

Moving from strength to strength



# CONTENTS

<b>01</b>	Notice of Annual General Meeting
<b>03</b>	Statement Accompanying Notice of AGM
<b>05</b>	Corporate Information
<b>06</b>	Corporate Structure
<b>08</b>	Directors' Profile
<b>10</b>	Chairman's Statement
<b>12</b>	Corporate Social Responsibility
<b>13</b>	Audit Committee Report
<b>15</b>	Statement on Corporate Governance
<b>18</b>	Internal Control Statement
<b>19</b>	Financial Statements
<b>80</b>	Analysis of Shareholdings
<b>82</b>	List of Properties
<b>83</b>	Proxy Form





# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Twentieth Annual General Meeting of **DOMINANT ENTERPRISE BERHAD** will be held at **Grand Paragon Hotel, Sapphire 3 Hall, Level 4, No. 18, Jalan Harimau, Taman Century, 80250 Johor Bahru, Johor Darul Takzim** on **Tuesday, 18 September 2012** at **10.00 a.m.** for the following purposes :-

## ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2012 and the Reports of the Directors and Auditors thereon.
2. To approve a Single Tier Final Dividend of 1 sen per share in respect of the financial year ended 31 March 2012.
3. To approve the payment of Directors' fees of RM196,000 in respect of the financial year ended 31 March 2012.
4. To re-elect the following Directors who retire pursuant to Article 84 of the Company's Articles of Association :-
  - a. Mr. Owee Geok Choon
  - b. Mr. Kuah Boo Cheng @ Kuah Kwai Yoke
  - c. Hj. Mohd Khalid Bin Idris
5. To appoint Messrs BDO as Auditors of the Company for the ensuring year and to authorise the Directors to fix their remuneration.

## Resolution on Proxy Form

Please refer to  
Explanatory Note 1

Resolution 1

Resolution 2

Resolution 3  
Resolution 4  
Resolution 5

Resolution 6

A Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965 from a member of the Company (A copy marked "Annexure A" which is annexed hereto) has been received by the Company for the nomination of Messrs BDO for appointment as Auditors of the Company in place of the retiring Auditors, Messrs Deloitte KassimChan and of the intention to move the following motion to be passed as an Ordinary Resolution :

"That Messrs BDO be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs Deloitte KassimChan and to hold office until the conclusion of the next Annual General Meeting AND THAT authority be and is hereby given for the Directors to determine their remuneration."

## SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution, with or without modifications:

6. **ORDINARY RESOLUTION :**  
AUTHORITY TO DIRECTORS TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

Resolution 7

"THAT subject always to the Companies Act, 1965 ("Act"), Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad ("Bursa Securities") and any other governmental / regulatory bodies, where such approval is necessary, full authority be and is hereby given to the Directors pursuant to Section 132D of the Act to issue not more than ten percent (10%) of the issued capital of the Company at any time upon any such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force and that the Directors be and are hereby further authorised to make or grant offers, agreements or options which would or might require shares to be issued after the expiration of the approval hereof AND THAT authority be and is hereby given to the Directors to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Securities."

7. To transact any other business of which due notice shall have been given.

# NOTICE OF ANNUAL GENERAL MEETING

## NOTICE OF ENTITLEMENT DATE AND DIVIDEND PAYMENT

**NOTICE IS ALSO HEREBY GIVEN THAT** the proposed Single Tier Final Dividend of 1 sen per share in respect of the financial year ended 31 March 2012, if approved, will be paid on **11 October 2012** to depositors registered in the Record of Depositors at the close of business on **27 September 2012**.

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

- (a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 27 September 2012 in respect of ordinary transfers; and
- (b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD  
**DOMINANT ENTERPRISE BERHAD**

YONG MAY LI (f)  
(LS0000295)  
Company Secretary

Johor Bahru,  
27 August 2012

### NOTES :

1. A member of the Company entitled to attend and vote at the meeting may appoint a proxy or proxies (but not more than two) to attend and vote in his/her stead. A proxy may but need not be a member of the Company.
2. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her holding to be represented by each proxy.
3. A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 is allowed to 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. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy, in the case of an individual shall be signed by the appointor or his/her attorney duly authorised in writing and in the case of a corporation, either under seal or under the hand of an officer duly authorised. If no name is inserted in the space for the name of your proxy, the Chairman of the Meeting will act as your proxy.
6. The instrument appointing a proxy must be deposited at the Registered Office of the Company situated at Suite 1301, 13th Floor, City Plaza, 80300 Johor Bahru, Johor Darul Takzim not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

# NOTICE OF ANNUAL GENERAL MEETING

7. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Article 54(2) of the Articles of Association of the Company and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors as at 10 September 2012 and only a Depositor whose name appear on such Record of Depositors shall be entitled to attend this meeting.

## EXPLANATORY NOTES :

### 1. Item 1 of the Agenda

This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

### 2. Item 6 of the Agenda

Resolution 7 proposed under item 6 of the Agenda is for the purpose of granting a renewal of the general mandate and if passed, will provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of bank borrowings, acquisitions and/or for issuance of shares as settlement of purchase consideration. This authority will commence from the date of this Annual General Meeting and unless earlier revoked or varied by the shareholders of the Company at a subsequent general meeting, shall expire at the next Annual General Meeting of the Company.

As at the date of this Notice, no new shares have been issued pursuant to the mandate obtained at the 19th Annual General Meeting of the Company held on 26 September 2011, and accordingly no proceeds were raised.

## STATEMENT ACCOMPANYING NOTICE OF AGM

1. The Directors who are standing for re-election at the Twentieth Annual General Meeting of Dominant Enterprise Berhad are :

Retiring under Article 84 of the Company's Articles of Association :

- a. Mr. Owee Geok Choon
- b. Mr. Kuah Boo Cheng @ Kuah Kwai Yoke
- c. Hj. Mohd Khalid Bin Idris

2. Further details of Directors standing for re-election are set out in the Directors' Profile appearing on page 8 of this Annual Report.
3. Details of Directors' shareholding are set out on page 80 of this Annual Report.

**NS PACIFIC SDN BHD ( Co.No.587612-T )**

PTD 151383, Jalan Kempas Lama, Kawasan Perindustrian Kg. Maju Jaya, Mukim Tebrau,  
81300 Skudai, Johor Bahru.

Tel : 607-5588 318 Fax : 607-5543 720

Date : 19 July 2012

The Board of Directors  
DOMINANT ENTERPRISE BERHAD  
Suite 1301, 13th Floor, City Plaza  
Jalan Tebrau  
80300 Johor Bahru, Johor

Dear Sirs,

**RE: NOTICE OF NOMINATION OF MESSRS BDO AS AUDITORS**

We, being a member of Dominant Enterprise Berhad (DEB) holding 46.81% of shares in DEB hereby give notice pursuant to Section 172(11) of the Companies Act 1965 of our intention to nominate Messrs BDO as Auditors of the Company in place of the retiring Auditors, Messrs Deloitte KassimChan and of our intention to move the following motion to be passed as an Ordinary Resolution at the 20th Annual General Meeting of DEB :

“That Messrs BDO be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs Deloitte KassimChan and to hold office until the conclusion of the next Annual General Meeting AND THAT authority be and is hereby given for the Directors to determine their remuneration.”

Yours faithfully,  
NS Pacific Sdn. Bhd.

Cha Aku Wai @  
Sia Ah Kow  
Director

Teo Ah Bah @  
Teo Chuang Kwee  
Director



# CORPORATE INFORMATION

## **Board of Directors**

Teo Ah Bah @ Teo Chuang Kwee  
Cha Aku Wai @ Sia Ah Kow  
Owee Geok Choon  
Kuah Boo Cheng @ Kuah Kwai Yoke  
Chai Soon Too  
Hj Mohd Khalid Bin Idris  
Tan Meng Poo  
Johnson Kandasamy A/L David Nagappan  
Waldersee Chan Chung Ching  
Teo Yu Chin

- Non-Executive Chairman
- Managing Director
- Deputy Managing Director
- Executive Director
- Executive Director
- Independent Non-Executive Director
- Independent Non-Executive Director
- Independent Non-Executive Director
- Non-Independent Non-Executive Director
- Alternate Director to Teo Ah Bah @ Teo Chuang Kwee

## **Audit Committee**

Hj Mohd Khalid Bin Idris  
Tan Meng Poo  
Johnson Kandasamy A/L David Nagappan

- Chairman
- Member
- Member

## **Auditor**

Deloitte KassimChan (AF0080)  
21, Jalan Tun Abdul Razak,  
Susur 1/1, 80000 Johor Bahru,  
Johor, Malaysia  
Tel : 607 – 222 5988  
Fax : 607 – 224 7508

## **Company Secretary**

Yong May Li (LS0000295)

## **Principal Bankers**

Affin Bank Berhad  
AmBank (M) Berhad  
Hong Leong Bank Berhad  
Malayan Banking Berhad  
OCBC Bank Group  
RHB Bank Berhad  
United Overseas Bank Group

