of the Group and of the Company as mentioned in Note 23 as follows:-

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Freehold land	**5,966,362**	5,966,362	**1,981,721**	1,981,721
Buildings	**5,222,614**	5,018,586	**5,222,614**	5,018,586
	11,188,976	10,984,948	**7,204,335**	7,000,307

11. INVESTMENT IN SUBSIDIARIES

	Group 2011 RM	Group 2010 RM
Unquoted shares, at cost:		
At 1 January	**8,600,008**	7,662,006
Additions	**23,324,996**	938,002
At 31 December	**31,925,004**	8,600,008

The details of the subsidiaries are as follows:

	Name of Company	Principal Activities	Country of incorporation	Effective Equity Interest 2011	Effective Equity Interest 2010
	Held By The Company				
*	K. Seng Seng Industries Sdn. Bhd.	Processing of secondary stainless steel long products, sales and marketing of stainless steel industrial fasteners, rigging accessories and components, and trading of industrial hardware	Malaysia	**100%**	100%
	K. Seng Seng Manufacturing Sdn. Bhd.	Manufacturing of stainless steel industrial fasteners, rigging accessories and components	Malaysia	**100%**	100%
	Three & Three Hardware Sdn. Bhd.	Sales and marketing of secondary stainless steel products namely tubes, pipes and sheets, and trading of industrial hardware	Malaysia	**100%**	100%
*	PTM Steel Industry Sdn. Bhd.	Manufacturing of stainless steel tubes and pipes, and processing of secondary stainless steel flat products	Malaysia	**100%**	100%
	SSG Industries Sdn. Bhd.	Dormant	Malaysia	**100%**	100%
@	KSG Engineering Sdn. Bhd.	Engineering works and trading of all kinds of bearings motor, speed reducer, sprocket gear, belting pulley, coupling and others.	Malaysia	**75%**	-

@ *Audited by another professional firm of auditors.*

* *During the year, the Company fully subscribed for a total of 23,249,996 new ordinary shares of RM1/- each in the respective subsidiaries via settlement of debts due from the subsidiaries to the company of 11,425,054 ordinary shares and via cash payment of 11,824,942 ordinary shares.*

On 9 September 2011, the Company had subscribed for 75% of the paid-up share capital of KSG Engineering Sdn. Bhd., a company incorporated in Malaysia, for a total consideration of RM75,000.

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cont'd

12. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Unquoted shares, at cost	**820,000**	820,000	**820,000**	820,000
Share of post-acquisition reserves	**1,774,636**	1,455,326	**-**	-
	2,594,636	2,275,326	**820,000**	820,000

The details of the associate are as follows:-

Name of the Company	Principal Activities	Country of incorporation	Effective Equity Interest	
			2011	**2010**
EIE Asian Holding Sdn. Bhd.	Investment holding and leasing of toiletry dispensors	Malaysia	**50%**	50%

The summarised financial information of the associate is as follows:

	2011	**2010**
	RM	**RM**
Total assets	**16,156,682**	13,480,760
Total liabilities	**10,852,703**	8,930,108
Results		
Revenue	**19,826,135**	16,859,401
Profit for the year, after tax and non-controlling interest	**638,621**	575,746

13. GOODWILL

	Group	
	2011	**2010**
	RM	**RM**
At beginning/end of the year	**140,455**	140,455

The goodwill is related to PTM Steel Industry Sdn. Bhd.

Impairment test for goodwill

The recoverable amount of goodwill is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period with expected growth. The pre-tax discount applied to the cash flow projections is 7.35% (2010: 3.35%).

13. GOODWILL *cont'd*

Key assumptions used in value-in-use calculations

Revenue : the bases used to determine the future earnings potential are historical sales and expected growth rates of the relevant industry.

Gross margins : gross margins are based on the average gross margin achieved in the past years.

Operating expenses : the bases used to determine the values assigned, staff costs, depreciation and amortisation, and other operating expenses. The value assigned to the key assumption reflects past experience and management's commitment to maintain the operating expenses to an acceptable level.

Discount rates : in determining appropriate discount rates, consideration has been given to applicable borrowing rates.

No impairment loss was required for the goodwill assessed as their recoverable values were in excess of their carrying amounts (2010: RM Nil).

Sensitivity of changes in assumptions

With regard to the assessment of value-in-use of the CGU, management believes that no reasonably possible change in any of the above assumptions would cause the carrying value, including goodwill, of the unit to materially exceed its recoverable amount.

14. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Deferred tax assets				
At 1 January	**126,057**	55,000	**-**	-
Recognised in profit or loss	**539,199**	71,057	**-**	-
At 31 December	**665,256**	126,057	**-**	-
Deferred tax liabilities				
At 1 January	**(80,632)**	(105,839)	**(80,352)**	(87,558)
Recognised in profit or loss	**(16,868)**	25,207	**(17,148)**	7,206
At 31 December	**(97,500)**	(80,632)	**(97,500)**	(80,352)

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14. DEFERRED TAX ASSETS/(LIABILITIES) *cont'd*

This is in respect of estimated deferred tax assets and liabilities arising from temporary differences as follows:

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Deferred tax assets				
Unabsorbed capital allowances	**201,100**	76,745	**-**	-
Unutilised tax losses	**262,200**	226,802	**-**	-
Unutilised reinvestment allowances	**620,000**	246,603	**-**	-
Difference between the carrying amounts of property, plant and equipment and its tax base	**(418,044)**	(424,093)	**-**	-
	665,256	126,057	**-**	-
Deferred tax liabilities				
Difference between the carrying amounts of property, plant and equipment and its tax base	**(97,500)**	(80,632)	**(97,500)**	(80,352)
	(97,500)	(80,632)	**(97,500)**	(80,352)

The deferred tax assets and liabilities are not available for set-off as they arise from different taxable entities within the Group.

