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 2012

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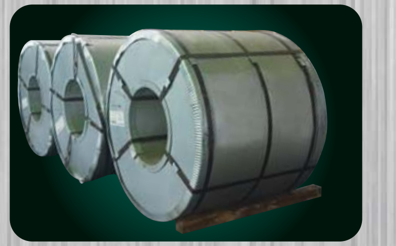
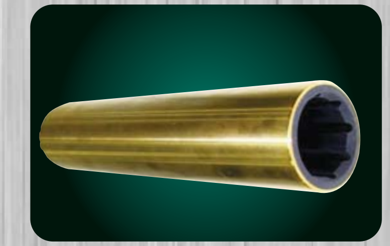
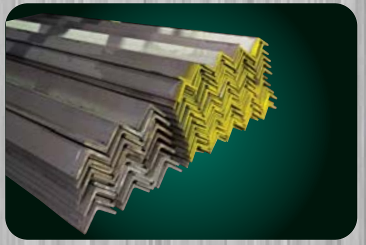
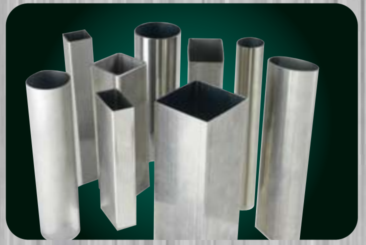
K. SENG SENG CORPORATION BERHAD

(Company No.: 133427-W)



ANNUAL REPORT 2012

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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

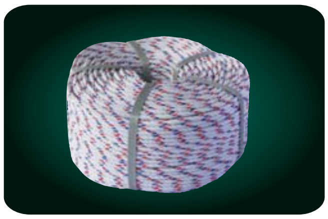
S L Kang (Johor)
Teh Cheng Aik & Co

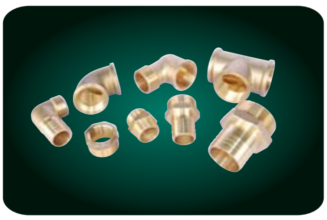
AUDITORS

Baker Tilly 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)
- **75%** Koseng Sdn Bhd (970606-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, engineering work and trading of marine and industrial hardware and consumables.

OVERVIEW AND OUTLOOK OF THE MALAYSIAN ECONOMY

The forecast for Malaysia's gross domestic product (GDP) was revised from 5% in 2012 to 5.5% for 2013 on the strength of an expansion in the manufacturing and services sectors led by stronger domestic demand emanating from accelerated spending on 10th Malaysia Plan and Economic Transformation Programme ("ETP").

The growth in GDP is largely supported by higher levels of domestic consumption brought about by the various incentives from Budget 2013, a healthy labour market and steady income growth.

INDUSTRY TREND

Generally the stainless steel industry is very competitive and will encounter a challenging year in 2013 due to increase players in market despite many projects have been rolled out under ETP and 10th Malaysia Plan to boost domestic market.

OUR GROUP PERFORMANCE

The Group revenue has increased by 18.15% from RM70.52 million (2011) to RM83.32 million (2012). This is mainly attributable to increase in our sales volume of our Stainless Steel Products and Marine hardware and consumable resulted from the success of our sales and marketing team in securing more orders from existing customers particularly in the second half of the year. In addition, we also successfully secured new customers with purchase orders for our Stainless Steel Products both locally and overseas market.

The Group profit before tax was RM3.04 million (2012) compared to RM3.41 million (2011) representing a decrease of 10.85%. The decline was mainly due to the following:-

(i) Fluctuations in the cost of raw materials (such as stainless steel);
(ii) Competitive;
(iii) Higher selling and distribution expenses particularly for those overseas markets as well as administration and operations expenses particularly derived from those additional subsidiaries;
(iv) Lower share of profit in associate mainly due to impairment loss on investment in quoted share;

CHAIRMAN'S STATEMENT

cont'd

PROSPECTS OF OUR GROUP

We have strategies business plan that 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 from 5.0% to 5.5% for 2013. 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. Domestic demand of stainless steel is expected to grow approximately 8% to 10% annually in quantity per capital, we derive from growing market share.

- We diverted stainless market from general to branding quality products, particularly to overseas markets like Japan domestic market, European market. We focused on Electric home appliances, automotive and building construction.

- We intend to venture into construction of rubber glove double former machinery and maintenance work.

- Company restructure subsidiary companies business model into different sectors, with specialize to expand into more niche and potential market.

- Moving forward, our group will continue to grow and to strategies with our business partners for bigger and stronger marketing base locally and internationally.

- We have added in various sizes of stainless steel tubes and pipes to cater to various applications in the automotive industry.

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

DIRECTOR'S 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

DIRECTOR'S PROFILE
cont'd

KOH SENG KAR @ KOH HAI SEW
Chairman/Managing Director

Mr. Koh Seng Kar @ Koh Hai Sew, a Malaysian, aged 70, 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 eight (28) 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.

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 does not hold any directorships in any other public listed 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 51, 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 seven (27) 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 listed 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 42, 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). 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 listed 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.

DIRECTOR'S PROFILE

cont'd

ZAINAL RASHID BIN HAJI MOHD EUSOFF
Independent Non-Executive Director

En. Zainal Rashid, a Malaysian, aged 72. 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 ("RMCD") where he held various positions within the Department. He held the position of Senior Assistant Director in RMCD prior to his retirement in 1996.

He does not hold any directorships in any other public listed 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

Mdm. Yap Siok Teng, a Malaysian, aged 53. 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. She is also an audit partner in 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 eight (28) 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 67. He has been an Associate Member of The Chartered Institute of Bankers, London. He began his career at Bank Negara Malaysia from 1965 to 1978. Thereafter, he joined a commercial bank, and had held senior positions handling various areas of the bank's operations. He retired from the bank in 2001 as an Assistant General Manager. Later, he was engaged by Elken Sdn Bhd as Assistant Vice President and Head of Group Internal Audit on contract until April 2011.

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-listed 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 save for the traffic offences, if any.

CORPORATE GOVERNANCE STATEMENT

The Board of K Seng Seng Corporation Berhad (the "Company") recognises the importance of adopting high standards of corporate governance in the Company in order to safeguard stakeholders' interests as well as enhancing shareholders' value.

Pursuant to Paragraph 15.25 of the Listing requirements of Bursa Malaysia Securities Berhad, this corporate governance statement (the "Statement") sets out how the Company has applied the 8 Principles of the Malaysian Code on Corporate Governance ("MCCG 2012) and observed the 26 Recommendations supporting the Principles during the financial year under review, following the release of the MCCG 2012 by the Securities Commission in late March 2012. Where a specific Recommendation of the MCCG 2012 has not been observed during the financial year under review, the non-observation, including the reasons thereof, is mentioned in this Statement.

PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

The Board recognises the key role it plays in charting the strategic direction of the Company and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:

- reviewing and adopting a strategic plan for the Company, addressing the sustainability of the Group's business;
- overseeing the conduct of the Group's business and evaluating whether or not its businesses are being properly managed;
- identify principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;
- ensuring that all candidates appointed to senior management positions are of sufficient calibre, including the orderly succession of senior management personnel;
- overseeing the development and implementation of a shareholder communications policy, including an investor relations programme for the Company; and
- reviewing the adequacy and integrity of the Group's internal control and management information systems.

To assist in the discharge of its stewardship role, the Board has established Board Committees, namely the Audit Committee, Nominating Committee and Remuneration Committee, to examine specific issues within their respective terms of reference as approved by the Board and report to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board.

Board Charter

Whilst Directors and Management of the Company are aware of their respective roles and responsibilities, including the limits of authority accorded, the Board recognizes the need to formalize such demarcation of duties to provide clarity and guidance to Directors and Management. Subsequent to the financial year, the Board appointed an independent firm of consultants to assist in developing a Board Charter, setting out, inter-alia, the roles of the Board, Board Committees, Executive and Non-Executive Directors and Management. The Board Charter, which serves as a referencing point for Board's activities to enable Directors carry out their stewardship role and discharge their fiduciary duties towards the Company, also seeks to include a formal schedule of matters reserved to the Board for deliberation and decision so that the control and direction of the Company are in its hands. Upon adoption by the Board, the Charter will be made publicly available on the Company's website at www.kssc.com.my in line with Recommendation 1.7 of the MCCG 2012.

Code of Conduct and Whistle-Blower Policy

The Board recognizes the importance of formalizing a Code of Conduct, setting out the standards of conduct expected from Directors and employees, to engender good corporate behavior. Subsequent to the financial year, the Board has taken steps to develop such a Code, including pertinent whistle-blower policy and procedures, which outlines when, how and to whom a concern may be properly raised about the actual or potential corporate fraud or breach of conduct involving employee, Management or Director in the Group. It allows the whistle-blower the opportunity to raise concern outside the Management line. The Board recognizes the importance of adherence to the Code of Conduct by all personnel in the Group and will take measures to put in place a process to ensure its compliance, including steps to upload a summary of the Code of Conduct on the Company's website.

CORPORATE GOVERNANCE STATEMENT
cont'd

PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT *cont'd*

Sustainability of Business

The Board is mindful of the importance of business sustainability and, in conducting the Group's business, the impact on the environmental, social and governance aspects is taken into consideration. Accordingly, the Board will take steps to formalize the Company's sustainability policy and embed the environment, social and governance elements in its corporate strategy.

Supply of, and Access to, Information

The Board is supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters, by way of Board reports or upon specific requests, for decisions to be made on an informed basis and effective discharge of Board's responsibilities.

Good practices have been observed for timely dissemination of meeting agenda, including the relevant Board and Board Committee papers to all Directors prior to the Board and Board Committee meetings, to give effect to Board decisions and to deal with matters arising from such meetings. The Executive Directors and/or other relevant Board members furnish comprehensive explanation on pertinent issues and recommendations by Management. The issues are then deliberated and discussed thoroughly by the Board prior to decision making.

In addition, 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 manner and quality necessary to enable them to discharge their duties and responsibilities.

Senior Management of the Group and external advisers are invited to attend Board meetings to provide additional insights and professional views, advice and explanations on specific items on the meeting agenda. Besides direct access to Management, Directors may obtain independent professional advice at the Company's expense, if considered necessary, in furtherance of their duties. This procedure will be formalized for inclusion in the Company's Board Charter

Directors have unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretary who is qualified, experienced and competent on statutory and regulatory requirements, and the resultant implications of any changes therein to the Company and Directors in relation to their duties and responsibilities. The Company Secretary, who oversees adherence with board policies and procedures, briefs the Board on the proposed contents and timing of material announcements to be made to regulators. The Company Secretary attends all Board and Board Committees meetings and ensures that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly. The removal of Company Secretary, if any, is a matter for the Board, as a whole, to decide.

PRINCIPLE 2 - STRENGTHEN COMPOSITION OF THE BOARD

During the financial year under review, the Board consisted of six (6) members, comprising three (3) Executive Directors and three (3) Independent Non-Executive Directors. This composition fulfills the requirements as set out under the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa"), which stipulate that at least two (2) Directors or one-third of the Board, whichever is higher, must be Independent. The profile of each Director is set out in this Annual Report. The Directors, with their differing backgrounds and specializations, collectively bring with them a wide range of experience and expertise in areas such as finance; accounting and audit; corporate affairs; and marketing and operations.

CORPORATE GOVERNANCE STATEMENT
cont'd

PRINCIPLE 2 - STRENGTHEN COMPOSITION OF THE BOARD *cont'd*

Nomination Committee – Selection and Assessment of Directors

A Nomination Committee has been established, with specific terms of reference, by the Board, comprising exclusively 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)*

The Nominating Committee is primarily responsible for recommending suitable appointments to the Board, taking into consideration the Board structure, size, composition and the required mix of expertise and experience which the Director should bring to the Board. It assesses the effectiveness of the Board as a whole, the Board Committees and the contribution of each Director, including Non-Executive Directors.