## **Registered Office**

Suite 1301, 13th Floor,  
City Plaza, Jalan Tebrau,  
80300 Johor Bahru, Johor, Malaysia  
Tel : 607 – 335 4988  
Fax : 607 – 335 4977

## **Stock Exchange**

Main Market of Bursa Malaysia Securities Berhad  
(635998-W)  
Stock Name: DOMINAN  
Stock Code : 7169

## **Share Registrar**

Tricor Investor Services Sdn Bhd  
(118401-V)  
Level 17, The Gardens North Tower,  
Mid Valley City, Lingkaran Syed Putra,  
59200 Kuala Lumpur, Malaysia.  
Tel : 603 – 2264 3883  
Fax : 603 – 2282 1886



# CORPORATE STRUCTURE



## Manufacturing Division

**100%**

Premier Woodprofile Sdn Bhd  
"PWSB"

**100%**

Bripanel Industries Sdn Bhd  
"BISB"

**100%**

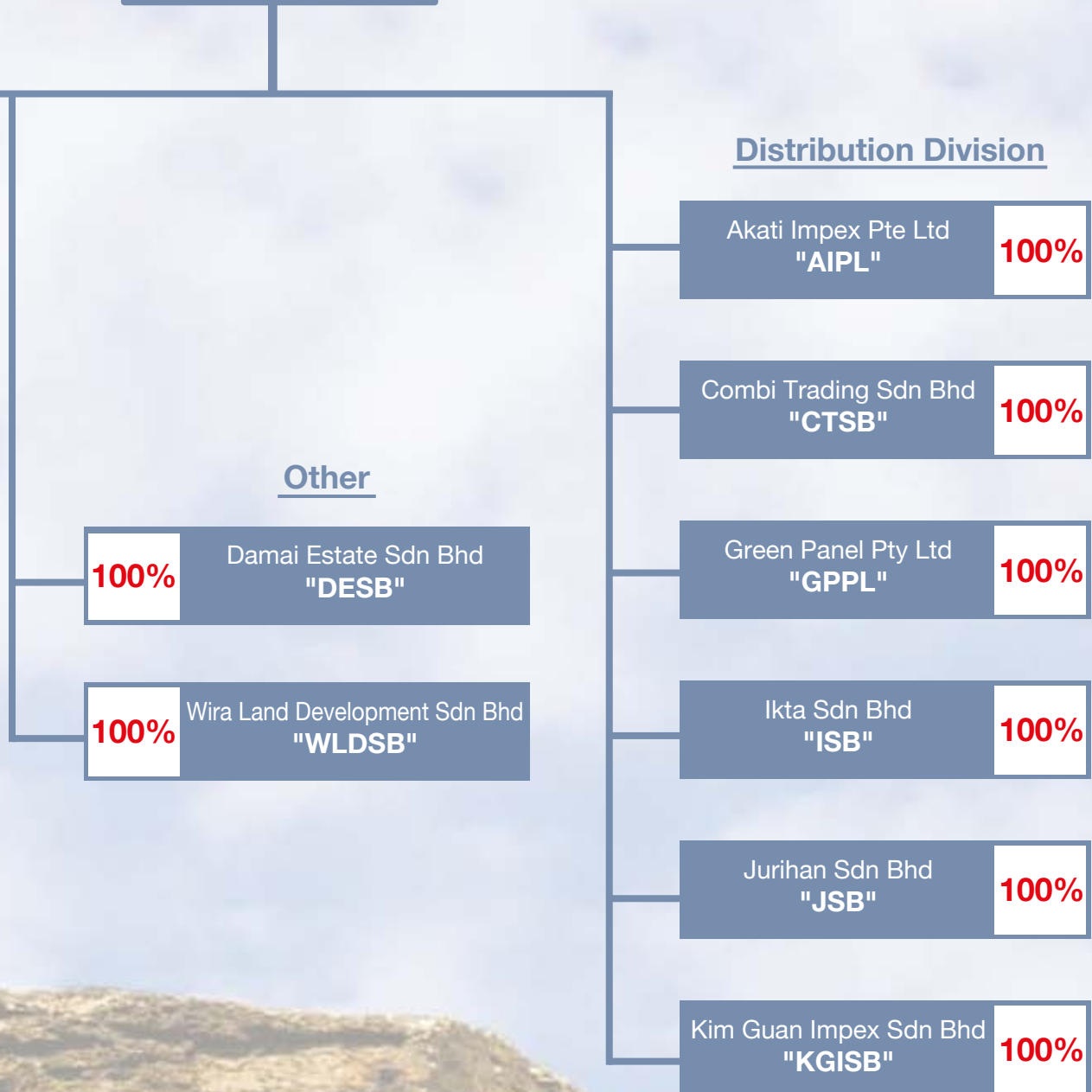
Ecopanel Industries Sdn Bhd  
"EISB"

**100%**

Akati Wood (Vietnam) Co Ltd  
"AWVCL"







# DIRECTORS'

## PROFILE

### **Teo Ah Bah @ Teo Chuang Kwee** *Non-Executive Chairman*

Teo Ah Bah @ Teo Chuang Kwee, aged **64, Malaysian**, is one of the founders of Dominant Group and was appointed as the Executive Chairman on 17 December 1993. He was redesignated to his current position with effect from 12 November 2004. He graduated from the University of Singapore with a Bachelor of Science in Applied Chemistry in 1974. Upon graduation, he joined his family company, Ayer Hitam Sawmill Co. Sdn. Bhd., which was involving in timber logging and sawmill for both export and domestic markets. He, together with his brothers had successfully set up many other businesses including property development, trading and manufacturing. He is now the managing director of Gromutual Bhd.

### **Cha Aku Wai @ Sia Ah Kow** *Managing Director*

Cha Aku Wai @ Sia Ah Kow, aged **61, Malaysian**, is one of the founders of the Dominant Group and was appointed as the Managing Director of Dominant on 17 December 1993. He graduated with a Bachelor of Commerce majoring in Accounting from Nanyang University Singapore in 1974. He was admitted as a registered accountant of the Singapore Society of Accountants in 1978. He started a trading and distribution of wood-based products company in Singapore, namely Akati Pte Ltd, which was eventually restructured to AIPL. The trading business grew rapidly and this prompted him to set up ISB and CTSB to capture the market of Malaysia. With his entrepreneurship and long-term strategic view, he successfully established the manufacturing operations of Dominant through the incorporation of PWSB and BISB in 1994. He is the main driving force behind the Dominant Group and is actively involved in its overall operations and corporate planning.

### **Owee Geok Choon** *Deputy Managing Director*

Owee Geok Choon, aged **41, Malaysian**, was appointed to the Board of Dominant on 18 April 2003. He was redesignated to his current position with effect from 1 January 2010. He graduated with a Bachelor of Commerce majoring in Accounting from Monash University, Australia in 1993. He started his career with AIPL as an Export Marketing Executive. With his dedication and ability, he was later offered the position of General Manager in CTSB in 1996. Apart from overseeing the day-to-day operations of CTSB, BISB, AWWCL, GPPL and PWSB, he is also responsible for the business development and implementation of marketing strategies for the Group.

### **Kuah Boo Cheng @ Kuah Kwai Yoke** *Executive Director*

Kuah Boo Cheng @ Kuah Kwai Yoke, aged **58, Singaporean**, was appointed to the Board of Dominant on 18 April 2003. He is also a Director and General Manager of AIPL. He obtained a Diploma in Business Management from Singapore Institute of Management in 1995. In 1992, he joined AIPL as a Director. With his hands-on experience in the wood panel industry, he is instrumental in the sourcing of and negotiation for the supply of plywood and other wood-based materials of the Dominant Group as well as developing close relationships with the suppliers. As the main driving force of AIPL, he is in charged of the day-to-day operations, the development and implementation of AIPL's business and marketing strategies. He was appointed as the director of GPPL in year 2005.

### **Chai Soon Too** *Executive Director*

Chai Soon Too, aged **51, Malaysian**, was appointed to the Board of Dominant on 18 April 2003. He is also the Director and General Manager of ISB and JSB. He is the co-founder of JSB and was instrumental in setting up ISB's offices in Butterworth and Kota Bharu. He graduated with a Bachelor of Business Administration from National Chung-Hsing University, Taiwan in 1985. In 1993, he joined ISB as Director. He is responsible for overseeing the day-to-day operations of ISB and is also in charged of the business development and establishment of new distribution networks of ISB and JSB. He was appointed as the director of EISB and KGISB in financial year 2005.



# DIRECTORS' PROFILE

## **Tan Meng Poo** *Independent Non-Executive Director*

Tan Meng Poo, aged **51, Malaysian**, was appointed to the Board of Dominant on 18 April 2003. He graduated with a Bachelor of Law (Honours) from University of Malaya in 1985 and was admitted as an advocate and solicitor in 1986. He was in active legal practice until 31 December 2005. He is now a International Vice President of a non-profit organization. His responsibility is to provide regional leadership in several countries for that organization.