The estimated amount of temporary differences for which no deferred tax assets are recognised in the financial statements is as follows:

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Unabsorbed capital allowances	**-**	48,600	**-**	-

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15. INVENTORIES

	Group	
	2011	2010
	RM	RM
At cost,		
Raw materials	**2,541,421**	7,500,490
Work-in-progress	**1,315,569**	677,842
Finished goods	**1,581,482**	4,149,742
Consumables	**238,968**	218,110
Packing materials	**57,430**	28,397
Trading goods	**20,508,156**	8,338,834
	26,243,026	20,913,415

16. TRADE RECEIVABLES

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
External parties	**25,067,419**	32,572,304	**1,800**	-
Amount due from an associate	**3,915,729**	1,258,793	**-**	-
	28,983,148	33,831,097	**1,800**	-
Less: Allowance for impairment	**(174,560)**	(69,647)	**-**	-
Trade receivables, net	**28,808,588**	33,761,450	**1,800**	-

(a) Credit terms of trade receivables

The Group's normal credit term ranges from 30 to 150 days. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Amount due from associate are trade in nature and unsecured. The overdue balance due from associate bears an interest of 10% per annum (2010: 10% per annum).

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16. TRADE RECEIVABLES *cont'd*

(b) Ageing analysis of trade receivables

The ageing analysis of the Group trade receivables is as follows:-

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Neither past due nor impaired	**26,368,050**	32,848,360	**1,800**	-
1 to 30 days past due not impaired	**1,089,375**	696,101	**-**	-
31 to 60 days past due not impaired	**584,629**	137,857	**-**	-
61 to 90 days past due not impaired	**276,893**	79,132	**-**	-
91 to 120 days past due not impaired	**36,282**	-	**-**	-
More than 121 days past due not impaired	**453,359**	-	**-**	-
	2,440,538	913,090	**-**	-
Impaired	**174,560**	69,647	**-**	-
	28,983,148	33,831,097	**1,800**	-

<u>Receivables that are neither past due nor impaired</u>

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the year.

<u>Receivables that are past due but not impaired</u>

The Group has trade receivables amounting to RM2,440,538 (2010: RM913,090) which are past due but not impaired because there have been no significant changes in credit quality of the debtors and the amounts are still considered receivable.

<u>Receivables that are impaired</u>

The Group has trade receivables that are impaired at the reporting date amounting to RM174,560 (2010: RM69,647) of which are individually impaired and the nominal amounts and the allowance for impairment are the same.

16. TRADE RECEIVABLES *cont'd*

(b) Ageing analysis of trade receivables *cont'd*

Movement in allowance accounts:

	Group	
	2011	**2010**
	RM	**RM**
At 1 January	**69,647**	94,765
Charge for the year (Note 6)	**111,495**	-
Reversal (Note 6)	**(6,582)**	(25,118)
At 31 December	**174,560**	69,647

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Other receivables	**149,015**	2,190,234	**105,400**	2,148,806
Refundable deposits	**224,643**	74,790	**39,482**	17,070
Prepayments	**36,819**	357,700	**-**	184,340
	410,477	2,622,724	**144,882**	2,350,216

Other receivables of the Group and of the Company are neither past due nor impaired.

In the previous year, included in other receivables of the Group and of the Company is an amount of RM1,880,000 and RM1,880,000 respectively due from an associate.

18. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

These amounts are non-trade in nature, unsecured, interest free and are repayable on demand by cash.

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19. CASH AND BANK BALANCES

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Deposits with licensed banks	**8,206,489**	3,232,745	**8,206,489**	3,232,745
Cash and bank balances	**4,272,295**	3,896,286	**733,700**	193,978
Cash and cash equivalents	**12,478,784**	7,129,031	**8,940,189**	3,426,723

The average maturity of deposits with licensed banks for the Group as at year end are 125 days (2010: 40 days). The weighted average effective interest rates as at 31 December 2011 for the Group were 2.25% (2010: 2.09%) per annum.

The Group's and the Company's deposits with licensed banks amounting to RM2,211,494 (2010: RM3,232,745) are pledged as security for borrowings as disclosed in Note 23.

20. SHARE CAPITAL

	Group and Company			
	Number of shares		Amount	
	2011	2010	2011	2010
			RM	RM
Authorised:				
Ordinary shares				
At 1 January - Ordinary shares at RM1/- each	**100,000,000**	50,000,000	**50,000,000**	50,000,000
Subdivided to RM0.50 each	**-**	50,000,000	**-**	-
At 31 December - Ordinary shares at RM0.50 each	**100,000,000**	100,000,000	**50,000,000**	50,000,000
Issued and fully paid:				
At 1 January				
- Ordinary shares of RM0.50/(2010: RM1/-) each	**75,876,000**	15,000,000	**37,938,000**	15,000,000
Issued during the year	**20,124,000**	-	**10,062,000**	-
Shares issued for acquisition of non-controlling interests	**-**	876,000	**-**	438,000
Bonus issue	**-**	22,500,000	**-**	22,500,000
	96,000,000	38,376,000	**48,000,000**	37,938,000
Subdivided to RM0.50 each	**-**	37,500,000	**-**	-
At 31 December - Ordinary shares at RM0.50 each	**96,000,000**	75,876,000	**48,000,000**	37,938,000

On 11 January 2011, the issued and paid-up share capital of the Company has increased from RM37,938,000 to RM48,000,000 by way of issuance of 20,124,000 ordinary shares of RM0.50 each at an issue price of RM0.57 per ordinary share. The new shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

20. SHARE CAPITAL *cont'd*

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the Company residual interests.

21. SHARE PREMIUM

This reserve comprises premium paid on subscription of shares of the Company above par value of the shares.