The final decision on the appointment of a candidate recommended by Nomination Committee rests with the whole Board. 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 met once, attended by all members, to assess the balance composition of Board members based on merits, Directors' contribution and Board effectiveness. The Company has no policy on gender diversity or target set but believes in merits and commitment of its Board members. The Nomination Committee assesses the Board members on an objective basis for both genders.

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 has been entrusted by the Board to determine 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. In all instances, the deliberations are conducted, with the Directors concerned abstaining from discussions on their individual remuneration. During the financial year under review, the Committee met once attended by all members.

CORPORATE GOVERNANCE STATEMENT
cont'd

PRINCIPLE 2 - STRENGTHEN COMPOSITION OF THE BOARD *cont'd*

Directors' Remuneration *cont'd*

Details of Directors' remuneration for the financial year ended 31 December 2012 are as follows:

	Executive Directors (RM)	Non-Executive Directors (RM)
Directors' fees	-	97,200
Salaries	1,050,000	-
Other emoluments	134,000	9,000
Benefits-in-kind	34,175	-
Total	**1,218,175**	**106,200**

The number of Directors whose remuneration falls into the following bands is as follows:

Range of Remuneration (RM)	Executive	Non-Executive
50,000 and below	-	3
250,001 – 300,000	1	-
400,001 – 450,000	-	-
450,001 – 500,000	2	-

PRINCIPLE 3 – REINFORCE INDEPENDENCE OF THE BOARD

The roles of the Chairman and Group Managing Director are held by the same Director. This departs from Recommendation 3.4 of the MCCG 2012 which stipulates that the positions of Chairman and Chief Executive Officer should be held by different individuals, and the Chairman must be a Non-Executive member of the Board. The Board believes that for its current size, it is more expedient for the two roles to be held by the same person as long as there are pertinent checks and balance to ensure no one person in the Board has unfettered powers to make major decisions for the Company unilaterally. As such, the Board is of the view that the significant composition of Independent Non-Executive Directors, which is made up of half the current Board's size, provides for the relevant check and balance.

The Chairman is responsible for ensuring the adequacy and effectiveness of the Board's governance process and acts as a facilitator at Board meetings to ensure that contributions from Directors are forthcoming on matters being deliberated and that no Board member dominates discussion. As the Group Managing Director, supported by fellow Executive Directors, he implements the Group's strategies, policies and decision adopted by the Board and oversees the operations and business development of the Group.

The Independent Non-Executive Directors bring to bear objective and independent views, advice and judgment on interests, not only of the Group, but also of shareholders and stakeholders. Independent Non-Executive Directors are essential for protecting the interests of shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality. The Board has appointed Mr. Lim Ho Kin as the Senior Independent Non-Executive Director to whom concerns may be conveyed by shareholders and other stakeholders.

CORPORATE GOVERNANCE STATEMENT
cont'd

PRINCIPLE 3 – REINFORCE INDEPENDENCE OF THE BOARD *cont'd*

The Board recognizes the importance of establishing criteria on independence to be used in the annual assessment of its Independent Non-Executive Directors. Although the definition on independence according to the Listing requirements of Bursa Malaysia Securities is used, the Board will take pertinent measures to formalize such independence criteria to, inter-alia, include the nine (9)-year tenure for Independent Non-Executive Directors in its Board Charter. Procedures on the extension for Independent Non-Executive Directors to serve beyond the nine (9)-year limit will also be formalized in line with the Recommendation of the MCCG 2012 even though at the date of this Statement, all the Company's Independent Non-Executive Directors have not reached the nine (9)-year limit.

PRINCIPLE 4 – FOSTER COMMITMENT OF DIRECTORS

The Board ordinarily meets at least four (4) times a year, scheduled well in advance before the end of the preceding financial year to facilitate the Directors in planning their meeting schedule for the year. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings. Board and Board Committee papers which are prepared by Management, provide the relevant facts and analysis for the convenience of Directors. The meeting agenda, the relevant reports and Board papers are furnished to Directors and Board Committee members well before the meeting to allow the Directors sufficient time to peruse for effective discussion and decision making during meetings. At the quarterly Board meetings, the Board reviews the business performance of the Group and discusses major operational and financial issues. The Chairman of the Audit Committee informs the Directors at each Board meetings of any salient matters noted by the Audit Committee and which require the Board's attention or direction. All pertinent issues discussed at Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretary by way of minutes of meetings.

Board Meetings

There were five (5) Board meetings held during the financial year ended 31 December 2012, with details of Directors' attendance set out below:

	Name of Director	Attendance
(a)	Koh Seng Kar @ Koh Hai Sew	5/5
(b)	Koh Seng Lee	3/5
(c)	Tsen Ket Shung @ Kon Shung	5/5
(d)	Lim Ho Kin	5/5
(e)	Yap Siok Teng	5/5
(f)	Zainal Rashid bin Haji Mohd Eusoff	5/5

It is the practice of the Company for Directors to devote sufficient time and efforts to carry out their responsibilities. In addition, the Board recognizes the need to formalize a policy in its Board Charter, requiring Directors to notify the Chairman before accepting any new directorships notwithstanding that the Listing Requirements of Bursa allow a Director to sit on the boards of 5 listed issuers. Such notification is expected to include an indication of time that will be spent on the new appointment.

CORPORATE GOVERNANCE STATEMENT
cont'd

PRINCIPLE 4 – FOSTER COMMITMENT OF DIRECTORS *cont'd*

Directors' Training – Continuing Education Programmes

The Board is mindful of the importance for its members to undergo continuous training to be apprised on changes to regulatory requirements and the impact such regulatory requirements have on the Group.

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, Board Members have attended pertinent training as follows:

	Name of Director	Training attended
(a)	Koh Seng Kar @ Koh Hai Sew	• Malaysian Code on Corporate Governance 2012 • Case studies for Boardroom Excellence : Related Party Transactions - Doing it Right for Results
(b)	Koh Seng Lee	• Malaysian Code on Corporate Governance 2012 • Case studies for Boardroom Excellence : Related Party Transactions - Doing it Right for Results
(c)	Tsen Ket Shung @ Kon Shung	• Malaysian Code on Corporate Governance 2012 • Case studies for Boardroom Excellence : Related Party Transactions - Doing it Right for Results • Updates of the 2012 IFRS-Compliant MFRSs
(d)	Lim Ho Kin	• Malaysian Code on Corporate Governance 2012 • Case studies for Boardroom Excellence : Related Party Transactions - Doing it Right for Results
(e)	Yap Siok Teng	• Case studies for Boardroom Excellence : Related Party Transactions - Doing it Right for Results • National Tax Conference 2012 • 2013 Budget Seminar
(f)	Zainal Rashid bin Haji Mohd Eusoff	• Malaysian Code on Corporate Governance 2012 • Case studies for Boardroom Excellence : Related Party Transactions - Doing it Right for Results

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.

The External Auditors also briefed the Board members on any changes to the Malaysian Financial Reporting Standards that would affect the Group's financial statements during the financial year under review. The Directors continue to undergo relevant training programmes to further enhance their skills and knowledge in the discharge of their stewardship role.

CORPORATE GOVERNANCE STATEMENT
cont'd

PRINCIPLE 5 – UPHOLD INTEGRITY IN FINANCIAL REPORTING BY COMPANY

It is the Board's commitment to present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of each reporting period and financial year, primarily through the quarterly announcement of Group's results to Bursa, the annual financial statements of the Group and Company as well as the Chairman's statement and review of the Group's operations in the Annual Report, where relevant. A statement by the Directors of their responsibilities in the preparation of financial statements is set out in the ensuing paragraph.

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.

The Directors are satisfied that in preparing the financial statements of the Group for the year ended 31 December 2012, 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.

Audit Committee

In assisting the Board to discharge its duties on financial reporting, the Board has established an Audit Committee, comprising wholly Independent Non-Executive Directors, with Madam Yap Siok Teng as the Committee Chairman. The composition of the Audit Committee, including its roles and responsibilities, are set out in the Audit Committee Report of this Annual Report. One of the key responsibilities of the Audit Committee in its specific terms of reference is to ensure that the financial statements of the Group and Company comply with applicable financial reporting standards in Malaysia. Such financial statements comprise the quarterly financial report announced to Bursa and the annual statutory financial statements.

As the Board understands its role in upholding the integrity of financial reporting by the Company, it will take steps to revise the Audit Committee's terms of reference by formalizing a policy on the types of non-audit services permitted to be provided by the external auditors of the Company so as not to compromise their independence and objectivity, including the need for the Audit Committee's approval in writing before such services can be provided by the external auditors.

In assessing the independence of external auditors, the Audit Committee will in future require written assurance by the external auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants.

PRINCIPLE 6 – RECOGNISE AND MANAGE RISKS OF THE GROUP

During the financial year under review, the Board had yet to establish a structured risk management framework to manage business risks, although Management has a process to identify and evaluate significant risks faced by the Group. This represents a departure from Recommendation 6.1 of the MCCG 2012 which stipulates the need for the Board to establish a sound framework to actively identify, assess and monitor key business risks faced by the Group to safeguard shareholder's investment and the Group's assets. In the absence of such a structured framework, issues on risks were discussed at Board meetings where the Group Managing Director would articulate risks associated with projects and investment, including any risk exposure that the Group faced in its operations. The Board is aware of the importance of such a framework and will take measures to formalize one, which is expected to consider the risk appetite of various companies in the Group as well as the Group itself.

CORPORATE GOVERNANCE STATEMENT
cont'd

PRINCIPLE 6 – RECOGNISE AND MANAGE RISKS OF THE GROUP *cont'd*

The internal audit function of the Group is outsourced to an independent professional firm, whose work is performed with impartially, proficiency and due professional care, and in accordance with the International Professional Practices Framework of the Institute of Internal Auditors, Incorporated, which sets out professional standards on internal audit. It undertakes regular reviews of the adequacy and effectiveness of the Group's system of internal controls and risk management process, as well as appropriateness and effectiveness of the corporate governance practices. The Internal Audit reports directly to the Audit Committee. Further details on the internal audit function can be seen in the Audit Committee Report and the Internal Control Statement in this Annual Report.

PRINCIPLE 7 – ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Company and its subsidiaries to be made to the regulators, shareholders and stakeholders. On this basis, the Board will formalize pertinent policies and procedures not only to comply with the disclosure requirements as stipulated in the Listing Requirements of Bursa, but also setting out the persons authorised and responsible to approve and disclose material information to regulators, shareholders and stakeholders.

To augment the process of disclosure, the Board will earmark a dedicated section for corporate governance on the Company's website where information on the Company's announcements to the regulators, the Board Charter, rights of shareholders and the Company's Annual Report may be accessed.

PRINCIPLE 8 – STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND ITS SHAREHOLDERS

Shareholder participation at general meeting

The Annual General Meeting ("**AGM**"), which is the principal forum for shareholder dialogue, allows shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification. At the AGM, shareholders participate in deliberating resolutions being proposed or on the Group's operations in general. At the last AGM, a question & answer session was held where the Chairman invited shareholders to raise questions with responses from the Board.

The Notice of AGM is circulated at least twenty one (21) days before the date of the meeting to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed. Shareholders are invited to ask questions both about the resolutions being proposed before putting a resolution to vote as well as matters relating to the Group's operations in general. All the resolutions set out in the Notice of the last AGM were put to vote by show of hands and duly passed. The outcome of the AGM was announced to Bursa on the same meeting day. Going forward, the Board will adopt poll voting for related party transactions, if any, which require specific approvals, including the announcement of the detailed results showing the number of votes cast for and against each resolution.