## **Hj Mohd Khalid Bin Idris** *Independent Non-Executive Director*

Hj Mohd Khalid Bin Idris, aged **68, Malaysian**, was appointed to the Board of Dominant on 18 April 2003. He started his career with the Inland Revenue Department in 1965 and resigned as an Examiner in 1975 to join a Public Accounting Firm as a Tax Manager. He started his own management consultancy firm, Khalid & Associate Sdn Bhd in 1986. He has been the director of the company since then. He is a member of the Malaysian Association of Company Secretaries and Malaysian Institute of Taxation.

## **Johnson Kandasamy A/L David Nagappan** *Independent Non-Executive Director*

Johnson Kandasamy A/L David Nagappan, aged **51, Malaysian**, was appointed to the Board of Dominant on 1 November 2004. He started his career in accountancy in 1981 as an audit trainee with a local accounting firm. Prior to establishing his own accounting firm, JK David & Co. in 2002, he served in various capacities in two other local accounting firms. He is a Chartered Accountant registered with the Malaysian Institute of Accountants, a Fellow of the Association of Chartered Certified Accountants, an associate of the Chartered Tax Institute of Malaysia, an approved tax agent and also a Certified Financial Planner.

## **Waldersee Chan Chung Ching** *Non-Independent Non-Executive Director*

Waldersee Chan Chung Ching, aged **36, Malaysian**, was appointed as the Non-Independent Non-Executive Director of Dominant on 1 April 2011. He graduated with a Bachelor of Laws from University College London, UK in 1999 and was subsequently called to the UK, Malaysian and Singapore Bars. He is presently practising as an Advocate and Solicitor of the Supreme Court of Singapore.

## **Teo Yu Chin** *Alternate Director to Teo Ah Bah @ Teo Chuang Kwee*

Teo Yu Chin, aged **31, Malaysian**, was appointed as the Non-Independent Non-Executive Director of Dominant on 1 January 2011. He is the Alternate Director to The Chairman. He graduated with a Bachelor of Electrical Engineering from Pennsylvania State University, USA in 2002. He started his career with United Overseas Bank (Malaysia) Berhad as Commercial and Corporate Banker in 2003. In 2007, he joined Vermi Industries Sdn. Bhd. as General Manager.

### **Family Relationship of Directors**

None of the directors has any family relationship with any directors and/or major shareholders of the Company other than as disclosed below :-

1. Cha Aku Wai @ Sia Ah Kow is the brother in law of Teo Ah Bah @ Teo Chuang Kwee
2. Teo Yu Chin is the son of Teo Ah Bah @ Teo Chuang Kwee and the nephew of Cha Aku Wai @ Sia Ah Kow
3. Waldersee Chan Chung Ching is the son in law of Cha Aku Wai @ Sia Ah Kow

### **Conflict of Interest**

None of the directors has any conflict of interest with the Company.

### **Conviction of Offence**

None of the directors has been convicted of any offence within the past 10 years other than traffic offences.

### **Securities Holdings**

The particulars of the directors' shareholdings are set out in page 80 of this Annual Report.

# CHAIRMAN'S STATEMENT

## Dear Shareholders,

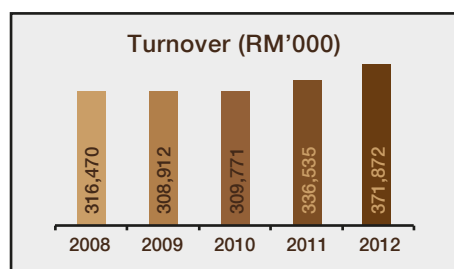
On behalf of the Board of Directors, I am hereby pleased to present you the Annual Report and the audited financial statements of Dominant Enterprise Berhad (Dominant or the Group) for the financial year ended 31 March 2012 (FY2012).

## ECONOMIC REVIEW

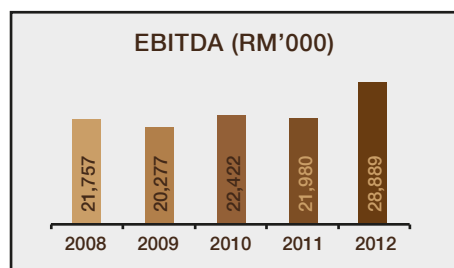
The global economy for 2011 was largely choppy. Most of the economies in the world were not spared from the aftermath resulting from major black swan events throughout the year, including the earthquake disaster in Japan, political turmoil in the Middle East and North Africa, and the ongoing European debt crisis.

Alongside the regional economies, Malaysia was one of the affected nations, with its Gross Domestic Product (GDP) growth contracting to 5.1% in 2011 from 7.2% in 2010. According to the Bank Negara Annual Report 2011, the country's wood and wood products exports declined by 5.9% in 2011, versus an 11.7% expansion in 2010.

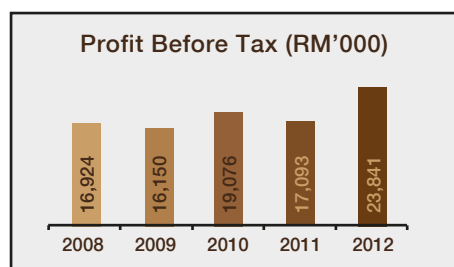
## FINANCIAL PERFORMANCE



Against this backdrop of gloomy economic conditions, I am heartened to share with you that Dominant achieved a historic performance in FY2012, with group revenue rising to a record-high of RM371.9 million, a 10.5% increase from RM336.5 million previously.



Operating profits chalked a 31.4% increase to RM28.9 million in FY2012 from RM22.0 million in FY2011. This was mainly due to the Group enjoying favourable margins for our wood products, as well as better economies of scale since the commissioning of our new production line in Muar and Sungai Buloh in the previous year.



Similarly, Dominant's FY2012 profit before tax (PBT) and net profit rose 39.2% and 39.8% to RM23.8 million and RM17.9 million respectively during the year under review. Likewise, basic earnings per share (EPS) for FY2012 increased 39.5% to 14.03 sen, from FY2011's 10.06 sen.

Our balance sheet remained healthy, with shareholders' equity increasing to RM149.0 million as at 31 March 2012 from RM136.0 million at the previous year-end. Meanwhile, total borrowings reduced to RM65.3 million in FY2012, from RM70.0 million in FY2011, while cash and bank balances also rose to RM23.6 million from RM16.0 million in FY2011.

Together with the reduced borrowings and the enhanced cash position, Dominant's overall net gearing improved to 0.30 times as at 31 March 2012, against 0.36 times previously, thus bringing the Group much flexibility in financing future expansion plans.

## OPERATIONS REVIEW

Though the year was uncertain, Dominant saw the opportunity to strengthen its operations to meet demand from the eventual market recovery.

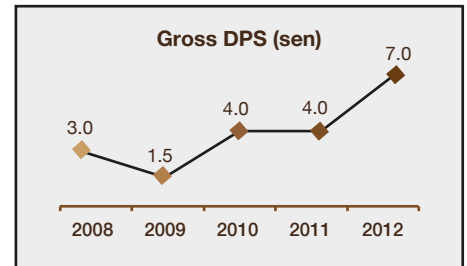
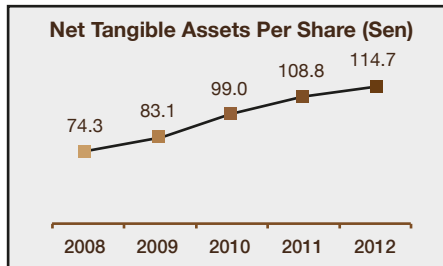
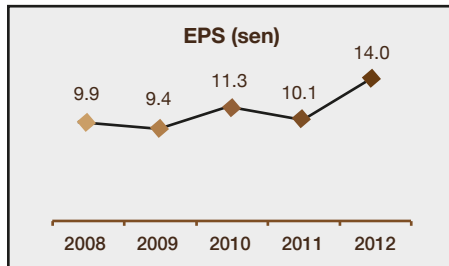
In addition to expanding our production capacities, we also extended our distribution network to broaden our reach and diversify our earnings base in the future.

We are pleased that the benefits of these expansion plans were evident in both our manufacturing and distribution segments in the year under review.

The continuing growth pattern was largely due to the Group benefiting from the uptrend in plywood prices, in line with rising demand for construction materials for rebuilding activities in Japan following the earthquake disaster. Not only that, the continuing revenue growth pattern was also due to the internally-achieved operational efficiencies.



# CHAIRMAN'S STATEMENT



## DIVIDEND

Dominant has cultivated a dividend payout practice since listing, in recognition of our shareholders' unwavering confidence in the Group. We have maintained this practice by declaring three single-tier interim dividends totalling 3 sen per share and a special single-tier dividend of 3 sen per share in respect of FY2012.