22. RETAINED EARNINGS

The Company has elected for the irrevocable option to disregard the 108 balance as at 31 December 2009. Hence, the Company will be able to distribute dividends out of its entire retained earnings as at 31 December 2011 and 2010 under the single tier system.

23. BANK BORROWINGS (SECURED)

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Current				
Bankers' acceptances	**19,178,805**	25,231,939	-	-
Finance lease payables (Note 24)	**245,823**	163,269	-	-
Trust receipts	-	34,511	-	-
Term loans	**2,428,622**	274,724	-	149,462
	21,853,250	25,704,443	-	149,462
Non-current				
Finance lease payables (Note 24)	**720,244**	616,889	-	-
Term loans	-	3,184,562	-	762,605
	720,244	3,801,451	-	762,605
Total borrowings:				
Bankers' acceptances	**19,178,805**	25,231,939	-	-
Finance lease payables (Note 24)	**966,067**	780,158	-	-
Trust receipts	-	34,511	-	-
Term loans	**2,428,622**	3,459,286	-	912,067
	22,573,494	29,505,894	-	912,067

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23. BANK BORROWINGS (SECURED) *cont'd*

Term loan I of RM912,067 of the Group and of the Company in the previous year end has been fully settled during the year. It was repayable by way of 120 monthly instalments of RM17,262 each until full settlement and was secured and supported as follows:

(a) legal charge over the freehold land and buildings of the Group;
(b) an assignment of rental proceeds from PTM Steel Industry Sdn. Bhd. for RM15,000 per month; and
(c) jointly and severally guarantee by the directors of the Company.

Term loan II of RM2,428,622 (2010: RM2,547,219) is repayable by 180 monthly instalments of RM22,184 each for the 1st year effective from date of first drawdown of the term loan. Subsequently, by successive monthly instalments of RM24,300 each for the 2nd year and RM24,461 each for 3rd year. Thereafter by successive monthly instalment of RM27,507 each until full settlement of the term loan. During the year, the Group and the Company had requested to settle the entire outstanding balance of term loan II. Subsequent to the financial year end, this amount has been fully settled. Term loan II is secured and supported as follows:

(a) legal charge over the freehold land and buildings of the Group; and
(b) jointly and severally guarantee by the directors of the Company.

The bankers' acceptances and trust receipt of the Group are secured as follows:

(a) legal charge over the freehold land and buildings of the Company;
(b) corporate guarantee by the Company;
(c) jointly and severally guarantee by the directors of the Company;
(d) Fixed deposits of the company amounting to RM2,211,494 (to be discharged on 1/3/2012); and
(e) negative pledge over all the assets of certain subsidiary.

The bankers' acceptances, term loans and trust receipts bear interest at rates as follows:

	Group		Company	
	2011	**2010**	**2011**	**2010**
	% per annum		**% per annum**	
Bankers' acceptances	**2.77 - 3.65**	1.96 - 3.17	**-**	-
Trust receipts	**-**	7.30	**-**	-
Term loans	**7.05 - 7.35**	6.30 - 7.05	**-**	6.30 - 6.85

24. FINANCE LEASE PAYABLES

	Group	
	2011	**2010**
	RM	**RM**
Future minimum lease payments	**1,122,212**	912,420
Less: Future finance charges	**(156,145)**	(132,262)
Total present value minimum lease payments	**966,067**	780,158

24. FINANCE LEASE PAYABLES *cont'd*

	Group	
	2011	**2010**
	RM	**RM**
Payable within 1 year		
Future minimum lease payments	**300,536**	214,764
Less: Future finance charges	**(54,713)**	(51,495)
Present value of minimum lease payments	**245,823**	163,269
Payable more than 1 year but not more than 2 years		
Future minimum lease payments	**304,169**	214,788
Less: Future finance charges	**(48,262)**	(32,199)
Present value of minimum lease payments	**255,907**	182,589
Payable more than 2 years but not more than 5 years		
Future minimum lease payments	**420,721**	395,579
Less: Future finance charges	**(49,717)**	(42,361)
Present value of minimum lease payments	**371,004**	353,218
Payable more than 5 years		
Future minimum lease payments	**96,786**	87,289
Less: Future finance charges	**(3,453)**	(6,207)
Present value of minimum lease payments	**93,333**	81,082
Total present value minimum lease payments	**966,067**	780,158
Analysed as:		
Due within 1 year	**245,823**	163,269
Due after 1 year	**720,244**	616,889
	966,067	780,158

The finance lease payables of the Group bear interest at rates ranging from 4.24% to 7.13% per annum (2010: 4.24% to 7.13% per annum).

25. TRADE PAYABLES

The normal trade credit term granted to the Group ranges from 30 to 120 days.

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26. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Deposits	**50,200**	50,200	**50,200**	50,200
Other payables	**527,295**	546,369	**63,125**	79,821
Accruals	**1,460,314**	1,070,701	**269,680**	72,080
	2,037,809	1,667,270	**383,005**	202,101

Included in other payables of the Group and of the Company is an amount of RM4,762 (2010: RM4,762) and RM13 (2010: RM13) respectively due to certain directors of the Group.

27. DIVIDEND

	Group/Company	
	2011	**2010**
	RM	**RM**
Recognised during the financial year:		
First and final dividend of RM0.20 per share single-tier exempt in respect of financial year ended 31 December 2009 paid on 31 March 2010	**-**	3,000,000
First and final dividend of RM0.03 per share single-tier exempt in respect of financial year ended 31 December 2010 paid on 21 June 2011	**2,880,000**	-

In addition, the Directors have also proposed a single-tier exempt final dividend in respect of the financial year ended 31 December 2011 of 2 sen per share amounting to RM1,920,000 payable upon approved by shareholders at the forthcoming Annual General Meeting.

The financial statements for the current year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the next financial year ending 31 December 2012.