Communication and engagement with shareholders

The Board recognises the importance of being transparent and accountable to the Company's investors and, as such, has various channels to maintain communication with them. The various channels of communications are through the quarterly announcements on financial results to Bursa, relevant announcements and circulars, when necessary, the Annual and Extraordinary General Meetings and through the Group's website at where shareholders can access pertinent information concerning the Group.

This Statement is issued in accordance with a resolution of the Board dated 27 March 2013.

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 statements, 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; and
- 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 Malaysian 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;

AUDIT COMMITTEE REPORT
cont'd

3. KEY FUNCTIONS AND RESPONSIBILITIES *cont'd*

- 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;
- 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 manage 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 2012

The Audit Committee met five (5) times during the financial year ended 31 December 2012. Attendance by members at the meetings during the financial year ended 31 December 2012 is as follows:

	Name of Director	Meetings Attended
(a)	Ms Yap Siok Teng	5/5
(b)	Mr Lim Ho Kin	5/5
(c)	Encik Zainal Rashid bin Haji Mohd Eusoff	5/5

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.

INTERNAL CONTROL STATEMENT

INTRODUCTION

The Board of Directors ("Board") is responsible for the adequacy and effectiveness of the Group's risk management and internal control system. The Board recognizes the importance of good corporate governance and is committed to maintaining a sound risk management and internal control system to safeguard shareholders' investment and the Group's assets. In doing so, the Board acknowledges its responsibility to identify major risks faced by the Group and ensure that relevant internal controls are in place in order to manage these risks to within acceptable levels.

Accordingly, the Board is pleased to provide the following Internal Control Statement which outlines the nature and scope of risk management and internal controls of the Group during the financial year pursuant to Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The Board acknowledges its responsibility to maintain a sound internal control system and ensure accurate information is presented in the financial statements of the Group. The Board also acknowledges that the Board is ultimately responsible for the Group's risk management and internal control system, which includes the establishment of an appropriate control environment and risk management framework, as well as reviewing its adequacy and integrity. In view of the limitations inherent in any system of risk management and internal control, the system is designed to manage, rather than to eliminate, the risk of failure to achieve the Group's business and corporate objectives. The system can therefore only provide reasonable, but not absolute assurance, against any material misstatement, financial loss or fraudulent practice.

As such, the Board recognizes that a sound internal control system is an important part of managing risks in an effort to attain a balanced achievement of its business objectives, and operational efficiency and effectiveness.

Risk Management

Whilst it has a process to identify significant business risks faced by the Group with a view to manage the identified risks, the Board recognizes the importance of formalizing this process in writing to accord better accountability on risk management. Accordingly, the Board will take measures to develop pertinent risk management policies and procedures to streamline its risk management framework that involves setting risk appetite, formalizing risk reporting and action plans to mitigate risks within acceptable levels.

Internal Audit Function

The Group's internal audit function is outsourced to Messrs KPMG Management & Risk Consulting Sdn Bhd (formerly known as KPMG Business Advisory Sdn. Bhd.), an independent professional firm, which adopts the International Professional Practices Framework ("IPPF") in carrying out internal audit assignments on the Group. The IPPF encapsulates, amongst others, the attribute and performance standards for internal auditing promulgated by the Institute of Internal Auditors, Incorporated, a global professional body for internal auditors. The internal audit function, which reports directly to the Audit Committee of the Company, assists the Board in assessing the adequacy and integrity of the internal control system established by Management based on an agreed scope of work as outlined in an Annual Internal Audit Plan tabled to, and approved by the Audit Committee during the financial year. There is no restriction placed upon 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.

The Audit Committee reviews the work of the internal audit function, its observations and recommendations to ensure that it obtains the necessary level of assurance with respect to the adequacy and effectiveness of risk management and internal controls. The internal audit function reviews the Group's system of internal controls and reports its observations, including Management's response and action plans thereof, directly to the Audit Committee. The internal audit function also follows up and reports to the Audit Committee the status of implementation by Management on the recommendations highlighted in its internal audit reports.

INTERNAL CONTROL STATEMENT
cont'd

INTRODUCTION *cont'd*

Internal Audit Function *cont'd*

During the financial year under review, the internal audit function covered the following key processes of the Group to assess the adequacy and effectiveness of internal controls therein:

(i) Principles and policies, set delegated authority;
(ii) Asset management;
(iii) Inventory management;
(iv) Health, safety and environment;
(v) Procurement and payment;
(vi) Production process;
(vii) Strategic management; and
(viii) Human resource management.

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 2012 is RM62,740.

Internal Control

The Group has an established organisational structure with clearly defined lines of responsibilities and appropriate levels of delegation and authority. It maintains clear reporting lines and segregation of duties for major operational functions such as sales, receipts, purchases, payment, production, capital expenditure and investments. A process of hierarchical reporting is established which provides a documented and auditable trail of accountability.

The system of internal control entails, inter-alia, the proper delegation of duties and responsibilities from the Board to the Managing Director, Executive Directors and Senior Management ("Management") in running the main operating functions of the Group. In this respect, the Management comprises personnel with many years of "hands-on" experience who assist to identify and manage business risks relevant to the Group and design the appropriate internal controls to manage these risks.

The Management also holds various management and operation meetings to discuss matters of concern in relation to the day-to-day operation, ageing stocks and receivables and strategic marketing plan.

Assurance by the Managing Director and Executive Director, Finance on the adequacy and effectiveness of the risk management and internal control system

The Board has received assurance from the Managing Director and the Executive Director – Finance in writing stating that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, for the financial year under review.

Board's comments on the adequacy and effectiveness of the Group's risk management and internal control system

The Board, through its Audit Committee, has reviewed the adequacy and effectiveness of the system internal controls, and that relevant actions have been or are being taken, as the case may be, to remedy the internal control weaknesses identified from the review, which was largely based on the outcome of observations raised by the internal auditors and external auditors directly to the Audit Committee. .

The Board is of the view that there have been no weaknesses in the system of internal control that resulted in material losses, contingencies or uncertainties that would require mention in the Company's Annual Report 2012. The Management of the Group continues to take measures to strengthen the internal control environment from time to time based on the recommendations of the internal audit function as well as the external auditors.

For the purpose of this Internal Control Statement, the associate of the Group has not been taken into account. The Group's interests in this associate are served through representation on the Board of the associate as well as through the review of management financial statements.

This statement is issued in accordance with a resolution of the Board dated 27 March 2013.

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 2012 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
a)	Business Expansion and Capital Expenditures	3,310	-	3,310	Within 12 months (i.e. until 18 January 2012)	Until 18 January 2014
b)	Working Capital	6,260	6,260	-	-	-
c)	Listing Expenses	1,900	1,900	-	Fully utilized. The balance RM77,000 was transferred to working capital.	-
Total	11,470	8,160	3,310			

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

A non-audit fee of RM5,000 paid to external auditor for the financial year ended 31 December 2012.

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 2012 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 RM4,672,890 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 2 May 2013.

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 has improved workplace environment and commitment to staff training.

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 2012.

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	2,216,373	1,982,797
Profit attributable to:		
Owners of the parent	2,088,150	1,982,797
Non-controlling interest	128,223	-
	2,216,373	1,982,797

DIVIDEND

Since the end of the previous financial year, the Company paid a first and final single-tier dividend of 2 sen on 96,000,000 ordinary shares amounting to RM1,920,000 on 28 June 2012 in respect of the financial year ended 31 December 2011 as reported in the directors' report of that year.

The directors proposed a first and final single-tier dividend of 1 sen on 96,000,000 ordinary shares amounting to RM960,000 in respect of the financial year ended 31 December 2012 subject to shareholders' approval at the forthcoming Annual General Meeting.

The financial statements for the current financial year do not reflect the first and final dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in their financial year ending 31 December 2013.

RESERVES AND PROVISIONS

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

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 all known bad debts have been written off 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 the amount written off as bad debts or 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, no new issue of shares was made by the Company.

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 1.1.2012	**Bought**	**Sold**	**At 31.12.2012**
Name of Directors:				
Koh Seng Kar @ Koh Hai Sew	36,960,000	-	-	36,960,000
Koh Seng Lee	15,840,000	-	-	15,840,000
Tsen Ket Shung @ Kon Shung	714,400	-	-	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.

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' REPORT
cont'd

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.

AUDITORS

The auditors, Messrs. Baker Tilly AC, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 2 April 2013.

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 30 to 88, are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of their financial performance, and cash flows for the financial year then ended.

The supplementary information set out on Page 89 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 2 April 2013.

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 K. SENG SENG CORPORATION BERHAD, do solemnly and sincerely declare that, to the best of my knowledge and belief, the financial statements as set out on pages 30 to 88 and the supplementary information set out on page 89 are 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 by the above named at
Kuala Lumpur in the Federal Territory
on 2 April 2013

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 2012 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 financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 30 to 88.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible 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 about 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 controls relevant to the Company'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 Company's internal controls. 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 give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of their financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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 Companies Act, 1965 in Malaysia 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 Companies Act, 1965 in Malaysia.

(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.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS *cont'd*

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out on page 89 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with 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 Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

As stated in Note 2 to the financial statements, K. Seng Seng Corporation Berhad adopted the Malaysian Financial Reporting Standards on 1 January 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by the directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2011 and 1 January 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year ended 31 December 2011 and its related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as at 31 December 2012 and the financial performance and cash flows for the financial year then ended.

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 contents of this report.

BAKER TILLY AC
AF 001826
Chartered Accountants

LEE KONG WENG
2967/07/13(J)
Chartered Accountant

Kuala Lumpur
2 April 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	2012 RM	2011 RM
Revenue	4	**83,324,873**	70,516,319
Cost of sales	5	**(71,641,335)**	(59,705,900)
Gross profit		**11,683,538**	10,810,419
Other income		**284,562**	536,183
Selling and distribution costs		**(1,640,128)**	(1,339,229)
Administrative costs		**(4,683,731)**	(4,224,293)
Other costs		**(1,471,400)**	(1,478,452)
		(7,795,259)	(7,041,974)
Profit from operations		**4,172,841**	4,304,628
Finance costs		**(1,217,772)**	(1,215,766)
Share of result of an associate		**86,046**	319,310
Profit before tax	6	**3,041,115**	3,408,172
Income tax expense	8	**(824,742)**	(537,471)
Profit net of tax, representing total comprehensive income for the financial year		**2,216,373**	2,870,701
Total comprehensive income attributable to:			
Owners of the parent		**2,088,150**	2,757,687
Non-controlling interest		**128,223**	113,014
		2,216,373	2,870,701
Earnings per share attributable to owners of the parent (sen per share)			
Basic	9	**2.18**	2.87
Diluted	9	**2.18**	2.87

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	Note	2012 RM	2011 RM	As at 1.1.2011 RM
ASSETS				
Non-current assets				
Property, plant and equipment	10	**16,538,394**	17,109,511	17,099,845
Investment in an associate	12	**2,680,682**	2,594,636	2,275,326
Goodwill	13	**140,455**	140,455	140,455
Deferred tax assets	14	**666,883**	665,256	126,057
		20,026,414	20,509,858	19,641,683
Current assets				
Inventories	15	**31,032,069**	26,243,026	20,913,415
Trade receivables	16	**34,806,762**	28,808,588	33,761,450
Other receivables, deposits and prepayments	17	**485,498**	410,477	2,622,724
Tax recoverable		**1,368,949**	961,960	307,449
Cash and bank balances	19	**8,910,258**	12,478,784	7,129,031
		76,603,536	68,902,835	64,734,069
TOTAL ASSETS		**96,629,950**	89,412,693	84,375,752