In addition, the Board is pleased to propose a final single-tier dividend of 1 sen per share in respect of FY2012, which is subject to shareholders' approval at the forthcoming Annual General Meeting.

Shareholders' consent of the final dividend would bring FY2012's total dividends to 7 sen per share, with a rate of return of approximately 10.0%. This make up a total of RM8.9 million in payout, equivalent to 50.3% of the Group's net profit.

## BUSINESS OUTLOOK

FY2013 will likely be a challenging year as the worsening European debt crisis and a slowdown in China's economy further plagues global market sentiment.

In light of this, Malaysia's GDP growth is expected to be moderate, with Malaysian Rating Corporation Berhad forecasting the domestic economy to expand by 4.4% in 2012 and 5.0% in 2013.

Still, Dominant remains optimistic of sustaining the Group's performance in the coming year, having garnered much experience from undergoing many economic cycles since our incorporation in 1992.

We will continue to look for ways to enhance our value-added services such as developing new wood products to expand the range of our product offering.

In addition to that, we are also constantly exploring opportunities to extend our regional distribution network.

Therefore, we had recently managed to penetrate into Thailand market for the growing demand in Thailand for DIY furniture and building material industries. Hence, we expect the contribution from Thailand to pick up gradually in the coming years.

We are optimistic that our focused growth plans will guide Dominant towards a positive FY2013.

## ACKNOWLEDGEMENT

I would like to take this opportunity to thank the Board of Directors, the management and the team for your dedicated contributions and commitment in making FY2012 another milestone year for the Group.

I would also like to thank the shareholders, customers, suppliers, financiers, business associates and Government authorities for their support in enabling Dominant to achieve another corporate milestone.

**Teo Ah Bah @ Teo Chuang Kwee**

**Non-Executive Chairman**

27 August 2012



# CORPORATE SOCIAL RESPONSIBILITY (“CSR”)

Dominant believes in its social responsibility due to all stakeholders, which encompasses our employees, shareholders, and other parties within the environment we conduct business in.



As part of the Group's commitment to become a socially responsible corporate citizen, the Company formed a charity club namely WeCare, which are mainly funded by the Group and its employees. Through WeCare, the Company has taken proactive steps in making contributions to the needy and less fortunate.

On the environmental front, our products are indeed already a form of CSR for our customers and the end consumers. The Company has always been environmentally responsible as our operations emphasise on industry best practices that reduce waste and pollution. We source our raw materials from sustainable forests and rubberwood plantations. We seek to educate the public about the benefits of using environmentally-friendly products like our water-based primer-coated wood panel line and constantly promote it in the market.



Dominant has put in effort to increase CSR work by setting up Education Award. This is to encourage employees' children to strive for excellent results in their studies. The award has been extended to all Dominant's overseas branches and the number of recipients that benefits from the Education Award increases from year to year.



Our other CSR initiatives include the adopting of stringent measures pertaining to occupational health and safety to ensure the wellbeing of our employees. We continue to invest in human resources developments to ensure proper trainings are given to the employees to further enhance their skills and knowledge. Some sport activities have been carried out to build better social rapport among our employees.





# AUDIT COMMITTEE REPORT

The members of the Audit Committee and details of attendance during the financial year ended 31 March 2012 are as follow:-

NAME	DESIGNATION	NO OF MEETINGS	
		HELD	ATTENDED
Hj Mohd Khalid Bin Idris	Chairman / Independent Non-Executive Director	5	5
Tan Meng Poo	Member / Independent Non-Executive Director	5	4
Johnson Kandasamy A/L David Nagappan (Member of MIA)	Member / Independent Non-Executive Director	5	5

## TERMS OF REFERENCE

### 1. Authority

The Committee is authorised by the Board, in accordance with the procedures to be determined by the Board (if any) and at the cost of the Company, to :

- (a) investigate any activity within the Committee's terms of reference;
- (b) have resources which are reasonably required to enable it to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Company or the Group;
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
- (e) obtain outside legal or other independent professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary; and
- (f) convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary at least once a year.

### 2. Duties

The duties of the Committee shall be to review the following and report the same to the Board:

- (a) any matters concerning the appointment and dismissal of the external auditors and the audit fee;
- (b) the nature and scope of the audit by the external auditors before commencement;
- (c) the external auditors' audit report, areas of concern arising from the audit and any other matters the external auditors may wish to discuss (in the absence of management if necessary);
- (d) any financial information for publication, including quarterly and annual financial statements, before submission to the Board, focusing particularly on:
  - Changes in implementation of major accounting policy changes;
  - Significant and unusual events; and
  - Compliance with accounting standards and legal requirements;
- (e) the external auditors' management letter and the management's response;
- (f) the adequacy of the competency and relevance of the scope, functions and resources of internal audit and the necessary authority to carry out its work;
- (g) the audit plan and work programme of internal audit;
- (h) findings of internal audit work and management's response;
- (i) any evaluations on internal controls by auditors;
- (j) extent of cooperation and assistance given by the employees;
- (k) the propriety of any related party transactions and conflict of interest situations that may arise within the Company or the Group; and
- (l) any other matter as directed by the Board.

### 3. Overseeing the Internal Audit Function

- (a) The Committee shall oversee all internal audit functions and is authorised to commission investigations to be conducted by internal audit as it deems fit;
- (b) The internal auditor shall report directly to the Committee and shall have direct access to the Chairman of the Committee; and
- (c) All proposals by management regarding the appointment, transfer or dismissal of the internal auditor shall require the prior approval of the Committee.

### 4. Quorum for Meetings

The quorum shall be formed only if there is a majority of members present at the meeting who are independent directors.

# AUDIT COMMITTEE REPORT

## 5. Attendance at Meetings

- (a) The Chief Executive Officer, the Chief Financial Officer, the Company Secretary and the Head of Internal Audit shall normally attend meetings but may be asked to leave a meeting as and when deemed necessary by the Committee;
- (b) A representative of the external auditors shall attend the meeting to consider the final audited financial statement and such other meetings determined by the Committee; and
- (c) Non-member directors shall not attend unless specifically invited to by the Committee.

## 6. Frequency of Meetings

The Chairman of the Committee shall call for meetings, to be held not less than four times a year. The external auditors may request a meeting if they consider one necessary.

## 7. Reporting Procedure

- (a) The Company Secretary shall be the Secretary of the Committee. She shall record attendance of all members and invitees and take minutes to record the proceedings of every meeting of the Committee. All minutes of meetings shall be circulated to every member of the Board.
- (b) The Committee shall prepare an annual report to the Board that provides a summary of the activities of the Committee for inclusion in the company's annual report;
- (c) The Committee shall assist the Board in preparing the following for publication in the Company's annual report.
  - (i) Statement on the Company's application of the principles set out in Part 1 of the Malaysian Code on Corporate Governance;
  - (ii) Statement on the extent of compliance with the Best Practices in Corporate Governance set out in Part 2 of the Malaysian Code of Corporate Governance, specifying reasons for any areas of non-compliance (if any) and the alternatives adopted in such areas;
  - (iii) Statement on the Board's responsibility for preparing the annual audited financial statements;
  - (iv) Statement about the state of internal control of the Group; and
  - (v) Statement on Internal Audit function to disclose whether the Internal Audit function is performed in-house or outsourced and the cost incurred for the Internal Audit function in respect of the financial year.
- (d) The Committee may report any breaches of the Listing Requirements, which have not been satisfactorily resolved, to the Bursa Malaysia Securities Berhad.

## ACTIVITIES

During the financial year, the Audit Committee had carried out all its duties in accordance with the terms of reference.

## INTERNAL AUDIT FUNCTIONS

The internal audit department of the Company had continued to assist the Audit Committee in discharging its duties and responsibility by undertaking regular and systematic reviews of the system of internal controls within the Group, as to ensure the operating procedures and internal controls are complied with and to provide reasonable assurance that such system continues to operate satisfactorily and effectively. Overview of the Group's approach in maintaining a sound system of internal control is stated in the Internal Control Statement on **page 18** of this annual report.

## EMPLOYEE'S SHARE OPTION SCHEME ("ESOS")

Two share options have been granted as belows:

No. of options over ordinary shares of RM0.50 each

DATE OF OFFER	EXERCISE PRICE PER ORDINARY SHARE RM	OPTIONS GRANTED	ADJUST-MENT *	CANCELLED /LAPSED	EXERCISED	BALANCE AS OF 31.3.2012
August 2, 2004	0.50	12,900,000	5,096,000	(4,386,600)	(7,522,280)	6,087,120
March 3, 2008	0.51	5,473,200	-	(1,184,800)	(1,148,400)	3,140,000
		18,373,200	5,096,000	(5,571,400)	(8,670,680)	9,227,120

\*Adjustment of the number of options granted pursuant to the bonus issue.