28. CAPITAL COMMITMENTS

In respect of acquisition of property, plant and equipment:-

	Group	
	2011	**2010**
	RM	**RM**
Approved and contracted for:		
Property, plant and equipment	**158,000**	375,760

29. RELATED PARTY DISCLOSURES

(a) Identity of related parties

For the purpose of these financial statements, parties are considered to be related the Group and the Company if the Group and the Company has the ability to directly control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities. The Company has a related party relationship with its subsidiaries, associate company, key management personnel and director related companies. Director related companies refer to companies in which directors of the Company have substantial financial interests.

(b) Related party transactions and balances are as follows:-

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place during the year:

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Associate				
Sale of goods	**(5,249,280)**	(2,630,208)	**-**	-
Interest receivable	**(19,865)**	(15,387)	**-**	-
Subsidiaries				
Rental of premises	**-**	-	**(931,200)**	(422,400)
Dividend received	**-**	-	**(2,838,000)**	(24,000,000)
Subscription of shares in subsidiaries via settlement of debts due from subsidiaries to the Company	**-**	-	**11,425,054**	-

Information regarding outstanding balances arising from related party transactions as at the reporting date is disclosed in Notes 16, 17, 18 and 26.

(c) Compensation of key management personnel

Key management personnel include personnel having authority and responsibility for planning, directing and controlling the activities of the entities, directly or indirectly, including any director of the Group.

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29. RELATED PARTY DISCLOSURES *cont'd*

(c) Compensation of key management personnel *cont'd*

The remuneration of the key management personnel is as follows:

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Directors of the Company:				
Non-executive directors' fees and other emoluments	**93,300**	52,000	**93,300**	52,000
Short term employee benefits (including estimated monetary value of benefits-in-kind"	**1,010,692**	594,741	**512,692**	-
Post-employment benefits	**115,920**	60,000	**55,440**	-
	1,219,912	706,741	**661,432**	52,000

30. FAIR VALUE OF FINANCIAL INSTRUMENTS

The methods and assumptions used to determine the fair value of the following classes of financial assets and liabilities are as follows:

(a) Cash and bank balances, trade and other receivables, trade and other payables

The carrying amounts are reasonable approximation of fair values due to short term nature of these financial instruments.

(b) Borrowings

The carrying amounts of the current portion of borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The carrying amounts of long term floating rate loans approximate their fair values as the loans will be re-priced to market interest rate on or near reporting date.

The fair value of finance lease payables is estimated using discounted cash flow analysis, based on current lending rate for similar types of lease arrangements.

30. FAIR VALUE OF FINANCIAL INSTRUMENTS *cont'd*

(b) Borrowings *cont'd*

The carrying amounts of financial assets and liabilities recognised in the statements of financial position approximate their fair values except for the following:

	Group	
	Carrying Amount	**Fair Value**
	RM	**RM**
2011		
Financial liabilities		
Finance lease payables	**966,067**	**1,002,604**
2010		
Financial liabilities		
Finance lease payables	780,158	825,420

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Management. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous year, the Group's policy that no derivatives shall be undertaken. The Group and the Company do not apply hedge accounting.

The Group's and the Company's exposure to the financial risks and the objectives, policies and processes put in place to manage these risks are discussed below.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk primarily arises from its trade receivables. For other financial assets (including cash and cash equivalents), the Group minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit evaluation procedures. In addition, receivable balances are monitored on an ongoing basis to minimise the Group's exposure to bad debts.

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31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *cont'd*

(a) Credit risk *cont'd*

Exposure to credit risk

At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position. The Group also expose to credit risks in relation to its trade receivables and provision of financial guarantees to banks in respect of banking facilities granted to certain subsidiaries by the Company.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

	Group			
	2011		2010	
	RM	% of total	RM	% of total
By country:				
Malaysia	**28,492,347**	**98**	24,669,052	74
Singapore	**238,828**	**1**	3,490,625	10
Papua New Buinea	**-**	**-**	5,561,036	16
Other countries	**251,973**	**1**	110,384	*
	28,983,148	**100**	33,831,097	100

* *0.3%*

The Group does not have any significant exposure to any individual customer at the reporting date.

Financial guarantee

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries as mentioned in the Note 23.

The Company monitors on an ongoing basis the repayments made by the subsidiaries and their financial performance.

The maximum exposure to credit risk amounts to RM19,178,805 (2010: RM25,266,450) representing the outstanding banking facilities at the reporting date. At the reporting date, there was no indication that the subsidiaries would default on their repayment.

The financial guarantee has not been recognised as the fair value on initial recognition since the financial guarantees provided by the Company did not contribute towards credit enhancement of the subsidiaries' borrowings in view of the security pledged by the subsidiaries and it is unlikely the subsidiaries will default within the guarantee period.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *cont'd*

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to manage its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. In addition, the Group and the Company maintains sufficient levels of cash and available banking facilities at a reasonable level to their overall debt position to meet their working capital requirement.

Analysis of financial instruments by remaining contractual maturity

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations:

	Carrying amount	Contractual cash flows	On demand and within 1 year	1 to 2 years	2 to 5 years	Over 5 years
	RM	RM	RM	RM	RM	RM
2011						
Group						
Financial Liabilities						
Trade payables	4,247,596	4,247,596	4,247,596	-	-	-
Other payables	2,037,809	2,037,809	2,037,809	-	-	-
Bankers' acceptances	19,178,805	19,305,399	19,305,399	-	-	-
Finance lease payables	966,067	1,122,212	300,536	304,169	420,721	96,786
Term loans	2,428,622	2,428,622	2,428,622	-	-	-
	28,858,899	29,141,638	28,319,962	304,169	420,721	96,786
Company						
Financial Liabilities						
Other payables	383,005	383,005	383,005	-	-	-
Amount due to a subsidiary	887,383	887,383	887,383	-	-	-
	1,270,388	1,270,388	1,270,388	-	-	-