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012
cont'd

	Note	2012 RM	2011 RM	As at 1.1.2011 RM
EQUITY AND LIABILITIES				
Share capital	20	**48,000,000**	48,000,000	37,938,000
Share premium	21	**514,639**	514,639	-
Retained earnings	22	**11,930,642**	11,762,492	11,884,805
Equity attributable to owners of the parent		**60,445,281**	60,277,131	49,822,805
Non-controlling interest		**616,237**	138,014	-
Total equity		**61,061,518**	60,415,145	49,822,805
Liabilities				
Non-current liabilities				
Bank borrowings	23	**1,313,812**	720,244	3,801,451
Deferred tax liabilities	14	**106,518**	97,500	80,632
		1,420,330	817,744	3,882,083
Current liabilities				
Trade payables	25	**5,027,980**	4,247,596	2,750,581
Other payables and accruals	26	**2,861,896**	2,037,809	1,667,270
Bank borrowings	23	**26,244,431**	21,853,250	25,704,443
Tax payable		**13,795**	41,149	548,570
		34,148,102	28,179,804	30,670,864
Total liabilities		**35,568,432**	28,997,548	34,552,947
TOTAL EQUITY AND LIABILITIES		**96,629,950**	89,412,693	84,375,752

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

		← Attributable to Owners of the Parent →					
Group	Note	Share Capital RM	Share Premium RM	Distributable Retained Earnings RM	Equity Attributable to Owners of the Parent RM	Non-controlling Interest RM	Total Equity RM
Balance at 1.1.2011		37,938,000	-	11,884,805	49,822,805	-	49,822,805
Total comprehensive income for the financial 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
Subscription of shares by non controlling shareholder		-	-	-	-	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
Balance at 1.1.2012		**48,000,000**	**514,639**	**11,762,492**	**60,277,131**	**138,014**	**60,415,145**
Total comprehensive income for the financial year		**-**	**-**	**2,088,150**	**2,088,150**	**128,223**	**2,216,373**
Transactions with owners							
Subscription of shares by non-controlling shareholders		**-**	**-**	**-**	**-**	**350,000**	**350,000**
Dividend on ordinary shares	27	**-**	**-**	**(1,920,000)**	**(1,920,000)**	**-**	**(1,920,000)**
Total transactions with owners		**-**	**-**	**(1,920,000)**	**(1,920,000)**	**350,000**	**(1,570,000)**
Balance at 31.12.2012		**48,000,000**	**514,639**	**11,930,642**	**60,445,281**	**616,237**	**61,061,518**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	2012 RM	2011 RM
Cash Flows from Operating Activities			
Profit before tax		**3,041,115**	3,408,172
Adjustments for:			
Depreciation of property, plant and equipment		**1,418,202**	1,481,918
Impairment loss on trade receivables		**93,863**	111,495
Property, plant and equipment written off		**4,643**	1
Reversal of impairment loss on trade receivables		**(2,076)**	(6,582)
Interest expense		**1,217,772**	1,215,766
Interest income		**(268,249)**	(315,091)
Share of result of an associate		**(86,046)**	(319,310)
Operating profit before working capital changes		**5,419,224**	5,576,369
Change in working capital:			
Increase in inventories		**(4,789,043)**	(5,329,611)
(Increase)/Decrease in receivables		**(6,164,982)**	7,060,196
Increase in payables		**1,604,471**	1,867,554
Cash (used in)/from operations		**(3,930,330)**	9,174,508
Tax paid		**(1,251,694)**	(2,221,734)
Interest received		**268,249**	315,091
Net cash (used in)/from operating activities		**(4,913,775)**	7,267,865
Cash Flows from Investing Activities			
Capital work-in-progress incurred	10	**(1,741)**	(363,387)
Purchase of property, plant and equipment	10	**(578,687)**	(741,698)
Net cash used in investing activities, balance carried down		**(580,428)**	(1,105,085)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012
cont'd

	Note	2012 RM	2011 RM
Balance brought down		**(580,428)**	(1,105,085)
Cash Flows from Financing Activities			
Net drawdown/(repayment) of bankers' acceptances		**6,510,222**	(6,052,276)
Proceeds from issuance of ordinary shares		**-**	10,576,639
Drawdown of bank borrowings		**1,046,098**	-
Subscription of shares by non-controlling shareholders		**350,000**	25,000
Repayment of term loans		**(2,409,806)**	(1,030,664)
Payment of finance lease		**(433,065)**	(200,591)
Repayment of trust receipts		**-**	(35,369)
Dividend paid		**(1,920,000)**	(2,880,000)
Interest paid		**(1,217,772)**	(1,215,766)
Net cash from/(used in) financing activities		**1,925,677**	(813,027)
Net (decrease)/increase in cash and cash equivalents		**(3,568,526)**	5,349,753
Cash and cash equivalents at beginning of the financial year		**12,478,784**	7,129,031
Cash and cash equivalents at end of the financial year	19	**8,910,258**	12,478,784

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	2012 RM	2011 RM
Revenue	4	**3,224,680**	3,790,800
Cost of sales	5	**-**	-
Gross profit		**3,224,680**	3,790,800
Other income		**381,935**	295,226
Selling and distribution costs		**(2,056)**	(4,663)
Administrative costs		**(1,286,186)**	(1,098,058)
Other costs		**(241,170)**	(305,193)
		(1,529,412)	(1,407,914)
Profit from operations		**2,077,203**	2,678,112
Finance costs		**-**	(59,877)
Profit before tax	6	**2,077,203**	2,618,235
Income tax expense	8	**(94,406)**	(110,923)
Profit net of tax, representing total comprehensive income for the financial year		**1,982,797**	2,507,312

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	Note	2012 RM	2011 RM	As at 1.1.2011 RM
ASSETS				
Non-current assets				
Property, plant and equipment	10	**7,095,256**	7,206,168	7,063,387
Investment in subsidiaries	11	**32,975,004**	31,925,004	8,600,008
Investment in an associate	12	**820,000**	820,000	820,000
		40,890,260	39,951,172	16,483,395
Current assets				
Trade receivables	16	**-**	1,800	-
Other receivables, deposits and prepayments	17	**122,338**	144,882	2,350,216
Amounts due from subsidiaries	18	**8,789,658**	1,890,746	18,275,134
Tax recoverable		**41,436**	55,438	71,440
Cash and bank balances	19	**3,583,983**	8,940,189	3,426,723
		12,537,415	11,033,055	24,123,513
TOTAL ASSETS		**53,427,675**	50,984,227	40,606,908
EQUITY AND LIABILITIES				
Share capital	20	**48,000,000**	48,000,000	37,938,000
Share premium	21	**514,639**	514,639	-
Retained earnings	22	**1,164,497**	1,101,700	1,474,388
Total equity		**49,679,136**	49,616,339	39,412,388
Liabilities				
Non-current liabilities				
Bank borrowings	23	**-**	-	762,605
Deferred tax liabilities	14	**104,100**	97,500	80,352
		104,100	97,500	842,957
Current liabilities				
Other payables and accruals	26	**445,847**	383,005	202,101
Bank borrowings	23	**-**	-	149,462
Amount due to a subsidiary	18	**3,198,592**	887,383	-
		3,644,439	1,270,388	351,563
Total liabilities		**3,748,539**	1,367,888	1,194,520
TOTAL EQUITY AND LIABILITIES		**53,427,675**	50,984,227	40,606,908

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

cont'd

Company	Note	Share Capital RM	Share Premium RM	Distributable Retained Earnings RM	Total Equity RM
Balance at 1.1.2011		37,938,000	-	1,474,388	39,412,388
Total comprehensive income for the financial 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
Total comprehensive income for the financial year		-	-	1,982,797	1,982,797
Transactions with owners					
Dividend on ordinary shares	27	-	-	(1,920,000)	(1,920,000)
Balance at 31.12.2012		**48,000,000**	**514,639**	**1,164,497**	**49,679,136**

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

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	2012 RM	2011 RM
Cash Flows from Operating Activities			
Profit before tax		**2,077,203**	2,618,235
Adjustments for:			
Depreciation of property, plant and equipment		**131,192**	189,409
Interest expense		**-**	59,877
Interest income		**(381,935)**	(295,226)
Property, plant and equipment written off		**132**	-
Operating profit before working capital changes		**1,826,592**	2,572,295
Change in working capital:			
Decrease in receivables		**24,344**	2,203,534
Increase in payables		**62,842**	180,904
Cash generated from operations		**1,913,778**	4,956,733
Tax paid		**(73,804)**	(77,773)
Interest received		**381,935**	295,226
Net cash from operating activities		**2,221,909**	5,174,186
Cash Flows from Investing Activities			
(Advances to)/Repayment from subsidiaries		**(6,898,912)**	3,939,334
Purchase of property, plant and equipment	10	**(20,412)**	(332,190)
Subscription of shares in subsidiaries		**(1,050,000)**	(11,899,942)
Net cash used in investing activities		**(7,969,324)**	(8,292,798)
Cash Flows from Financing Activities			
Proceeds from issuance of ordinary shares		**-**	10,576,639
Repayment of term loans		**-**	(912,067)
Advances from subsidiaries		**2,311,209**	1,907,383
Dividend paid		**(1,920,000)**	(2,880,000)
Interest paid		**-**	(59,877)
Net cash from financing activities		**391,209**	8,632,078
Net cash and cash equivalents		**(5,356,206)**	5,513,466
Cash and cash equivalents at beginning of the financial year		**8,940,189**	3,426,723
Cash and cash equivalents at end of the financial year	19	**3,583,983**	8,940,189

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2012

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 2 April 2013.

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 Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost basis, except as disclosed in the significant accounting policies in Note 3.

The financial statements of the Group and of the Company for the financial year ended 31 December 2012 are the first set of financial statements prepared in accordance with the MFRSs, including MFRS 1 'First-time adoption of MFRSs'. In the previous financial year, the financial statements of the Group and of the Company were prepared in accordance with the Financial Reporting Standards ("FRSs") in Malaysia.

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2(e).

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2012
cont'd

2. BASIS OF PREPARATION *cont'd*

(b) New, Revised and Amendments/Improvements to Accounting Standards and IC Int

(i) Explanation of Transition to MFRSs

In conjunction with the planned convergence of FRSs with International Financial Reporting Standards as issued by the International Accounting Standards Board on 1 January 2012, the Malaysian Accounting Standards Board ("MASB") had on 19 November 2011 issued a new MASB approved accounting standards, MFRSs ("MFRSs Framework") for application in the annual periods beginning on or after 1 January 2012.

The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 *Agriculture* and/or IC Int 15 *Agreements for the Construction of Real Estate* ("Transitioning Entities"). The Transitioning Entities are given an option to defer adoption of the MFRSs framework to financial periods beginning on or after 1 January 2014. Transitioning Entities also include those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply the FRSs framework for annual periods beginning on or after 1 January 2012.

Accordingly, the Group and the Company which are not the Transitioning Entities have adopted the MFRSs framework including MFRS 1 First-time adoption of MFRSs for the current financial year ended 31 December 2012.

MFRS 1 requires comparative information to be restated as if the requirements of MFRSs effective for annual periods beginning on or after 1 January 2012 have always been applied, except when MFRS 1 allows certain elective exemptions from such full retrospective application or prohibits retrospective application of some aspects of MFRSs. The Group and the Company have consistently applied the same accounting policies in its opening MFRSs statement of financial position as at 1 January 2011 (date of transition) and throughout all years presented, as if these policies had always been in effect.

As at 31 December 2011, all FRSs issued under the existing FRSs framework are equivalent to the MFRSs issued under MFRSs framework except for differences in relation to the transitional provisions, the adoption of MFRS 141 *Agriculture* and IC Int 15 *Agreements for the Construction of Real Estate* as well as differences in effective dates contained in certain of the existing FRSs.