The directors were granted aggregate share options of 3,500,000 and there is no movement since commencement of the scheme until previous financial year. The details of options exercised during this financial year are listed in page 23 of this report. The aggregate maximum allocation applicable to directors and the actual options granted to them are approximately 20% and 19% of total ESOS respectively.

Details of the ESOS are stated on **page 21** of this annual report.

This report was made in accordance with a resolution of the Board of directors dated 23 July 2012.



# STATEMENT ON CORPORATE GOVERNANCE

The Board is pleased to report to the shareholders the manner in which the Company has applied the principles and complied with the best practices in the Malaysian Code on Corporate Governance throughout the financial year ended 31 March 2012.

## THE BOARD AND BOARD BALANCE

The Company continues to be led and managed by an effective Board comprising a balanced mix of Directors with business, industry and professional knowledge and experience. There are nine (9) members, comprising five (5) Non-Executive Directors (including the Chairman) and four (4) Executive Directors. Out of the five (5) Non-Executive Directors, three (3) are independent. The Board has overall responsibility for the performance of the Group, in which shall include strategic planning as to approve the Company's strategic objectives and to ensure that the financial and other resources are made available to the management to enable them to meet those objectives.

## BOARD MEETINGS

During the financial year ended 31 March 2012, four (4) meetings were held. The attendance record of the members of the Board meetings are as follows :-

EXECUTIVE DIRECTORS	ATTENDANCE	NON-EXECUTIVE DIRECTORS	ATTENDANCE
Cha Aku Wai @ Sia Ah Kow	4/4	Teo Ah Bah @ Teo Chuang Kwee (Alternate Director : Teo Yu Chin)	3/4
Kuah Boo Cheng @ Kuah Kwai Yoke	4/4		
Chai Soon Too	4/4	Tan Meng Poo	3/4
Owee Geok Choon	4/4	Hj Mohd Khalid Bin Idris	4/4
		Johnson Kandasamy A/L David Nagappan	4/4
		Waldersee Chan Chung Ching	4/4

## BOARD COMMITTEES

The Board has delegated certain of its responsibilities to three (3) committees. These are the Audit, Nomination and Remuneration Committees. All committees have written Terms of Reference and have the authority to examine particular issue and report to the Board with recommendations.

### Audit Committee

The report by the Audit Committee for the financial year ended 31 March 2012 is set out on **page 13** of this Annual Report.

### Nomination Committee ( NC )

Apart from identifying, selecting and recommending the candidates for new appointment, the NC has also carried out an annual assessment and evaluation on the effectiveness of the Board as a whole, the various Committees of the Board and the individual directors, including Independent Non-Executive Directors. All assessment carried out by the NC were properly documented. The Committee also reviewed the structure, size and composition of the Board and recommended the retiring directors for re-election at the Company's forthcoming Annual General Meeting.

The NC members and the attendance record are as follows :

NOMINATION COMMITTEE	ATTENDANCE
Tan Meng Poo (Chairman)	2/2
Teo Ah Bah @ Teo Chuang Kwee	2/2
Hj Mohd Khalid Bin Idris	2/2
Johnson Kandasamy A/L David Nagappan	2/2

During the year under review, the Board comprises the mix of skills, expertise and experience of its members which are sufficient for the effective discharge of its duties and responsibilities.

### Remuneration Committee ( RC )

The RC was formed to assist the Board in determining, developing and recommending an appropriate remuneration policy and remuneration package for Directors.

The RC members and attendance records are as follows :

REMUNERATION COMMITTEE	ATTENDANCE
Hj Mohd Khalid Bin Idris (Chairman)	1/1
Teo Ah Bah @ Teo Chuang Kwee	1/1
Johnson Kandasamy A/L David Nagappan	1/1
Tan Meng Poo	1/1

# STATEMENT

## ON CORPORATE GOVERNANCE

### SUPPLY OF INFORMATION

The Board members have full and timely access to all relevant information, records and the unrestricted access to the advice and services of the company secretary and auditors. Notice of meetings, agenda and accompanied by detailed reports will be circulated to all Board members for their perusal in advance of the Board meeting date. All issues discussed during the Board meetings are recorded by the company secretary and all minutes of meetings are kept in the minutes book at the registered office. Where necessary, the Directors may seek independent professional advice at the Group's expense in order to discharge their duties and responsibilities effectively.

### APPOINTMENT AND RE-ELECTION

All new nominations for appointment to the Board are assessed by the Nomination Committee. In accordance with the Company's Article of Associations, at least one-third (1/3) of the Directors shall retire from office once in every three (3) years, but shall be eligible for re-election.

### DIRECTORS' TRAINING

All directors appointed to the Board during the year have attended the Mandatory Accreditation Programme ("MAP"). The directors are aware of the importance of continuous training to update themselves and to further enhance their skills, knowledge and better equip themselves to effectively discharge their duties. The courses attended during the financial year under review are as below :

- Global Market Outlook for 2012
- National Tax Conference / 2012 Budget Seminar
- Unlocking Potential – Towards A High Income Economy
- FX and Economic Outlook Briefing
- International Trade in Renmimbi
- GST workshop
- Timber As A Sustainable Building Material
- Going "Green" with Timber
- Key Amendments to Listing Requirements
- Corporate Governance Blueprint 2011
- Enterprise Risk Management
- Motivation Seminar

### DIRECTORS' REMUNERATION

The remuneration of Directors will be reviewed and recommended to the Board by Remuneration Committee annually. The aggregate remuneration categorised into the appropriate components for the financial year ended 31 March 2012 is summarized below: -

	EXECUTIVE DIRECTORS	NON-EXECUTIVE DIRECTORS	TOTAL
	RM	RM	RM
Fees	-	196,000	196,000
Salary & Other emolument	3,444,128	-	3,444,128
Meeting Allowance	9,000	10,500	19,500
	3,453,128	206,500	3,659,628

The number of Directors whose total remuneration fell within the following bands for current financial year are analysed below :-

	NUMBER OF DIRECTOR	
RANGE OF REMUNERATION	EXECUTIVE DIRECTORS	NON-EXECUTIVE DIRECTORS
Below RM 50,000	-	4
RM 100,001 ~ RM 150,000	-	1
RM 700,001 ~ RM 750,000	1	-
RM 750,001 ~ RM 800,000	1	-
RM 850,001 ~ RM 900,000	1	-
RM 1,050,001 ~ RM 1,100,000	1	-
	4	5

# STATEMENT ON CORPORATE GOVERNANCE

## **SHAREHOLDERS AND INVESTORS RELATIONS**

The Board continues to acknowledge the need for shareholders and investors to be provided timely disclosure of all material business matters affecting the Company. Therefore, information is released to all shareholders through quarterly results, annual report and public announcements on timely basis. In addition, shareholders are encouraged to participate at AGM where members of the Board, Senior Management and the external auditors are available to respond to shareholders' questions.

## **ACCOUNTABILITY AND AUDIT**

### **(i) Financial Reporting**

It's the Board's responsibility to present a balanced and meaningful assessment of the Company's position and prospect through the annual financial statements with the assistance of the external auditors. The Board is also responsible for ensuring the proper maintenance of accounting records of the Group.

### **(ii) Internal Control**

The internal audit function is performed in-house and the costs incurred for the internal audit function in respect of the financial year ended 31 March 2012 is approximately RM 174,000. The Statement on Internal Control as detailed under page 18 of this annual report provides an overview of the state of internal controls within the Group.

### **(iii) Relationship with Auditors**

The Board, via the Audit Committee, has always maintains an appropriate and transparent relationship with the external auditors and always seeks professional advices from them. The Group's external auditors act an essential role for the shareholders by enhancing the reliability of the Group's financial statements and giving assurance of the reliability to users of these financial statements.

### **(iv) Directors' Responsibility Statement**

The Board is responsible to present a true and fair view of the state of affairs of the Group as at the end of each financial year. They also have responsibilities for taking reasonable steps to safeguard the assets of the Group, and to prevent fraud, irregularities, material misstatements and losses. It is the Board's duty to ensure all accounting records are properly kept.

The Board has undertaken various steps to ensure timely, accurate and up-to-date financial information are announced to Bursa Malaysia Securities Berhad. In preparing the financial statements, the Board has ensured that the Group has consistently and prudently applied appropriate accounting policies and applicable approved Accounting Standards. The Board has also ensured the financial statements complied with the Companies Act 1965 and Bursa Malaysia Securities Berhad Main Market Listing Requirements.

## **OTHER INFORMATION**

### **(i) Material Contract**

There were no material contracts involving directors or major shareholders other than those entered in the ordinary course of business by the Company disclosed in the financial statements.

### **(ii) Options, Warrant or Convertible Securities**

During the financial year under review, a total of 4,487,800 new ordinary shares were issued and allotted pursuant to the exercise of the Employees' Shares Option Scheme ("ESOS"), of which, 3,608,400 shares are allotted at an option price of RM 0.50, and 879,400 shares are allotted at an option price of RM 0.51 per share.