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31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *cont'd*

(b) Liquidity risk *cont'd*

	Carrying amount RM	Contractual cash flows RM	On demand and within 1 year RM	1 to 2 years RM	2 to 5 years RM	Over 5 years RM
2010						
Group						
Financial Liabilities						
Trade payables	2,750,581	2,750,581	2,750,581	-	-	-
Other payables	1,667,270	1,667,270	1,667,270	-	-	-
Bankers' acceptances	25,231,939	25,456,487	25,456,487	-	-	-
Finance lease payables	780,158	912,420	214,764	214,788	395,579	87,289
Term loans	3,459,286	4,654,315	1,169,392	197,448	902,592	2,384,883
Trust receipts	34,511	35,369	35,369	-	-	-
	33,923,745	35,476,442	31,293,863	412,236	1,298,171	2,472,172
Company						
Financial Liabilities						
Other payables	202,101	202,101	202,101	-	-	-
Term loan	912,067	971,944	207,144	207,144	557,656	-
	1,114,168	1,174,045	409,245	207,144	557,656	-

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its bank borrowings.

Bank borrowings at floating rate amounting to RM21,607,427 (2010: RM28,725,736) expose the Group to cash flow interest rate risk whilst finance lease at fixed rate amounting to RM966,067 (2010: RM780,158), expose the Group to fair value interest rate risk. The Group manages its interest rate risk exposure by maintaining a mix of fixed and floating rate loans and borrowings.

Sensitivity analysis for interest rate risk

If the interest rate had been 50 (2010: 10) basis points higher/lower and all other variables were held constant, the Group's profits net of tax ended 31 December 2011 would decrease/increase by RM81,028 (2010: RM21,544) as a result of exposure to floating rate borrowings.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *cont'd*

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily RM. The foreign currencies in which these transactions are denominated are mainly United States Dollars ("USD") and Singapore Dollar ("SGD").

The Group also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (mainly in SGD) amount to RM94,292 (2010: RM40,471) for the Group.

Financial assets/(liabilities) denominated in USD and SGD are as follows:

	Group	
	2011	**2010**
	RM	**RM**
USD		
Trade payables	**(4,809)**	-
Trade receivables	**251,973**	8,650,423
	247,164	8,650,423
SGD		
Trade receivables	**238,828**	332,804
Cash and bank balances	**94,292**	40,471
	333,120	373,275

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD and SGD exchange rate against the functional currency of the Group, with all other variables held constant.

		Group	
		2011	**2010**
		RM	**RM**
USD/RM	- strengthened 5% (2010: 3%)	**9,269**	194,635
	- weakened 5% (2010: 3%)	**(9,269)**	(194,635)
SGD/RM	- strengthened 2% (2010: 3%)	**4,997**	8,399
	- weakened 2% (2010: 3%)	**(4,997)**	(8,399)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011
cont'd

32. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic and business conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, or issue new shares.

In the previous year, the Group monitors capital using a gearing ratio, which is calculated as total debt divided by total capital plus total debt. During the year, the Group has changed the calculation to total debt (excluding bankers' acceptance) divided by total capital plus total debt. The Group monitors and maintains a prudent level of gearing ratio to optimise shareholder's value and to ensure compliance with covenants under debt agreements, if any. Total borrowings, include term loans and finance lease. Capital comprises total equity of the Group.

	Group	
	2011	**2010**
		Restated
Total borrowings (RM)	**3,394,689**	4,273,955
Total debts	**3,394,689**	4,273,955
Total equity (RM)	**60,415,145**	49,822,805
Total equity and debts	**63,809,834**	54,096,760
Gearing ratio %	**5%**	8%

33. SEGMENT INFORMATION

For management purposes, the Group is organised into operating units reportable operating segments as follows:

(i) Stainless steel products
(ii) Marine hardware and consumable
(iii) Other industrial hardware
(iv) Investment holding

Management monitors the operating revenue of its operating units separately for the purpose of making decisions about resource allocation and performance assessment. Inter-segment transactions are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

Segment results, assets and liabilities information are neither included in the internal management reports nor provided regularly to the management. Hence no disclosures are made on segment results, assets and liabilities. All results, assets and liabilities are managed on a group basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011
cont'd

33. SEGMENT INFORMATION *cont'd*

	Stainless steel products RM	Marine hardware and consumable RM	Other industrial hardware RM	Investment holding RM	Elimination RM	Total RM
2011						
Revenue						
External revenue	**26,727,295**	**32,891,365**	**10,876,059**	**21,600**	**-**	**70,516,319**
Inter-segment revenue	**12,936,380**	**785,510**	**1,039,230**	**3,769,200**	**(18,530,320)**	**-**
Total segment revenue	**39,663,675**	**33,676,875**	**11,915,289**	**3,790,800**	**(18,530,320)**	**70,516,319**
2010						
Revenue						
External revenue	31,653,866	43,628,110	7,644,730	22,800	-	82,949,506
Inter-segment revenue	23,244,305	792,396	4,365	24,422,400	(48,463,466)	-
Total segment revenue	54,898,171	44,420,506	7,649,095	24,445,200	(48,463,466)	82,949,506

Information about geographical areas

Revenue information based on the geographical location of customers is as follows:

	2011 RM	2010 RM
Malaysia	**65,383,654**	63,248,090
Singapore	**2,062,010**	11,503,237
Indonesia	**601,209**	1,477,954
United Kingdom	**1,954,951**	931,406
Papua New Guinea	**453,090**	5,702,650
Other countries	**61,405**	86,169
	70,516,319	82,949,506

All non-current assets of the Group are located in Malaysia.