The adoption of the MFRSs for the current financial year did not result in any changes in accounting policies and material adjustments to the Group and the Company's statements of financial position, statements of comprehensive income and statements of cash flows which are reported in accordance with the previous FRSs.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2012
cont'd

2. BASIS OF PREPARATION *cont'd*

(b) New, Revised and Amendments/Improvements to Accounting Standards and IC Int *cont'd*

(ii) New, revised, amendments/improvement to accounting standards and IC Int that are issued, but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new and revised MFRSs, amendments/ improvements to MFRSs, new IC Int and amendments to IC Int that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:-

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 9	Financial Instruments	1 January 2015
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
Revised MFRSs		
MFRS 119	Employee Benefits	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures	1 January 2013
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Financial Reporting Standards	1 January 2013
MFRS 7	Financial Instruments: Disclosures	1 January 2013
MFRS 10	Consolidated Financial Statements	1 January 2013 and 1 January 2014
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013 and 1 January 2014
MFRS 101	Presentation of Financial Statements	1 July 2012 and 1 January 2013
MFRS 116	Property, Plant and Equipment	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2014
MFRS 132	Financial Instruments: Presentation	1 January 2013 and 1 January 2014
MFRS 134	Interim Financial Reporting	1 January 2013
New IC Int		
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to IC Int		
IC Int 2	Members' Shares in Co-operative Entities & Similar Instruments	1 January 2013

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2012
cont'd

2. BASIS OF PREPARATION *cont'd*

(b) New, Revised and Amendments/Improvements to Accounting Standards and IC Int *cont'd*

(ii) New, revised, amendments/improvement to accounting standards and IC Int that are issued, but not yet effective and have not been early adopted *cont'd*

A brief discussion on the above significant new and revised MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int are summarised below. Due to the complexity of these new standards, the financial effects of their adoption are currently still being assessed by the Group and the Company.

MFRS 9 Financial Instruments

MFRS 9 specifies how an entity should classify and measure financial assets and financial liabilities.

This standard requires all financial assets to be classified based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial asset. Financial assets are to be initially measured at fair value. Subsequent to initial recognition, depending on the business model under which these assets are acquired, they will be measured at either fair value or at amortised cost.

In respect of the financial liabilities, the requirements are generally similar to the former MFRS 139. However, this standard requires that for financial liabilities designated as at fair value through profit or loss, changes in fair value attributable to the credit risk of that liability are to be presented in other comprehensive income, whereas the remaining amount of the change in fair value will be presented in the profit or loss.

MFRS 10 Consolidated Financial Statements and MFRS 127 Separate Financial Statements (Revised)

MFRS 10 replaces the consolidation part of the former MFRS 127 Consolidated and Separate Financial Statements. The revised MFRS 127 will deal only with accounting for investment in subsidiaries, joint ventures and associates in the separate financial statements of an investor and requires the entity to account for such investments either at cost, or in accordance with MFRS 9.

MFRS 10 brings about convergence between MFRS 127 and IC Int 12 Consolidation-Special Purpose Entities, which interprets the requirements of MFRS 10 in relation to special purpose entities. MFRS 10 introduces a new single control model to identify a parent-subsidiary relationship by specifying that "an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee". It provides guidance on situations when control is difficult to assess such as those involving potential voting rights, or in circumstances involving agency relationships, or where the investor has control over specific assets of the entity, or where the investee entity is designed in such a manner where voting rights are not the dominant factor in determining control.

MFRS 11 Joint Arrangements

MFRS 11 supersedes the former MFRS 131 Interests in Joint Ventures. Under MFRS 11, an entity accounts for its interest in a jointly controlled entity based on the type of joint arrangement, as determined based on an assessment of its rights and obligations arising from the arrangement. There are two types of joint arrangement namely joint venture or joint operation as specified in this new standard. A joint venture recognises its interest in the joint venture as an investment and account for it using the equity method. The proportionate consolidation method is disallowed in such joint arrangement. A joint operator accounts for the assets, liabilities, revenue and expenses related to its interest directly.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2012
cont'd

2. BASIS OF PREPARATION *cont'd*

(b) New, Revised and Amendments/Improvements to Accounting Standards and IC Int *cont'd*

(ii) New, revised, amendments/improvement to accounting standards and IC Int that are issued, but not yet effective and have not been early adopted *cont'd*

MFRS 12 Disclosures of Interests in Other Entities

MFRS 12 is a single disclosure standard for interests in subsidiary companies, joint ventures, associated companies and unconsolidated structured entities. The disclosure requirements in this MFRS are aimed at providing standardised and comparable information that enable users of financial statements to evaluate the nature of, and risks associated with, the entity's interests in other entities, and the effects of those interests on its financial position, financial performance and cash flows.

MFRS 13 Fair Value Measurement

MFRS 13 defines fair value and sets out a framework for measuring fair value, and the disclosure requirements about fair value. This standard is intended to address the inconsistencies in the requirements for measuring fair value across different accounting standards. As defined in this standard, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

MFRS 128 Investments in Associates and Joint Ventures (Revised)

This revised MFRS 128 incorporates the requirements for accounting for joint ventures into the same accounting standard as that for accounting for investments in associated companies, as the equity method was applicable for both investments in joint ventures and associated companies. However, the revised MFRS 128 exempts the investor from applying equity accounting where the investment in the associated company or joint venture is held indirectly via venture capital organisations or mutual funds and similar entities. In such cases, the entity shall measure the investment at fair value through profit or loss, in accordance with MFRS 9.

Amendments to MFRS10, MFRS12 and MFRS127 Investment Entities

These amendments introduce an exception to consolidation for investment entities. Investment entities are entities whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. The amendments require investment entities to measure particular subsidiaries at fair value through profit or loss in accordance with MFRS 139 Financial Instruments: Recognition and Measurement instead of consolidating them. In addition, the amendments also introduce new disclosure requirements related to investment entities in MFRS 12 Disclosure of Interests in Other Entities and MFRS 127 Separate Financial Statements.

(c) 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2012
cont'd

2. BASIS OF PREPARATION *cont'd*

(d) 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.

(e) Significant accounting estimates and judgements

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.

The Group and the Company anticipate that the residual value of its equipment will be insignificant. As a result, residual value are not being taken into consideration for the computation of the depreciable amount.

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2012
cont'd

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.

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 2012 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2012
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(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.

(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.

(v) Services

Revenue from services is recognised as and when services are rendered.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2012
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(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.

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).

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2012
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2012
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(h) Property, Plant and Equipment and Depreciation *cont'd*

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2012
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(l) Goodwill *cont'd*

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(n) Impairment of Financial Assets *cont'd*

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2012
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(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) Provisions

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.

(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 MFRS 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(u) Financial Liabilities *cont'd*

The Group's and the Company's other financial liabilities include trade payables, other payables including deposits, amount due to subsidiaries 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 Directors 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.

4. REVENUE

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Dividend income	**-**	-	**1,900,000**	2,838,000
Management fee	**-**	-	**380,880**	-
Rental income	**12,600**	21,600	**943,800**	952,800
Sale of goods	**83,312,273**	70,494,719	**-**	-
	83,324,873	70,516,319	**3,224,680**	3,790,800

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2012
cont'd

5. COST OF SALES

	Group	
	2012	**2011**
	RM	**RM**
Cost of production	**28,019,533**	20,360,464
Cost of trading goods sold	**43,621,802**	39,345,436
	71,641,335	59,705,900

6. PROFIT BEFORE TAX

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

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Auditors' remuneration				
- Statutory audit	**107,000**	100,000	**35,000**	35,000
- Other services by auditors of the Company	**5,000**	5,000	**5,000**	5,000
Bad debts recovered	**-**	(210,000)	**-**	-
Depreciation of property, plant and equipment	**1,418,202**	1,481,918	**131,192**	189,409
Employee benefits expense (including key management personnel)				
- Contribution to defined contribution plan	**502,876**	389,603	**98,515**	56,280
- Salaries, allowance and bonus	**4,956,298**	4,115,102	**828,212**	476,500
- Other employee benefits	**224,470**	210,283	**1,146**	5,206
Interest expense	**1,217,772**	1,215,766	**-**	59,877
Impairment loss on trade receivables	**93,863**	111,495	**-**	-
Interest income:				
- deposits with licensed bank	**(127,703)**	(295,226)	**(127,703)**	(295,226)
- associate	**(140,546)**	(19,865)	**-**	-
- subsidiary	**-**	-	**(254,232)**	-
(Gain)/Loss on foreign exchange				-
- realised	**(6,650)**	65,543	**-**	-
Property, plant and equipment written off	**4,643**	1	**132**	-
Rental expense	**245,800**	45,000	**-**	-
Reversal of impairment loss on trade receivables	**(2,076)**	(6,582)	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012

cont'd

7. DIRECTORS' REMUNERATION

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Executive:				
- Other emoluments	**1,058,000**	973,500	**818,000**	469,500
Total executive directors' remuneration	**1,058,000**	973,500	**818,000**	469,500
Non-executive:				
- Fees	**97,200**	85,800	**97,200**	85,800
- Other emoluments	**9,000**	7,500	**9,000**	7,500
Total non-executive directors' remuneration	**106,200**	93,300	**106,200**	93,300
Total directors' remuneration	**1,164,200**	1,066,800	**924,200**	562,800

The estimated monetary value of benefits-in-kind received and receivable by directors of the Company from the Group and the Company amounted to RM34,175 (2011: RM37,192).

8. INCOME TAX EXPENSE

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Current tax:				
Malaysian income tax:				
Current financial year	**789,520**	1,035,930	**79,900**	65,900
Under provision in prior financial year	**27,831**	23,872	**7,906**	27,875
	817,351	1,059,802	**87,806**	93,775
Deferred tax (Note 14):				
Origination and reversal of temporary differences	**16,928**	(23,056)	**19,300**	6,900
(Over)/Under provision in prior financial year	**(9,537)**	(499,275)	**(12,700)**	10,248
	7,391	(522,331)	**6,600**	17,148
Income tax expense recognised in profit or loss	**824,742**	537,471	**94,406**	110,923

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8. INCOME TAX EXPENSE *cont'd*

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

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Profit before tax	**3,041,115**	3,408,172	**2,077,203**	2,618,235
Tax at the Malaysian statutory income tax rate of 25%	**760,300**	852,000	**519,300**	654,600
Tax effect on non-deductible expenses	**67,659**	252,901	**54,900**	127,700
Tax effect on non-taxable income	**-**	-	**(475,000)**	(709,500)
Deferred tax assets recognised during the financial year	**-**	(12,200)	**-**	-
Tax effect on share of results of an associate	**(21,511)**	(79,827)	**-**	-
Under/(Over) provision in prior financial year				
- current tax	**27,831**	23,872	**7,906**	27,875
- deferred tax	**(9,537)**	(499,275)	**(12,700)**	10,248
Income tax expense recognised in profit or loss	**824,742**	537,471	**94,406**	110,923

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2011: 25%) of the estimated assessable profit for the financial year.

During the financial 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 RM121,100 (2011: RM166,100).

The Group has estimated tax loss carry-forwards of RM1,185,400 (2011: RM1,048,800), capital allowances carry-forward of RM434,300 (2011: RM804,400) and reinvestment allowances carry-forward of RM2,625,500 (2011: 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 financial year attributable to ordinary equity holders of the Company of RM2,088,150 (2011: RM2,757,687) by the weighted average number of ordinary shares in issue during the financial year of 96,000,000 (2011: 96,000,000) ordinary shares of RM0.50 each.

The diluted earnings per share is equivalent to the basic earnings per share as the Company does not have any dilutive potential ordinary shares.