### **(iii) Share Buy-backs**

During the financial year, the Company did not enter into any share buy-backs transactions.

On 1 March 2012, the Company has sold all the treasury shares of 1,442,700 at net proceeds of RM994,711. Gain arising from the resale of treasury shares was amounted to RM80,798 and has been credited to the share premium account.

This Statement was made in accordance with a resolution of the Board of Directors dated 23 July 2012.



# INTERNAL CONTROL STATEMENT

This statement has been prepared in accordance with the Statement on Internal Control Guidance adopted by Bursa Malaysia Securities Berhad. The Board continues with its commitment to maintain a sound system of internal control throughout the Group. In view of the inherent limitation in the system, it is designed to manage rather than eliminate the risk of failure to achieve business objectives. In pursuing these objectives, internal controls can only provide reasonable but not absolute assurance against material misstatement or loss.

## ***Key Elements and Processes***

1. The Board of Directors is committed to maintaining a strong control structure for the proper conduct of its business operations. Regular Board meetings are held where important matters are discussed to ensure the Board maintains full and effective supervision over key issues. The Board is also assisted by the various committees with clearly defined responsibilities.
2. The Board is assisted by the Executive Directors in respect of corporate planning and business strategy. The Executive Directors participate actively in the day-to-day operations of each subsidiary company and are assisted by the Senior Management. Significant corporate matters and its status are further brought to the Board and Audit Committee for further deliberation and reviews.
3. The Executives Directors and Senior Management meet on a quarterly basis. Management accounts are presented to the Executive Directors as and when required to facilitate the review of financial and operational performance of the business divisions.
4. The Audit Committee has full access to both the internal and external auditors. An Audit Plan will be presented by the external auditors and will be reviewed and approved by the Audit Committee. In addition, quarterly financial reports and audited financial statements are also presented to the Audit Committee for assessment.
5. An organisation structure chart has been drawn with clearly defined the level of responsibility, proper segregation of duties and delegation of authority. The Management is committed to employ suitably qualified staff to ensure operation efficiency.
6. Standard Operating Procedures Manual ("SOPM") which clearly defined procedures on each task delegated is maintained. All departmental heads have been instructed to give full guidance to their subordinates and all employees are well trained on their job. This manual is revised as and when required to meet operational needs.
7. The SOPMs for Vietnam was translated into Vietnamese language. This is to enhance the monitoring of operations and progress for subsidiaries with different language, country laws and nature of environment.
8. The internal auditor conducts regular reviews on the effectiveness of the internal control system by visiting each operation center throughout Malaysia. A report will be presented to the Managing Director to highlight the audit findings (if any) for the Management attention. It's also the internal auditor's responsibility to ensure that SOPM are strictly abided by all employees.

## ***Conclusion***

The Board is of the view that the internal control system was operating satisfactorily and has not resulted in any significant breakdown or weaknesses that would cause any material loss to the Group for the financial year ended 31 March 2012.

This Statement was made in accordance with a resolution of the Board of Directors dated 23 July 2012.

# FINANCIAL

## STATEMENTS

### **DOMINANT ENTERPRISE BERHAD** *(Incorporated in Malaysia)* **AND ITS SUBSIDIARY COMPANIES**

<i>CONTENTS</i>	<i>PAGE(S)</i>
Directors' report	20 - 24
Independent auditors' report	25
Statements of comprehensive income	26
Statements of financial position	27 - 28
Statements of changes in equity	29 - 30
Statements of cash flows	31 - 32
Notes to the financial statements	33 - 78
Statement by directors	79
Declaration by the director primarily responsible for the financial management of the Company	79

# DIRECTORS'

## REPORT

The directors of **DOMINANT ENTERPRISE BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended March 31, 2012.

### PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding and providing management services.

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

During the financial year, the Company acquired a subsidiary company whose intended principal activity is in property development.

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

### RESULTS OF OPERATIONS

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

	The Group RM	The Company RM
Profit before tax	23,840,686	46,614,818
Income tax expense	(5,989,970)	(6,579,000)
Profit for the year	17,850,716	40,035,818
Profit attributable to:		
Owners of the Company	17,669,716	40,035,818
Non-controlling interests	181,000	-
	17,850,716	40,035,818

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than the changes in accounting policies as disclosed in Note 2 to the Financial Statements.

### DIVIDENDS

Since the end of the previous financial year, the amount of dividends paid or proposed by the Company are as follows:

- Single tier final dividend of 1.0 sen per ordinary share amounting to RM1,250,416, proposed in the previous financial year and dealt with in the previous year directors' report was paid by the Company during the financial year;
- Three single tier interim dividends of 1.0 sen per ordinary share for each dividend and amounting in total to RM3,792,179 were paid in respect of the current financial year; and
- A special interim dividend of 3.0 sen per ordinary share, single tier, amounting to RM3,874,040 was paid in respect of the current financial year.

The directors have proposed a single tier final dividend of 1.0 sen per ordinary share amounting to RM1,321,103 in respect of the current financial year. The proposed final dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements.

### RESERVES AND PROVISIONS

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

### ISSUE OF SHARES AND DEBENTURES

The issued and paid-up ordinary share capital of the Company was increased from RM62,323,440 to RM64,567,340 during the financial year by way of allotments of 3,608,400 and 879,400 new ordinary shares of RM0.50 each at the exercise prices of RM0.50 and RM0.51 each for cash respectively pursuant to the Employees' Share Option Scheme.



# DIRECTORS' REPORT

The resulting premium arising from the shares issued of RM8,794 has been credited to the share premium account.

The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company and were listed and quoted on Bursa Malaysia Securities Berhad.

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

## SHARE BUYBACK

At the Annual General Meeting held on September 26, 2011, the Company had obtained the shareholders' mandate for the authority to repurchase its own shares. As of that date, the Company has repurchased a total of 1,442,700 of its own ordinary shares of RM0.50 each from the open market at an average price of RM0.63 per share. The total consideration paid for the repurchase, including transaction costs, was RM913,913 and was financed by internally generated funds. The repurchased shares are held as treasury shares in accordance with the requirements of Section 67A of the Companies Act, 1965. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended. The Company did not repurchase any of its own shares during the financial year.

On March 1, 2012, the Company has sold all the treasury shares of 1,442,700 at net proceeds of RM994,711. Gain arising from the resale of treasury shares amounted to RM80,798 and has been credited to the share premium account.

## SHARE OPTIONS

The Company's Employees' Share Option Scheme ("ESOS") was approved by the shareholders at the Extraordinary General Meeting held on July 26, 2004 and the approval from Bursa Malaysia Securities Berhad ("Bursa Securities") on May 25, 2004.

On February 27, 2008, the ESOS Committee ("Committee") made additional offers of 5,473,200 share options to the qualified employees in the Group and the Company in accordance with the terms stated in the ESOS By-Laws, at an exercise price of RM 0.51 per ordinary share. All terms and conditions of the offer remained unchanged. The compensation expense relating to these additional share options has not been recognised in the statements of comprehensive income over the vesting periods of the grants with a corresponding increase in equity as the effect on the financial statements is not material.

The salient features of the ESOS are as follows:

- any employee employed full time by the Group shall be eligible in the ESOS if he or she has been confirmed and must have served the Group on a continuous basis for a period of not less than a year on the date of offer;
- the number of new ordinary shares to be offered under the ESOS shall be subject to a maximum of 15% of the issued and paid-up share capital of the Company at any time during the existence of the ESOS; and the maximum entitlement of any eligible employee is 750,000 new ordinary shares under the ESOS and the actual entitlement will be determined by the Committee as appointed by the directors to administer the ESOS based on parameters as set out in the By-Laws approved by Bursa Securities;
- the ESOS shall be in force for a maximum period of five (5) years from the date of offer. As approved by the Committee at a meeting held on July 24, 2009, the exercised period for the ESOS granted in 2004 has been extended for another five years. The revised expiry date will fall on August 2, 2014;
- the price payable upon the exercise of the options under the ESOS shall be the average of the mean market quotation (calculated as the weighted average market prices as traded on Bursa Securities for the day) of the ordinary shares as quoted and shown in the Daily Official List issued by Bursa Securities for the five (5) market days with a discount of not more than ten per centum (10%) or the par value of the shares, whichever is the higher amount; and
- the shares under the aforesaid options may be exercised in full or in respect of 1,000 shares or a multiple thereof on the payment of the requisite subscription price within the respective exercisable periods of the aforesaid options.

The new ordinary shares to be allotted upon the exercise of the options shall rank pari passu in all respects with the existing issued and paid-up ordinary shares of the Company except that they shall not be entitled to any dividend or distribution which may be declared, made or paid prior to the date of exercise of the options.