Information about major customers

There is no single customer with revenue equal or more than 10% of the Group revenue.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011
cont'd

34. SIGNIFICANT EVENT

On 19 January 2011, the Company completed the listing of 96,000,000 ordinary shares at issue price of RM0.57 per share on the Main Market of the Bursa Malaysia Securities Berhad by way of Public Issue and Offer for sale.

The Public Issue and Offer for Sale of the enlarged issued and paid-up capital of the Company are as follows:

(a) Public issue

The public issue of 20,124,000 new shares representing 20.96% of the enlarged issued and paid-up capital of the Company at an issue price of RM0.57 per share, paid in full upon application.

(b) Offer for sale

The offer for sale of 22,200,000 of the Company shares representing 23.13% of the enlarged issued and paid-up capital of the Company were offered and subscribed by the identified investors at an offer price of RM0.57 per share.

35. SUBSEQUENT EVENT

On 21 February 2012, the Company had increased its investment in its subsidiary, KSG Engineering Sdn. Bhd. ("KSG") by subscription of additional 300,000 new ordinary shares of RM1 each amounting to RM300,000 representing 75% of the issued and paid-up share capital in KSG.

36. COMPARATIVE FIGURES

The comparative figures have been audited by a firm of chartered accountant other than Moore Stephens AC.

37. SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFIT OR LOSS

The following analysis of realised and unrealised retained earnings of the Group and of the Company is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Securities") dated 25 March 2010 and prepared 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.

The retained earnings of the Group and of the Company as at reporting date are analysed as follows:

	Group	
	2011	**2010**
	RM	**RM**
Total retained earnings of the Company and its subsidiaries		
- realised	**9,162,477**	10,088,944
- unrealised	**567,756**	(30,106)
	9,730,233	10,058,838
Total share of retained earnings from associate		
- realised	**1,773,779**	1,455,548
- unrealised	**857**	(222)
	11,504,869	11,514,164
Add: Consolidation adjustments	**257,623**	370,641
Total retained earnings of the Group	**11,762,492**	11,884,805

	Company	
	2011	**2010**
	RM	**RM**
Total retained earnings of the Company		
- realised	**1,199,200**	1,554,740
- unrealised	**(97,500)**	(80,352)
Total retained earnings	**1,101,700**	1,474,388

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purpose.

LIST OF PROPERTIES

HELD BY THE GROUP AS AT 31 DECEMBER 2011

Registered Owner(s)	Location*	Description/ Existing Use	Tenure of Land	Land Area/ Built-up Area	Issuance date of Certificate of Fitness	Net book value as at 31 December 2011 (RM'000)
KSSC	Lot 3707, Jalan 7/5, Taman Industri Selesa Jaya, 43300 Balakong, Selangor Darul Ehsan	Double storey office cum factory/, Administration and Trading Office and Manufacturing and Processing Plant	Freehold	14,796 square metres/7,580 square metres	10 September 2003	6,798
KSSC	102 and 102A, Jalan Keris Taman Sri Tebrau, 80050 Johor Bahru, Johor Darul Takzim	Double storey shophouses/For rental income purposes	Freehold	163.509 square metre/237.832 square metres	9 January 1977	82
KSSI	Geran 129558, Lot 11431, Mukim Setul, Daerah Seremban, Negeri Sembilan Darul Khusus. The vacant land is situated along Jalan Permata in Arab-Malaysian Industrial Park, Seremban, Negeri Sembilan Darul Khusus.	Vacant industrial land	Freehold	43,485 square metres	Not applicable	3,985

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Seventh Annual General Meeting of the members of the Company will be held at Majestic III, Lower Ground Level, Palace of The Golden Horses, Jalan Kuda Emas, Mines Resort City, 43300 Seri Kembangan, Selangor on Wednesday, 30 May 2012 at 10.00 a.m. for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2011 together with the Directors' and Auditors' Reports thereon. ***Please refer to Note A.***

2. To approve the payment of a first and final single tier dividend of 2¢ per ordinary share of RM0.50 each for the financial year ended 31 December 2011. ***Resolution 1***

3. To approve the payment of Directors' fees for the year ended 31 December 2011. ***Resolution 2***

4. To re-elect the following director retiring pursuant to Article 83 of the Company's Articles of Association and being eligible, have offered themselves for re-election:-

   a. Koh Seng Lee ***Resolution 3***
   b. Tsen Ket Shung @ Kon Shung ***Resolution 4***

5. To re-elect the following director retiring pursuant to Section 129 (6) of the Companies Act, 1965:-

   Zainal Rashid bin Haji Mohd Eusoff ***Resolution 5***

6. To re-appoint Messrs Moore Stephens AC as Auditors of the Company and to authorise the Directors to fix their remuneration ***Resolution 6***

AS SPECIAL BUSINESS

To consider, and if thought fit, to pass the following Resolution:-

7. **AUTHORITY TO ISSUE SHARES BY THE COMPANY PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965** ***Resolution 7***

   "THAT pursuant to Section 132D of the Companies Act, 1965, and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue, new shares in the Company from time to time upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company as at the date of this Annual General Meeting and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company and THAT the Directors be and are hereby also authorised to obtain the approval from Bursa Securities for the listing and quotation of the additional shares so issued."

NOTICE OF ANNUAL GENERAL MEETING

cont'd

8. **RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS** ***Resolution 8***

"THAT the Company and/or its subsidiaries ('the Group') be and is/are hereby authorised to enter into all arrangements and/or transactions involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the Group ('Related Parties') as specified in Section 2.2.1 of the Circular to Shareholders dated 8 May 2012 ('Circular'), provided that such arrangements and/or transactions are:

(i) recurrent transactions of a revenue or trading nature;
(ii) necessary for the Group's day-to-day operations;
(iii) carried out in the ordinary course of business on normal commercial terms not more favourable to the Related Parties than those generally available to the public; and
(iv) not detrimental to the minority shareholders

('Recurrent Related Party Transactions ("RRPT") Mandate');

AND THAT the RRPT Mandate, unless revoked or varied by the Company in general meeting, shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier;

AND THAT the Directors be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary or in the interest of the Company to give effect to the RRPT Mandate."