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31 DECEMBER 2012
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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 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
Writen off	-	-	-		(855)	-	-	-	-	(855)
At 31 December 2011/ 1 January 2012	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
Additions	-	-	-	519,735	60,235	202,100	67,917	-	1,741	851,728
Written off	-	-	-	(12,185)	(305,725)	-	(49,115)	-	-	(367,025)
Reclassification	-	-	-	995,267	-	-	-	-	(995,267)	-
At 31 December 2012	**5,966,362**	**6,333,121**	**113,153**	**9,827,146**	**544,587**	**2,363,773**	**427,060**	**430,763**	**6,701**	**26,012,666**

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

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
Accumulated depreciation										
At 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 financial year	-	126,662	8,334	812,356	56,933	360,263	84,792	32,578	-	1,481,918
Disposals	-	-	-	-	(854)	-	-	-	-	(854)
At 31 December 2011/ 1 January 2012	-	1,110,507	79,811	4,192,325	621,675	1,634,552	348,839	430,743	-	8,418,452
Charge for the financial year	-	126,662	8,335	936,102	61,272	192,758	93,073	-	-	1,418,202
Writen off	-	-	-	(7,779)	(305,548)	-	(49,055)	-	-	(362,382)
At 31 December 2012	**-**	**1,237,169**	**88,146**	**5,120,648**	**377,399**	**1,827,310**	**392,857**	**430,743**	**-**	**9,474,272**
Net carrying amount										
At 1 January 2011	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
At 31 December 2012	**5,966,362**	**5,095,952**	**25,007**	**4,706,498**	**167,188**	**536,463**	**34,203**	**20**	**6,701**	**16,538,394**

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 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 January 2012	1,981,721	6,333,121	29,810	255,400	334,470	66,325	8,800	393,217	9,402,864
Additions	-	-	-	-	20,412	-	-	-	20,412
Written off	-	-	-	-	(246,708)	-	-	-	(246,708)
At 31 December 2012	**1,981,721**	**6,333,121**	**29,810**	**255,400**	**108,174**	**66,325**	**8,800**	**393,217**	**9,176,568**
Accumulated depreciation									
At 1 January 2011	-	983,845	29,806	229,860	327,011	66,324	5,548	364,893	2,007,287
Charge for the financial year	-	126,662	-	25,538	5,653	-	3,249	28,307	189,409
At 31 December 2011/ 1 January 2012	-	1,110,507	29,806	255,398	332,664	66,324	8,797	393,200	2,196,696
Charge for the financial year	-	126,662	-	-	4,530	-	-	-	131,192
Written off	-	-	-	-	(246,576)	-	-	-	(246,576)
At 31 December 2012	**-**	**1,237,169**	**29,806**	**255,398**	**90,618**	**66,324**	**8,797**	**393,200**	**2,081,312**
Net carrying amount									
At 1 January 2011	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
At 31 December 2012	**1,981,721**	**5,095,952**	**4**	**2**	**17,556**	**1**	**3**	**17**	**7,095,256**

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2012
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10. PROPERTY, PLANT AND EQUIPMENT *cont'd*

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

During the financial year, the Group and the Company acquired property, plant and equipment with aggregate cost of RM851,728 (2011: RM1,419,585) and RM20,412 (2011: RM332,190) respectively which are satisfied as follows:-

	2012 RM	2011 RM
Group		
Cash payments	**580,428**	1,105,085
Finance lease arrangement	**271,300**	386,500
	851,728	1,491,585

	2012 RM	2011 RM
Company		
Cash payments	**20,412**	332,190

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		
	2012 RM	2011 RM	As at 1.1.2011 RM
Net carrying amount			
Plant and machinery	**1,061,384**	62,462	-
Motor vehicles	**533,980**	523,813	523,626
	1,595,364	586,275	523,626

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2012
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10. PROPERTY, PLANT AND EQUIPMENT *cont'd*

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:-

	2012 RM	2011 RM	As at 1.1.2011 RM
Group			
Freehold land	**5,966,362**	5,966,632	5,966,362
Buildings	**5,095,952**	5,222,614	5,018,586
	11,062,314	11,189,246	10,984,948
Company			
Freehold land	**1,981,721**	1,981,721	1,981,721
Buildings	**5,095,952**	5,222,614	5,018,586
	7,077,673	7,204,335	7,000,307

11. INVESTMENT IN SUBSIDIARIES

	Company	
	2012 RM	2011 RM
Unquoted shares, at cost:		
At 1 January	**31,925,004**	8,600,008
Additions	**1,050,000**	23,324,996
At 31 December	**32,975,004**	31,925,004

NOTES TO THE FINANCIAL STATEMENTS
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11. INVESTMENT IN SUBSIDIARIES *cont'd*

The details of the subsidiaries are as follows:

Name of Company	Principal Activities	Country of incorporation	Effective Equity Interest		
			2012	**2011**	**1.1.2011**
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%	100%
K. Seng Seng Manufacturing Sdn. Bhd.	Manufacturing of stainless steel industrial fasteners, rigging accessories and components	Malaysia	**100%**	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%	100%
PTM Steel Industry Sdn. Bhd.	Manufacturing of stainless steel tubes and pipes, and processing of secondary stainless steel flat products	Malaysia	**100%**	100%	100%
SSG Industries Sdn. Bhd.	Dormant	Malaysia	**100%**	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%**	75%	-
Koseng Sdn. Bhd. @ ß	Trading of all kinds of industrial and marine hardware and consumables; sale and marketing of stainless steel products namely industrial fasteners, rigging accessories and components, flat and long products, tubes and pipes and supply of construction materials, machineries and machinery related parts.	Malaysia	**75%**	-	-

@ *Audited by firm of auditors other than Baker Tilly AC.*

On 21 February 2012, the Company fully subscribed for 300,000 new ordinary shares of RM1 each in the subsidiary at par by cash.

ß *On 24 September 2012, the Company fully subscribed for 750,000 new ordinary shares of RM1 each in the subsidiary at par by cash.*

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12. INVESTMENT IN AN ASSOCIATE

	2012 RM	2011 RM	As at 1.1.2011 RM
Group			
Unquoted shares, at cost	**820,000**	820,000	820,000
Share of post-acquisition reserves	**1,860,682**	1,774,636	1,455,326
	2,680,682	2,594,636	2,275,326
Company			
Unquoted shares, at cost	**820,000**	820,000	820,000

The details of the associate are as follows:-

Name of Company	Principal Activities	Country of incorporation	Effective Equity Interest		
			2012	2011	1.1.2011
EIE Asian Holding Sdn. Bhd.	Investment holding and leasing of toiletry dispensors	Malaysia	**50%**	50%	50%

The summarised financial information of the associate is as follows:-

	2012 RM	2011 RM	As at 1.1.2011 RM
Total assets	**14,607,547**	16,156,682	13,480,760
Total liabilities	**9,131,476**	10,852,703	8,930,108
Results			
Revenue	**20,812,137**	19,826,135	16,589,401
Profit for the financial year, after tax and non-controlling interest	**172,092**	638,621	575,746

13. GOODWILL

	Group		
	2012 RM	2011 RM	As at 1.1.2011 RM
At beginning/end of the financial year	**140,455**	140,455	140,455

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

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13. GOODWILL *cont'd*

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% (31 December 2011: 7.35%; 1 January 2011: 3.35%).

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 (31 December 2011: RM Nil; 1 January 2011: 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)

	2012 RM	2011 RM
Group		
Deferred tax assets		
At 1 January	**665,256**	126,057
Recognised in profit or loss	**1,627**	539,199
At 31 December	**666,883**	665,256
Deferred tax liabilities		
At 1 January	**(97,500)**	(80,632)
Recognised in profit or loss	**(9,018)**	(16,868)
At 31 December	**(106,518)**	(97,500)

NOTES TO THE FINANCIAL STATEMENTS
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cont'd

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

	2012 RM	2011 RM
Company		
Deferred tax liabilities		
At 1 January	**(97,500)**	(80,352)
Recognised in profit or loss	**(6,600)**	(17,148)
At 31 December	**(104,100)**	(97,500)

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

	2012 RM	2011 RM	As at 1.1.2011 RM
Group			
Deferred tax assets			
Unabsorbed capital allowances	**108,575**	201,100	76,745
Unutilised tax losses	**296,350**	262,200	226,802
Unutilised reinvestment allowances	**656,400**	620,000	246,603
Difference between the carrying amounts of property, plant and equipment and their tax base	**(394,442)**	(418,044)	(424,093)
	666,883	665,256	126,057
Deferred tax liabilities			
Difference between the carrying amounts of property, plant and equipment and their tax base	**(106,518)**	(97,500)	(80,632)

	2012 RM	2011 RM	1.1.2011 RM
Company			
Deferred tax liabilities			
Difference between the carrying amounts of property, plant and equipment and their tax base	**(104,100)**	(97,500)	(80,632)

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

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

	Group		
	2012 RM	2011 RM	As at 1.1.2011 RM
Unabsorbed capital allowances	**-**	-	48,600

15. INVENTORIES

	Group		
	2012 RM	2011 RM	As at 1.1.2011 RM
At cost,			
Raw materials	**2,479,344**	2,541,421	7,500,490
Work-in-progress	**851,604**	1,315,569	677,842
Finished goods	**1,576,689**	1,581,482	4,149,742
Consumables	**293,871**	238,968	218,110
Packing materials	**59,351**	57,430	28,397
Trading goods	**25,771,210**	20,508,156	8,338,834
	31,032,069	26,243,026	20,913,415

16. TRADE RECEIVABLES

	2012 RM	2011 RM	As at 1.1.2011 RM
Group			
External parties	**32,473,755**	25,067,419	32,572,304
Amount due from an associate	**2,549,900**	3,915,729	1,258,793
	35,023,655	28,983,148	33,831,097
Less: Allowance for impairment	**(216,893)**	(174,560)	(69,647)
Trade receivables, net	**34,806,762**	28,808,588	33,761,450

	2012 RM	2011 RM	As at 1.1.2011 RM
Company			
External parties	**-**	1,800	-

NOTES TO THE FINANCIAL STATEMENTS
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cont'd

16. TRADE RECEIVABLES *cont'd*

(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 (31 December 2011: 10% per annum; 1 January 2011: 10% per annum).

(b) Ageing analysis of trade receivables

The ageing analysis of the Group and the Company trade receivables are as follows:-

	2012 RM	2011 RM	As at 1.1.2011 RM
Group			
Neither past due nor impaired	**31,660,130**	26,368,050	32,848,360
1 to 30 days past due not impaired	**1,754,593**	1,089,375	696,101
31 to 60 days past due not impaired	**599,889**	584,629	137,857
61 to 90 days past due not impaired	**313,675**	276,893	79,132
91 to 120 days past due not impaired	**212,300**	36,282	-
More than 121 days past due not impaired	**266,175**	453,359	-
	3,146,632	2,440,538	913,090
Impaired	**216,893**	174,560	69,647
	35,023,655	28,983,148	33,831,097

	2012 RM	2011 RM	As at 1.1.2011 RM
Company			
Neither past due nor impaired	**-**	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 and the Company.

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

<u>Receivables that are past due but not impaired</u>
The Group has trade receivables amounting to RM3,146,632 (31 December 2011: RM2,440,538; 1 January 2011: 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.

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31 DECEMBER 2012
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16. TRADE RECEIVABLES *cont'd*

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

Receivables that are impaired

The Group has trade receivables that are impaired at the reporting date amounting to RM216,893 (31 December 2011: RM174,560; 1 January 2011: RM69,647) of which are individually impaired and the nominal amounts and the allowance for impairment are the same.