The share options granted and exercised during the financial year are as follows:

### No. of options over ordinary shares of RM0.50 each

DATE OF OFFER	EXERCISE PRICE PER ORDINARY SHARE RM	BALANCE AS OF 1.4.2011	GRANTED	CANCELLED /LAPSED	EXERCISED	BALANCE AS OF 31.3.2012
August 2, 2004	0.50	9,871,920	-	(176,400)	(3,608,400)	6,087,120
March 3, 2008	0.51	4,221,600	-	(202,200)	(879,400)	3,140,000
		14,093,520	-	(378,600)	(4,487,800)	9,227,120

# DIRECTORS'

## REPORT

### **OTHER STATUTORY INFORMATION**

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

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

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

- (a) which would render the amount written off as bad debts or the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

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

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

### **DIRECTORS**

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

Mr. Cha Aku Wai @ Sia Ah Kow  
Mr. Teo Ah Bah @ Teo Chuang Kwee  
Mr. Kuah Boo Cheng @ Kuah Kwai Yoke  
Mr. Chai Soon Too  
Mr. Owee Geok Choon  
Mr. Tan Meng Poo  
Tuan Haji Mohd Khalid Bin Idris  
Mr. Johnson Kandasamy A/L David Nagappan  
Mr. Waldersee Chan Chung Ching  
Mr. Teo Yu Chin (alternate to Mr. Teo Ah Bah @ Teo Chuang Kwee)

In accordance with Article 84 of the Company's Articles of Association, Mr. Kuah Boo Cheng @ Kuah Kwai Yoke, Mr. Owee Geok Choon and Tuan Haji Mohd Khalid Bin Idris retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

### **DIRECTORS' INTERESTS**

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

# DIRECTORS'

## REPORT

No. of ordinary shares of RM0.50 each

	BALANCE AS OF 1.4.2011	BOUGHT	( SOLD )	BALANCE AS OF 31.3.2012
<b>Shares in the Company</b>				
<b>Registered in the name of directors</b>				
<b>Direct interest</b>				
Mr. Cha Aku Wai @ Sia Ah Kow	1,147,584	700,000	-	1,847,584
Mr. Teo Ah Bah @ Teo Chuang Kwee	841,865	700,000	(700,000)	841,865
Mr. Kuah Boo Cheng @ Kuah Kwai Yoke	181,976	-	-	181,976
Mr. Chai Soon Too	162,489	-	-	162,489
Mr. Owee Geok Choon	28,253	200,000	-	228,253
Mr. Tan Meng Poo	29,400	-	-	29,400
Mr. Waldersee Chan Chung Ching	1,000,000	-	-	1,000,000
Mr. Teo Yu Chin	14,000	-	(14,000)	-
<b>Indirect interest</b>				
Mr. Cha Aku Wai @ Sia Ah Kow	62,371,618	730,200	-	63,101,818
Mr. Teo Ah Bah @ Teo Chuang Kwee	995,926	-	-	995,926
Mr. Owee Geok Choon	42,000	-	-	42,000
Mr. Waldersee Chan Chung Ching	3,464,024	-	(2,034,430)	1,429,594
Mr. Teo Yu Chin	-	119,570	-	119,570

No. of ordinary shares of RM1.00 each

	BALANCE AS OF 1.4.2011	BOUGHT	( SOLD )	BALANCE AS OF 31.3.2012
<b>Shares in the holding company, NS Pacific Sdn. Bhd.</b>				
<b>Registered in the name of directors</b>				
<b>Direct interest</b>				
Mr. Cha Aku Wai @ Sia Ah Kow	8,000	-	-	8,000
Mr. Teo Ah Bah @ Teo Chuang Kwee	6,253	-	-	6,253
Mr. Kuah Boo Cheng @ Kuah Kwai Yoke	1,932	-	-	1,932
Mr. Chai Soon Too	1,725	-	-	1,725
Mr. Owee Geok Choon	300	-	-	300
Mr. Teo Yu Chin	-	1,410	-	1,410
<b>Indirect interest</b>				
Mr. Cha Aku Wai @ Sia Ah Kow	5,403	-	-	5,403

In addition to the above, the following directors are deemed to have beneficial interests in the shares of the Company to the extent as follows:

No. of options over ordinary shares of RM0.50 each

	BALANCE AS OF 1.4.2011	GRANTED	( EXERCISED )	BALANCE AS OF 31.3.2012
<b>Registered in the name of directors</b>				
Mr. Cha Aku Wai @ Sia Ah Kow	700,000	-	(700,000)	-
Mr. Teo Ah Bah @ Teo Chuang Kwee	700,000	-	(700,000)	-
Mr. Kuah Boo Cheng @ Kuah Kwai Yoke	700,000	-	-	700,000
Mr. Chai Soon Too	700,000	-	-	700,000
Mr. Owee Geok Choon	700,000	-	(200,000)	500,000



# DIRECTORS'

## REPORT

By virtue of Mr. Cha Aku Wai @ Sia Ah Kow's interest in the shares of the Company and the holding company, he is also deemed to have an interest in the shares of all the subsidiary companies to the extent that the Company and the holding company have interests.

The other directors in office as of the end of the financial year do not hold shares or have beneficial interest in the shares of the Company or its related companies during or at the beginning and end of the financial year.

### **DIRECTORS' BENEFITS**

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate of emoluments received or due and receivable by directors 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 he is a member or with a company in which he has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the transactions between the Company, a director and his connected person and its related companies as disclosed in Note 20 to the Financial Statements.

During and as of the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except for the options granted to certain directors pursuant to the Company's ESOS as disclosed above.

### **HOLDING COMPANY**

The Company is a subsidiary company of NS Pacific Sdn. Bhd., a company incorporated in Malaysia, which is also regarded by the directors as the Company's ultimate holding company.

### **AUDITORS**

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

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

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**CHA AKU WAI @ SIA AH KOW**

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**TEO AH BAH @ TEO CHUANG KWEE**

Johor Bahru  
JUNE 20, 2012

# INDEPENDENT

## AUDITORS' REPORT

TO THE MEMBERS OF DOMINANT ENTERPRISE BERHAD (Incorporated in Malaysia)

### **Report on the Financial Statements**

We have audited the financial statements of Dominant Enterprise Berhad, which comprise the statements of financial position of the Group and of the Company as of March 31, 2012 and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 26 to 79.

#### **Directors' Responsibility for the Financial Statements**

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

#### **Auditors' Responsibility**

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

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

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

#### **Opinion**

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of March 31, 2012 and of their financial performance and cash flows for the year then ended.

### **Report on Other Legal and Regulatory Requirements**

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

- a) in our opinion, the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by the subsidiary companies of which we have acted as auditors, have been properly kept in accordance with the provisions of the Companies Act, 1965;
- b) we have considered the accounts and auditors' reports of the subsidiary companies, of which we have not acted as auditors, as mentioned in Note 16 to the Financial Statements, being accounts that have been included in the financial statements of the Group;
- c) we are satisfied that the accounts of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group, and we have received satisfactory information and explanations as required by us for these purposes; and
- d) the auditors' reports on the accounts of the subsidiary companies were not subject to any qualification and did not include any adverse comment made under Section 174 (3) of the Companies Act, 1965.

#### **Other Reporting Responsibilities**

The supplementary information set out in Note 32 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

#### **Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

**DELOITTE KASSIMCHAN**  
**AF 0080**  
**Chartered Accountants**

JUNE 20, 2012  
Johor Bahru

**PHUAH LAI HOCK**  
**Partner - 2557/08/13(J)**  
**Chartered Accountant**

# STATEMENTS

## OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED MARCH 31, 2012

### DOMINANT ENTERPRISE BERHAD

(Incorporated in Malaysia)

### AND ITS SUBSIDIARY COMPANIES

	Note	The Group		The Company	
		2012 RM	2011 RM	2012 RM	2011 RM
Revenue	5	371,872,185	336,535,236	47,210,650	29,053,385
Investment revenue	7	428,152	278,200	245,174	165,600
Other operating income		1,361,632	2,066,604	180,641	133,627
Changes in inventories of work-in-progress and finished goods		(431,191)	453,101	-	-
Raw materials and consumables used		(58,209,936)	(53,892,710)	-	-
Cost of trading goods sold		(257,662,239)	(236,787,412)	-	-
Employee benefits expense		(13,889,306)	(12,625,102)	(427,450)	(388,024)
Directors' remuneration	8	(4,842,016)	(3,823,532)	(215,500)	(188,000)
Depreciation of property, plant and equipment		(2,012,595)	(1,892,495)	(1,115)	(841)
Amortisation of prepaid land lease payments		(134,581)	(127,039)	-	-
Finance costs	9	(3,329,188)	(3,145,504)	-	-
Other operating expenses		(9,310,231)	(9,946,660)	(377,582)	(416,678)
<b>Profit before tax</b>	10	23,840,686	17,092,687	46,614,818	28,359,069
Income tax expense	11	(5,989,970)	(4,327,766)	(6,579,000)	(7,201,890)
<b>Profit for the year</b>		17,850,716	12,764,921	40,035,818	21,157,179
<b>Other comprehensive income for the year, net of tax</b>					
Gain on revaluation of properties		935,732	5,204,051	-	-
Exchange differences on translating foreign operations		316,373	531,012	-	-
<b>Total comprehensive income for the year</b>		19,102,821	18,499,984	40,035,818	21,157,179
<b>Profit attributable to:</b>					
Owners of the Company		17,669,716	12,492,147	40,035,818	21,157,179
Non-controlling interests		181,000	272,774	-	-
		17,850,716	12,764,921	40,035,818	21,157,179
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		18,921,821	18,227,210	40,035,818	21,157,179
Non-controlling interests		181,000	272,774	-	-
		19,102,821	18,499,984	40,035,818	21,157,179
<b>Earnings per ordinary share</b>					
<b>Basic (sen)</b>	12	14.03	10.06		
<b>Diluted (sen)</b>	12	13.89	9.86		