9. To transact any other business which may properly be transacted at an Annual General Meeting for which due notice shall have been given.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

Subject to the approval of the shareholders, a first and final single tier dividend of 2¢ per ordinary share of RM0.50 each for the financial year ended 31 December 2011 will be paid on 28 June 2012 to Depositors registered in the Record of Depositors at the close of business at 5.00 p.m. on 7 June 2012.

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

(a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 7 June 2012 in respect of ordinary transfers; and
(b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By order of the Board

LIM SECK WAH (MAICSA 0799845)
M. CHANDRASEGARAN A/L S. MURUGASU (MAICSA 0781031)
Company Secretaries

Dated this: 8 May 2012
Kuala Lumpur

NOTICE OF ANNUAL GENERAL MEETING
cont'd

Notes

A. *This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 and the Company's Articles of Association do not require a formal approval of the shareholders and hence, is not put forward for voting.*

1. *For the purpose of determining a member who shall be entitled to attend and vote at the Annual General Meeting, the Company shall be requesting the Record of Depositors as at 24 May 2012. Only a depositor whose name appears on the Record of Depositors as at 24 May 2012 shall be entitled to attend the said meeting or appoint proxies to attend and vote on his/her stead.*

2. *A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A member may appoint up to two proxies to attend the same meeting provided that he specifies the proportion of his shareholding to be represented by each proxy. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy and the provisions of Section 149(1)(a) & (b) of the Companies Act, 1965 shall not apply.*

3. *Where a member is an authorised nominee as defined under the Security Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each Securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

4. *A member who is an exempt authorized nominee is entitled to appoint multiple proxies for each omnibus account it holds.*

5. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing or, if the appointer is a corporation, either under the Corporation's Common Seal or under the hand of an officer or attorney so authorized.*

6. *The Form of Proxy must be deposited at the Registered Office of the Company at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than 48 hours before the time set for holding the meeting or any adjournment thereof.*

7. ***Explanatory Notes To Special Businesses***

Ordinary Resolution 7

The proposed Ordinary Resolution no. 7, if duly passed, will give the Directors of the Company the flexibility to issue and allot new shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of next Annual General Meeting of the Company.

The Company continues to consider opportunities to broaden its earnings potential. If any of the expansion/diversification proposals involves the issue of new shares, the Directors, under certain circumstance when the opportunity arises, would have to convene a general meeting to approve the issue of new shares even though the number involved may be less than 10% of the issued capital.

In order to avoid any delay and costs involved in convening a general meeting to approve such issue of shares, it is thus considered appropriate that the Directors be empowered to issue shares in the Company, up to any amount not exceeding in total 10% of the issued share capital of the Company for the time being, for such purposes. The authority for allotment of shares will provide flexibility to the Company for the allotment of shares for the purpose of funding future investment, working capital and/ or acquisitions.

No shares have been issued and allotted by the Company since obtaining the said authority from its shareholders at the last AGM held on 15 June 2011.

Ordinary Resolution 8

This resolution is primarily to give flexibility to the Board of Directors to enter into recurrent related party transactions of revenue or trading nature with the Directors/Major Shareholders or persons connected with the Directors/Major Shareholders ("Renewal RRPT Mandate").

Further information of Renewal RRPT Mandate is contained in the Circular to Shareholders dated 8 May 2012.

ANALYSIS OF SHAREHOLDINGS
AS AT 10 APRIL 2012

Authorized Share Capital	:	RM50,000,000.00
Issued and Fully Paid-Up Share Capital	:	RM48,000,000.00
Class of Shares	:	Ordinary Shares of RM0.50 Each
Voting Rights	:	One Vote Per Ordinary Share
No. of Shareholders	:	1,077

DISTRIBUTION OF SHAREHOLDINGS AS AT 10 APRIL 2012

Category	No. of Shareholders	No. of Shares	Percentage
Less than 100	2	100	0.00
100 – 1,000	175	104,400	0.11
1,001 – 10,000	451	2,827,500	2.95
10,001 – 100,000	370	14,972,000	15.60
100,001 – less than 5% of issued shares	77	25,296,000	26.35
5% and above of issued shares	2	52,800,000	55.00
Total	**1,077**	**96,000,000**	**100.00**

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 10 APRIL 2012

		Direct		Indirect	
No.	**Names**	**No. of Shares**	**%**	**No. of Shares**	**%**
1.	Koh Seng Kar @ Koh Hai Sew	36,960,000	38.50	-	-
2.	Koh Seng Lee	15,840,000	16.50	-	-

DIRECTORS' INTERESTS IN SHARES AS AT 10 APRIL 2012

		Direct		Indirect	
No.	**Names**	**No. of Shares**	**%**	**No. of Shares**	**%**
1.	Koh Seng Kar @ Koh Hai Sew	36,960,000	38.50	-	-
2.	Koh Seng Lee	15,840,000	16.50	-	-
3.	Tsen Ket Shung @ Kon Shung	714,400	0.74	-	-
4.	Zainal Rashid bin Haji Mohd Eusoff	100,000	0.10	-	-
5.	Lim Ho Kin	60,000	0.06	-	-
6.	Yap Siok Teng	50,000	0.05	-	-