Movement in allowance accounts:-

	Group	
	2012	2011
	RM	RM
At 1 January	**174,560**	69,647
Charge for the financial year (Note 6)	**93,863**	111,495
Reversal (Note 6)	**(2,076)**	(6,582)
Written off	**(49,454)**	-
At 31 December	**216,893**	174,560

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

	2012	2011	As at 1.1.2011
	RM	RM	RM
Group			
Other receivables	**96,919**	149,015	2,190,234
Refundable deposits	**218,623**	224,643	74,790
Prepayments	**169,956**	36,819	357,700
	485,498	410,477	2,622,724

	2012	2011	As at 1.1.2011
	RM	RM	RM
Company			
Other receivables	**84,988**	105,400	2,148,806
Refundable deposits	**37,350**	39,482	17,070
Prepayments	**-**	-	184,340
	122,338	144,882	2,350,216

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17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *cont'd*

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

As at 1 January 2011, 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.

19. CASH AND BANK BALANCES

	2012 RM	2011 RM	As at 1.1.2011 RM
Group			
Deposits with licensed banks (Islamic)	**354,508**	1,573,097	1,803,154
Deposits with licensed banks	**3,175,204**	6,633,392	1,429,591
Cash and bank balances	**5,380,546**	4,272,295	3,896,286
Cash and cash equivalents	**8,910,258**	12,478,784	7,129,031

	2012 RM	2011 RM	As at 1.1.2011 RM
Company			
Deposits with licensed banks (Islamic)	**354,508**	1,573,097	1,803,154
Deposits with licensed banks	**3,175,204**	6,633,392	1,429,591
Cash and bank balances	**54,271**	733,700	193,978
Cash and cash equivalents	**3,583,983**	8,940,189	3,426,723

The average maturity of deposits with licensed banks for the Group as at the financial year end is 78 days (31 December 2011: 125 days; 1 January 2011: 40 days). The weighted average effective interest rate as at 31 December 2012 for the Group is 3.03% (31 December 2011: 2.25%; 1 January 2011: 2.09%) per annum.

The Group's and the Company's deposits with licensed banks amounting to RM Nil (31 December 2011: RM2,211,494; 1 January 2011: RM3,232,745) are pledged as security for borrowings as disclosed in Note 23. These deposits are not freely available for general use.

As disclosed in Note 31(b), the Group manages its cash flow requirements of purchases in its operating activities mainly through bankers' acceptances which are drawndown to finance the import of goods.

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20. SHARE CAPITAL

	Group/Company Number of shares	
	2012	**2011**
Authorised:		
Ordinary shares at RM0.50 each		
At 1 January/ 31 December	**100,000,000**	100,000,000
Issued and fully paid:		
Ordinary shares at RM0.50 each		
At 1 January	**96,000,000**	75,876,000
Issued during the financial year	**-**	20,124,000
At 31 December	**96,000,000**	96,000,000

	Group/Company Amount	
	2012	**2011**
	RM	**RM**
Authorised:		
Ordinary shares at RM0.50 each		
At 1 January/ 31 December	**50,000,000**	50,000,000
Issued and fully paid:		
Ordinary shares at RM0.50 each		
At 1 January	**48,000,000**	37,938,000
Issued during the financial year	**-**	10,062,000
At 31 December	**48,000,000**	48,000,000

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 2012 and 2011 under the single tier system.

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23. BANK BORROWINGS (SECURED)

	2012 RM	2011 RM	As at 1.1.2011 RM
Group			
Current			
Bankers' acceptances (Islamic)	**19,045,196**	15,478,805	21,918,939
Bankers' acceptances	**6,509,000**	3,700,000	3,313,000
Finance lease payables (Note 24)	**536,588**	245,823	163,269
Trust receipts	**134,831**	-	34,511
Term loans	**18,816**	2,428,622	274,724
	26,244,431	21,853,250	25,704,443
Non-current			
Finance lease payables (Note 24)	**1,313,812**	720,244	616,889
Term loans	**-**	-	3,184,562
	1,313,812	720,244	3,801,451
Total borrowings:			
Bankers' acceptances (Islamic)	**19,045,196**	15,478,805	21,918,939
Bankers' acceptances	**6,509,000**	3,700,000	3,313,000
Finance lease payables (Note 24)	**1,850,400**	966,067	780,158
Trust receipts	**134,831**	-	34,511
Term loans	**18,816**	2,428,622	3,459,286
	27,558,243	22,573,494	29,505,894

	2012 RM	2011 RM	As at 1.1.2011 RM
Company			
Current			
Term loans	**-**	-	149,462
Non-current			
Term loans	**-**	-	762,605
	-	-	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 as at 1 January 2011 has been fully settled during the last financial 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 RM18,816 (31 December 2011: RM2,428,622; 1 January 2011: 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 financial 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 of the Group; and
(b) corporate guarantee by the Company (31 December 2011 and 1 January 2011: jointly and severally guarantee by the directors of the Company)

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

(a) legal charge over the freehold land and buildings of the Company;
(b) corporate guarantee by the Company;
(c) fixed deposits of the Company amounting to RM2,211,494 (discharged on 1 March 2012); and
(d) negative pledge over all the assets of certain subsidiary.

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

	2012	2011	As at 1.1.2011
		% per annum	
Group			
Bankers' acceptances	**2.98 - 3.48**	2.77 - 3.65	1.96 - 3.17
Trust receipts	**6.60**	-	7.30
Term loans	**7.35**	7.05 - 7.35	6.30 - 7.05

	2012	2011	As at 1.1.2011
		% per annum	
Company			
Term loans	**-**	-	6.30 - 6.85

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24. FINANCE LEASE PAYABLES

	Group		
	2012	**2011**	**As at 1.1.2011**
	RM	**RM**	**RM**
Future minimum lease payments	**2,103,584**	1,122,212	912,420
Less: Future finance charges	**(253,184)**	(156,145)	(132,262)
Total present value minimum lease payments	**1,850,400**	966,067	780,158
Payable within 1 year			
Future minimum lease payments	**651,727**	300,536	214,764
Less: Future finance charges	**(115,139)**	(54,713)	(51,495)
Present value of minimum lease payments	**536,588**	245,823	163,269
Payable more than 1 year but not more than 5 years			
Future minimum lease payments	**1,446,867**	724,890	610,367
Less: Future finance charges	**(137,979)**	(97,979)	(74,560)
Present value of minimum lease payments	**1,308,888**	626,911	535,807
Payable more than 5 years			
Future minimum lease payments	**4,990**	96,786	87,289
Less: Future finance charges	**(66)**	(3,453)	(6,207)
Present value of minimum lease payments	**4,924**	93,333	81,082
Total present value minimum lease payments	**1,850,400**	966,067	780,158

The finance lease payables of the Group bear interest at rates ranging from 4.24% - 7.13% per annum (31 December 2011: 4.24% - 7.13% per annum; 1 January 2011: 4.24% - 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

	2012 RM	2011 RM	As at 1.1.2011 RM
Group			
Deposits	**48,200**	50,200	50,200
Other payables	**937,403**	527,295	546,369
Accruals	**1,876,293**	1,460,314	1,070,701
	2,861,896	2,037,809	1,667,270

	2012 RM	2011 RM	As at 1.1.2011 RM
Company			
Deposits	**48,200**	50,200	50,200
Other payables	**83,021**	63,125	79,821
Accruals	**314,626**	269,680	72,080
	445,847	383,005	202,101

Included in other payables of the Group and of the Company is an amount of RM4,762 (31 December 2011: RM4,762; 1 January 2011: RM4,762) and RM13 (31 December 2011: RM13; 1 January 2011: RM13) respectively due to certain directors of the Group.

27. DIVIDEND

	Group/Company	
	2012 RM	2011 RM
Recognised during the financial year:		
First and final dividend of 3 sen per share single-tier in respect of financial year ended 31 December 2010	-	2,880,000
First and final dividend of 2 sen per share single-tier in respect of financial year ended 31 December 2011	**1,920,000**	-

In addition, the Directors have also proposed a single-tier first and final dividend in respect of the financial year ended 31 December 2012 of 1 sen per share amounting to RM960,000 payable upon approval by shareholders at the forthcoming Annual General Meeting.

The financial statements for the current financial 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 2013.

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28. CAPITAL COMMITMENTS

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

	Group	
	2012	2011
	RM	RM
Approved and contracted for:		
Property, plant and equipment	-	158,000

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 have 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 financial year:-

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Associate				
Sale of goods	**(4,672,890)**	(5,249,280)	**-**	-
Interest receivable	**(140,546)**	(19,865)	**-**	-
Subsidiaries				
Interest receivable	**-**	-	**(254,232)**	-
Management fee	**-**	-	**(380,880)**	-
Rental of premises	**-**	-	**(931,200)**	(931,200)
Dividend received	**-**	-	**(1,900,000)**	(2,838,000)
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.

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29. RELATED PARTY DISCLOSURES *cont'd*

(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.

The remuneration of the key management personnel is as follows:-

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Directors of the Company:				
Non-executive directors' fees and other emoluments	**106,200**	93,300	**106,200**	93,300
Short term employee benefits (including estimated monetary value of benefits-in-kind)	**1,092,175**	1,010,692	**845,575**	512,692
Post-employment benefits	**126,000**	115,920	**97,200**	55,440
	1,324,375	1,219,912	**1,048,975**	661,432

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.

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30. FAIR VALUE OF FINANCIAL INSTRUMENTS *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 RM	Group Fair Value RM
2012		
Financial liabilities		
Finance lease payables	**1,850,400**	**1,933,212**
2011		
Financial liabilities		
Finance lease payables	966,067	1,002,604
1.1.2011		
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 financial 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 bank balances), 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.

NOTES TO THE FINANCIAL STATEMENTS
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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 Company also expose to credit risks in relation to 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					
	2012		2011		As at 1.1.2011	
	RM	% of total	RM	% of total	RM	% of total
By country:						
Malaysia	**33,448,582**	**96**	28,317,787	98	24,599,405	74
Singapore	**327,822**	**1**	238,828	1	3,490,625	10
Papua New Guinea	**-**		-	-	5,561,036	16
United Kingdom	**770,549**	**2**				
Other countries	**259,809**	**1**	251,973	1	110,384	*
	34,806,762	**100**	28,808,588	100	33,761,450	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 RM25,707,843 (31 December 2011: RM19,178,805; 1 January 2011: 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.

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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.

The Group manages its cash flow requirements of purchases in its operating activities mainly through bankers' acceptances which are drawndown to finance the import of goods.

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
2012						
Group						
Financial Liabilities:						
Trade payables	**5,027,980**	**5,027,980**	**5,027,980**	**-**	**-**	**-**
Other payables	**2,861,896**	**2,861,896**	**2,861,896**	**-**	**-**	**-**
Bankers' acceptances (Islamic)	**19,045,196**	**19,231,847**	**19,231,847**	**-**	**-**	**-**
Bankers' acceptances	**6,509,000**	**6,559,818**	**6,559,818**	**-**	**-**	**-**
Trust receipts	**134,831**	**137,199**	**137,199**	**-**	**-**	**-**
Finance lease payables	**1,850,400**	**2,103,584**	**651,727**	**641,523**	**805,344**	**4,990**
Term loans	**18,816**	**18,816**	**18,816**	**-**	**-**	**-**
	35,448,119	**35,941,140**	**34,489,283**	**641,523**	**805,344**	**4,990**
Company						
Financial Liabilities						
Other payables	**445,847**	**445,847**	**445,847**	**-**	**-**	**-**
Amount due to a subsidiary	**3,198,592**	**3,198,592**	**3,198,592**	**-**	**-**	**-**
	3,644,439	**3,644,439**	**3,644,439**	**-**	**-**	**-**

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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
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 (Islamic)	15,478,805	15,573,047	15,573,047	-	-	-
Bankers' acceptances	3,700,000	3,732,352	3,732,352	-	-	-
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
As at 1.1.2011						
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 (Islamic)	21,918,939	22,113,101	22,113,101	-	-	-
Bankers' acceptances	3,313,000	3,343,386	3,343,386	-	-	-
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 RM25,707,843 (31 December 2011: RM21,607,427; 1 January 2011: RM28,725,736) expose the Group to cash flow interest rate risk whilst finance lease at fixed rate amounting to RM1,850,400 (31 December 2011: RM966,067; 1 January 2011: 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 (31 December 2011: 50; 1 January 2011: 10) basis points higher/lower and all other variables were held constant, the Group's profits net of tax ended 31 December 2012 would decrease/increase by RM96,404 (31 December 2011: RM81,028; 1 January 2011: RM21,544) as a result of exposure to floating rate borrowings.

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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 functional currency of Group entities, primarily RM. The foreign currencies in which these transactions are denominated are mainly United States Dollars ("USD"), Singapore Dollar ("SGD") and Brunei Dollar ("BND").

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 USD and SGD) amount to RM220,818 and RM41,618 (31 December 2011: RM Nil and RM94,292; 1 January 2011: RM Nil and RM40,471) respectively for the Group.

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

	Group		
	2012 RM	2011 RM	As at 1.1.2011 RM
USD			
Trade payables	**(612,161)**	(4,809)	-
Trade receivables	**866,666**	251,973	8,650,423
Cash and bank balances	**220,818**	-	-
	475,323	247,164	8,650,423
SGD			
Trade receivables	**104,453**	238,828	332,804
Cash and bank balances	**41,618**	94,292	40,471
	146,071	333,120	373,275
BND			
Trade receivables	**139,984**	-	-

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

(d) Foreign currency risk *cont'd*

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, SGD and BND exchange rate against the functional currency of the Group, with all other variables held constant.

		Group		
		2012	**2011**	**As at 1.1.2011**
		RM	**RM**	**RM**
USD/RM	- strengthened 5% (31 December 2011: 5%;1 January 2011: 3%)	**17,825**	9,269	194,635
	- weakened 5% (31 December 2011: 5%;1 January 2011: 3%)	**(17,825)**	(9,269)	(194,635)
SGD/RM	- strengthened 2% (31 December 2011: 2%;1 January 2011: 3%)	**2,191**	4,997	8,399
	- weakened 2% (31 December 2011: 2%;1 January 2011: 3%)	**(2,191)**	(4,997)	(8,399)
BND/RM	- strengthened 2% (31 December 2011: 2%;1 January 2011: 3%)	**2,100**	-	-
	- weakened 2% (31 December 2011: 2%;1 January 2011: 3%)	**(2,100)**	-	-

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.

The Group monitors capital using a gearing ratio, which is calculated as total debts (excluding bankers' acceptance and trust receipts) divided by total capital plus total debt. The Group monitors and maintains a prudent level of gearing ratio to optimise shareholders' value and to ensure compliance with covenants under debt agreements, if any. Total debts, include term loans and finance lease. Total capital comprises total equity of the Group.

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32. CAPITAL MANAGEMENT *cont'd*

	Group	
	2012	**2011**
Total debts (RM)	**1,869,216**	3,394,689
Total equity (RM)	**61,061,518**	60,415,145
Total equity and debts (RM)	**62,930,734**	63,809,834
Gearing ratio %	**3%**	5%

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.

	Stainless steel products	Marine hardware and consumable	Other industrial hardware	Investment holding	Elimination	Total
	RM	RM	RM	RM	RM	RM
2012						
Revenue						
External revenue	33,115,651	40,774,946	9,421,676	12,600	-	83,324,873
Inter-segment revenue	20,736,687	2,273,822	2,138,925	3,212,080	(28,361,514)	-
Total segment revenue	53,852,338	43,048,768	11,560,601	3,224,680	(28,361,514)	83,324,873
Gross profit	3,225,931	7,127,296	1,317,711	12,600	-	11,683,538

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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
Gross profit	2,979,980	6,021,412	1,787,427	21,600	-	10,810,419

Information about geographical areas

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

	2012 RM	2011 RM
Malaysia	**76,889,680**	65,383,654
Singapore	**2,301,749**	2,062,010
Indonesia	**189,545**	601,209
United Kingdom	**3,189,264**	1,954,951
Papua New Guinea	**-**	453,090
Thailand	**439,496**	-
Other countries	**315,139**	61,405
	83,324,873	70,516,319

All non-current assets (other than financial instruments and deferred tax 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
31 DECEMBER 2012
cont'd

34. COMPARATIVE FIGURES

The following comparative figures were reclassified to conform with the current year's presentation:-

	Group	
	As reclassified RM	As previously classified RM
Statement of Cash Flows		
Net cash from/(used in) operating activities	7,267,865	(177)
Net cash (used in)/from financing activities	(813,027)	6,455,015

	Company	
	As reclassified RM	As previously classified RM
Statement of Cash Flows		
Net cash from operating activities	5,174,186	5,114,309
Net cash from financing activities	8,632,078	8,691,955

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2012
cont'd

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	
	2012	**2011**
	RM	**RM**
Total retained earnings of the Company and its subsidiaries		
- realised	**9,380,197**	9,162,477
- unrealised	**560,365**	567,756
	9,940,562	9,730,233
Total share of retained earnings from associate		
- realised	**1,860,303**	1,773,779
- unrealised	**379**	857
	11,801,244	11,504,869
Add: Consolidation adjustments	**129,398**	257,623
Total retained earnings of the Group	**11,930,642**	11,762,492

	Company	
	2012	**2011**
	RM	**RM**
Total retained earnings of the Company		
- realised	**1,268,597**	1,199,200
- unrealised	**(104,100)**	(97,500)
Total retained earnings	**1,164,497**	1,101,700

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 2012

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 2012 (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	6,681
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	79
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-Eighth 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 Thursday, 23 May 2013 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 2012 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 1¢ per ordinary share of RM0.50 each for the financial year ended 31 December 2012. ***Ordinary Resolution 1***

3. To approve the payment of Directors' fees for the year ended 31 December 2012. ***Ordinary Resolution 2***

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

   Lim Ho Kin ***Ordinary Resolution 3***

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

   (i) Koh Seng Kar @ Koh Hai Sew ***Special Resolution 4***

   (ii) Zainal Rashid bin Haji Mohd Eusoff ***Special Resolution 5***

6. To re-appoint Messrs Baker Tilly AC as Auditors of the Company and to authorise the Directors to fix their remuneration. ***Ordinary 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** ***Ordinary 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 *Ordinary 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 2 May 2013 ('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. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY *Special Resolution 9*

"THAT, the amendments to the Articles of Association of the Company as set out in Part B of the Circular to Shareholders dated 2 May 2013 be and is hereby approved and adopted AND THAT the Directors and Secretary be and are hereby authorized to give effect to the said amendments."

10. 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 1¢ per ordinary share of RM0.50 each for the financial year ended 31 December 2012 will be paid on 25 June 2013 to Depositors registered in the Record of Depositors at the close of business at 5.00 p.m. on 7 June 2013.

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 2013 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.

NOTICE OF ANNUAL GENERAL MEETING
cont'd

By order of the Board

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

Dated this: 2 May 2013
Kuala Lumpur

Notes

A. *This Agenda item is meant for discussion only as there is no provision in the Company's Articles of Association for a formal approval from 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 17 May 2013. Only a depositor whose name appears on the Record of Depositors as at 17 May 2013 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.

NOTICE OF ANNUAL GENERAL MEETING

cont'd

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 30 May 2012.

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 2 May 2013.

Special Resolution 9

The proposed Special Resolution 9 on amendments to the Articles of Association of the Company are to streamline the Company's Articles of Association to be in line with the recent amendments in Bursa Malaysia Securities Berhad Main Market Listing Requirements.

ANALYSIS OF SHAREHOLDINGS
AS AT 5 APRIL 2013

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	:	1,025

DISTRIBUTION OF SHAREHOLDINGS AS AT 5 APRIL 2013

Category	No. of Shareholders	No. of Shares	Percentage
Less than 100	2	100	0.00
100 – 1,000	171	100,900	0.11
1,001 – 10,000	415	2,611,000	2.72
10,001 – 100,000	357	14,516,200	15.12
100,001 – less than 5% of issued shares	78	25,971,800	27.05
5% and above of issued shares	2	52,800,000	55.00
Total	**1,025**	**96,000,000**	**100.00**

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 5 APRIL 2013

		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 5 APRIL 2013

		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 5 APRIL 2013

cont'd

LIST OF TOP 30 SHAREHOLDERS/DEPOSITORS AS AT 5 APRIL 2013

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.	CITIGROUP NOMINEES (ASING) SDN BHD *EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)*	1,050,000	1.09
4.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LIAU SIONG KEE @ LIEW SIONG KEE*	1,000,300	1.04
5.	BALAKRISNEN A/L SUBBAN	1,000,000	1.04
6.	LIM CHEE KONG	900,000	0.94
7.	WONG SAU FANG	895,000	0.93
8.	GUO YONGJIN	828,000	0.86
9.	CHAN KEE SENG	800,000	0.83
10.	CHIA AI CHUA	780,000	0.81
11.	NG ALI CHUA @ NG AH CHUAH	750,000	0.78
12.	LIM BOON TICK	721,000	0.75
13.	TSEN KET SHUNG @ KON SHUNG	714,400	0.74
14.	LIM YUK WAI @ LAM YUK WAI	700,000	0.73
15.	LIM SEE PENG	573,000	0.60
16.	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD *MAYBANK KIM ENG SECURITIES PTE LTD FOR LOW KOK TIONG*	500,000	0.52
17.	OSK NOMINEES (TEMPATAN) SDN BERHAD *OSK CAPITAL SDN BHD FOR YAP POH LEAN*	500,000	0.52
18.	OSK NOMINEES (TEMPATAN) SDN BERHAD *OSK CAPITAL SDN BHD FOR LEE CHAN CHAR*	500,000	0.52
19.	YAK THYE PENG	500,000	0.52
20.	YAK TIONG LIEW	500,000	0.52
21.	LEE CHOON MING	491,000	0.51
22.	CHONG CHEE MENG	460,500	0.48
23.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD *UOB KAY HIAN PTE LTD FOR TER SING HUAT*	439,000	0.46
24.	LIM HOCK CHAN	380,000	0.40
25.	WONG EE CHE	370,000	0.39
26.	INNOSIN SDN. BHD.	328,000	0.34
27.	GOH SWEE LAI	320,000	0.33
28.	TAN KONG CHUAN	320,000	0.33
29.	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD *MAYBANK KIM ENG SECURITIES PTE LTD FOR TOH KIM HOCK*	311,200	0.32
30.	LOO CHIENG PHAN	300,000	0.31
Total		**69,731,400**	**72.61**

誠成集團

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-Eighth 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 Thursday, 23 May 2013 at 10.00 a.m. My/our proxy/proxies is/are to vote as indicated below:-

			FIRST PROXY		SECOND PROXY	
RESOLUTIONS RELATING TO:-			**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, Lim Ho Kin				
Special Resolution 4	–	Re-election of Director Koh Seng Kar@Koh Hai Sew				
Special Resolution 5	–	Re-election of Director, Zainal Rashid bin Haji Mohd Eusoff				
Ordinary Resolution 6	–	To re-appoint the retiring auditors, Messrs Baker Tilly AC				
Ordinary Resolution 7	–	Authority to issue shares				
Ordinary Resolution 8	–	Renewal of shareholders' mandate for Recurrent Related Party Transactions				
Special Resolution 9	–	Proposed Amendments to the Articles of Association of the Company				

(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 ______________ 2013

____

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 17 May 2013. Only a depositor whose name appears on the Record of Depositors as at 17 May 2013 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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