ANALYSIS OF SHAREHOLDINGS
AS AT 10 APRIL 2012
cont'd

LIST OF TOP 30 SHAREHOLDERS/DEPOSITORS AS AT 10 APRIL 2012

	Name	No. of Shares Held	Percentage
1.	KOH SENG KAR @ KOH HAI SEW	36,960,000	38.50
2.	KOH SENG LEE	15,840,000	16.50
3.	BALAKRISNEN A/L SUBBAN	1,000,000	1.04
4.	CITIGROUP NOMINEES (ASING) SDN BHD *EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)*	1,000,000	1.04
5.	LIM CHEE KONG	900,000	0.94
6.	WONG SAU FANG	895,000	0.93
7.	GUO YONGJIN	828,000	0.86
8.	CHAN KEE SENG	800,000	0.83
9.	NG ALI CHUA @ NG AH CHUAH	750,000	0.78
10.	LIM BOON TICK	721,000	0.75
11.	TSEN KET SHUNG @ KON SHUNG	714,400	0.74
12.	LIM YUK WAI @ LAM YUK WAI	700,000	0.73
13.	CHIA AI CHUA	666,000	0.69
14.	LOO BENG KHAY	639,700	0.67
15.	LIM SEE PENG	573,000	0.60
16.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *- PLEDGED SECURITIES ACCOUNT FOR LIAU SIONG KEE @ LIEW SIONG KEE*	500,000	0.52
17.	MAYBANK SECURITIES NOMINEES (ASING) SDN BERHAD *- KIM ENG SECURITIES PTE LTD FOR LOW KOK TIONG*	500,000	0.52
18.	OSK NOMINEES (TEMPATAN) SDN BERHAD *- OSK CAPITAL SDN BHD FOR YAP POH LEAN*	500,000	0.52
19.	OSK NOMINEES (TEMPATAN) SDN BERHAD *- OSK CAPITAL SDN BHD FOR LEE CHAN CHAR*	500,000	0.52
20.	YAK THYE PENG	500,000	0.52
21.	YAK TIONG LIEW	500,000	0.52
22.	LEE CHOON MING	491,000	0.51
23.	CHONG CHEE MENG	460,500	0.48
24.	WONG EE CHE	370,000	0.39
25.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD *- UOB KAY HIAN PTE LTD FOR TER SING HUAT*	349,100	0.36
26.	INNOSIN SDN BHD	328,000	0.34
27.	TAN KONG CHUAN	320,000	0.33
28.	GOH SWEE LAI	300,000	0.31
29.	LOO CHIENG PHAN	300,000	0.31
30.	TAILAMI A/P PALANIANDY	300,000	0.31
Total		**69,205,700**	**72.09**

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K. SENG SENG CORPORATION BERHAD

(Company No.: 133427-W)

FORM OF PROXY

(Before completing this form please refer to the notes below)

No. of Ordinary Shares Held

I/We ____ I.C No./Co.No./CDS No.: ____________________

(Full name in block letters)

of ____

(Full address)

being a member/members of K. SENG SENG CORPORATION BERHAD hereby appoint the following person(s):-

Name of proxy, NRIC No. & Address	No. of shares to be represented by proxy
1. ____________________________	____________________________
2. ____________________________	____________________________

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Twenty-Seventh Annual General Meeting of the Company to be held at Majestic III, Lower Ground Level, Palace of The Golden Horses, Jalan Kuda Emas, Mines Resort City, 43300 Seri Kembangan, Selangor on Wednesday, 30 May 2012 at 10.00 a.m. My/our proxy/proxies is/are to vote as indicated below:-

RESOLUTIONS RELATING TO:-		FIRST PROXY		SECOND PROXY	
		For	Against	For	Against
Ordinary Resolution 1 –	To approve the payment of a first and final single tier dividend				
Ordinary Resolution 2 –	To approve Directors' Fees				
Ordinary Resolution 3 –	Re-election of Director, Mr. Koh Seng Lee				
Ordinary Resolution 4 –	Re-election of Director, Mr. Tsen Ket Shung @ Kon Shung				
Ordinary Resolution 5 –	Re-election of Director, Zainal Rashid bin Haji Mohd Eusoff				
Ordinary Resolution 6 –	To re-appoint the retiring auditors, Messrs Moore Stephens AC				
Ordinary Resolution 7 –	Authority to issue shares				
Ordinary Resolution 8 –	Renewal of shareholders' mandate for Recurrent Related Party Transactions				

(Please indicate with a "√" or "X" in the space provided how you wish your vote to be cast. If no instruction as to voting is given, the proxy/proxies may vote or abstain from voting at his/her/their discretion). The first named proxy shall be entitled to vote on a show of hands on my/our behalf.

Dated this ____________________ day of _______________ 2012 ______________________________

Signature/Common Seal

Notes

1. *For the purpose of determining a member who shall be entitled to attend and vote at the Annual General Meeting, the Company shall be requesting the Record of Depositors as at 24 May 2012. Only a depositor whose name appears on the Record of Depositors as at 24 May 2012 shall be entitled to attend the said meeting or appoint proxies to attend and vote on his/her stead.*
2. *A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A member may appoint up to two proxies to attend the same meeting provided that he specifies the proportion of his shareholding to be represented by each proxy. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy and the provisions of Section 149(1)(a) & (b) of the Companies Act, 1965 shall not apply.*
3. *Where a member is an authorised nominee as defined under the Security Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each Securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
4. *A member who is an exempt authorized nominee is entitled to appoint multiple proxies for each omnibus account it holds.*
5. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing or, if the appointer is a corporation, either under the Corporation's Common Seal or under the hand of an officer or attorney so authorized.*
6. *The Form of Proxy must be deposited at the Registered Office of the Company at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than 48 hours before the time set for holding the meeting or any adjournment thereof.*

Fold This Flap For Sealing

Then Fold Here

Affix
Stamp

The Secretary
K. SENG SENG CORPORATION BERHAD (133427-W)
Level 15-2, Bangunan Faber Imperial Court,
Jalan Sultan Ismail,
50250 Kuala Lumpur.

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