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



# STATEMENTS

## OF FINANCIAL POSITION

AS OF MARCH 31, 2012

**DOMINANT ENTERPRISE BERHAD**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES**

		The Group		The Company	
	NOTE	2012 RM	2011 RM	2012 RM	2011 RM
ASSETS					
Non-current Assets					
Property, plant and equipment	13	53,204,770	61,482,446	11,991	9,961
Prepaid land lease payments	14	5,535,653	5,586,385	-	-
Land held for property development	15	10,722,000	-	-	-
Investment in subsidiary companies	16	-	-	14,089,812	11,492,812
Goodwill on consolidation	17	836,556	836,556	-	-
Total Non-current Assets		70,298,979	67,905,387	14,101,803	11,502,773
Current Assets					
Inventories	18	60,092,919	74,852,164	-	-
Trade receivables	19	84,404,727	72,932,396	-	-
Other receivables and prepaid expenses	19	2,850,790	2,155,583	1,000	1,000
Amount owing by subsidiary companies	20	-	-	52,916,247	16,147,727
Tax recoverable		-	313,504	-	28,938
Cash and bank balances	21	23,550,527	16,015,877	9,051,639	6,216,262
Total Current Assets		170,898,963	166,269,524	61,968,886	22,393,927
TOTAL ASSETS		241,197,942	234,174,911	76,070,689	33,896,700

# STATEMENTS

## OF FINANCIAL POSITION

AS OF MARCH 31, 2012

		The Group		The Company	
	Note	2012 RM	2011 RM	2012 RM	2011 RM
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	22	64,567,340	62,323,440	64,567,340	62,323,440
Treasury shares	22	-	(913,913)	-	(913,913)
Reserves	23	84,407,120	74,550,097	2,944,340	(28,264,435)
Equity attributable to owners of the Company		148,974,460	135,959,624	67,511,680	33,145,092
Non-controlling interests		-	1,678,245	-	-
TOTAL EQUITY		148,974,460	137,637,869	67,511,680	33,145,092
Non-current Liabilities					
Hire-purchase payables	24	128,708	75,939	-	-
Finance lease payables	25	44,408	100,185	-	-
Bank borrowings	26	4,946,262	5,279,782	-	-
Deferred tax liabilities	27	2,924,264	2,552,211	-	-
Total Non-current Liabilities		8,043,642	8,008,117	-	-
Current Liabilities					
Trade payables	28	16,554,659	17,987,544	-	-
Other payables and accrued expenses	28	5,896,085	5,040,367	223,925	195,474
Amount owing to subsidiary companies	20	-	-	8,314,502	556,134
Hire-purchase payables	24	117,547	141,440	-	-
Finance lease payables	25	57,494	53,771	-	-
Bank borrowings	26	60,031,479	64,380,054	3,685	-
Tax liabilities		1,522,576	925,749	16,897	-
Total Current Liabilities		84,179,840	88,528,925	8,559,009	751,608
TOTAL LIABILITIES		92,223,482	96,537,042	8,559,009	751,608
TOTAL EQUITY AND LIABILITIES		241,197,942	234,174,911	76,070,689	33,896,700

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

# STATEMENTS

## OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2012

### DOMINANT ENTERPRISE BERHAD (Incorporated in Malaysia) AND ITS SUBSIDIARY COMPANIES

		← ATTRIBUTABLE TO OWNERS OF THE COMPANY →									
		NON-DISTRIBUTABLE RESERVES					DISTRIB-UTABLE RESERVE				
		Share Capital	Treasury Shares	Share Premium	Revaluation Reserve RM	Currency Translation Reserve RM	Retained Earnings RM	Total RM	Non-controlling Interests RM	Total Equity RM	
The Group	Note	RM	RM	RM	RM	RM	RM	RM	RM	RM	
Balance as of April 1, 2010		62,080,740	(913,913)	196,256	14,492,401	1,104,656	45,443,741	122,403,881	1,405,471	123,809,352	
Profit for the year		-	-	-	-	-	12,492,147	12,492,147	272,774	12,764,921	
Other comprehensive income for the year		-	-	-	5,204,051	531,012	-	5,735,063	-	5,735,063	
Total comprehensive income for the year		-	-	-	5,204,051	531,012	12,492,147	18,227,210	272,774	18,499,984	
Issues of 310,400 new ordinary shares of RM0.50 each pursuant to the ESOS at an exercise price of RM0.50 per share		155,200	-	-	-	-	-	155,200	-	155,200	
Issues of 175,000 new ordinary shares of RM0.50 each pursuant to the ESOS at an exercise price of RM0.51 per share		87,500	-	1,750	-	-	-	89,250	-	89,250	
Dividends	29	-	-	-	-	-	(4,915,917)	(4,915,917)	-	(4,915,917)	
Balance as of March 31, 2011		62,323,440	(913,913)	198,006	19,696,452	1,635,668	53,019,971	135,959,624	1,678,245	137,637,869	

# STATEMENTS

## OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2012

← ATTRIBUTABLE TO OWNERS OF THE COMPANY →										
NON-DISTRIBUTABLE RESERVES							DISTRIB- UTABLE RESERVE			
THE GROUP	Note	Share Capital RM	Treasury Shares RM	Share Premium RM	Revalua- tion Reserve RM	Currency Translation Reserve RM	Retained Earnings RM	Total RM	Non- controlling Interests RM	Total Equity RM
<b>Balance as of April 1, 2011</b>		62,323,440	(913,913)	198,006	19,696,452	1,635,668	53,019,971	135,959,624	1,678,245	137,637,869
Profit for the year		-	-	-	-	-	17,669,716	17,669,716	181,000	17,850,716
Other comprehensive income for the year		-	-	-	935,732	316,373	-	1,252,105	-	1,252,105
Total comprehensive income for the year		-	-	-	935,732	316,373	17,669,716	18,921,821	181,000	19,102,821
Issues of 3,608,400 new ordinary shares of RM0.50 each pursuant to the ESOS at an exercise price of RM0.50 per share		1,804,200	-	-	-	-	-	1,804,200	-	1,804,200
Issues of 879,400 new ordinary shares of RM0.50 each pursuant to the ESOS at an exercise price of RM0.51 per share		439,700	-	8,794	-	-	-	448,494	-	448,494
Resale of treasury shares		-	913,913	80,798	-	-	-	994,711	-	994,711
Acquisition of shares in an existing subsidiary company		-	-	-	-	-	(237,755)	(237,755)	(1,859,245)	(2,097,000)
Dividends	29	-	-	-	-	-	(8,916,635)	(8,916,635)	-	(8,916,635)
<b>Balance as of March 31, 2012</b>		64,567,340	-	287,598	20,632,184	1,952,041	61,535,297	148,974,460	-	148,974,460

		NON-DISTRIBUTABLE RESERVE			DISTRIBUTABLE RESERVE	
THE COMPANY	Note	Share Capital RM	Treasury Shares RM	Share Premium RM	Retained Earnings ( Accumulated Losses ) RM	Total Equity RM
<b>Balance as of April 1, 2010</b>		62,080,740	(913,913)	196,256	(44,703,703)	16,659,380
Profit for the year		-	-	-	21,157,179	21,157,179
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive income for the year		-	-	-	21,157,179	21,157,179
Issues of 310,400 new ordinary shares of RM0.50 each pursuant to the ESOS at an exercise price of RM0.50 per share		155,200	-	-	-	155,200
Issues of 175,000 new ordinary shares of RM0.50 each pursuant to the ESOS at an exercise price of RM0.51 per share		87,500	-	1,750	-	89,250
Dividends	29	-	-	-	(4,915,917)	(4,915,917)
<b>Balance as of March 31, 2011</b>		62,323,440	(913,913)	198,006	(28,462,441)	33,145,092
<b>Balance as of April 1, 2011</b>		62,323,440	(913,913)	198,006	(28,462,441)	33,145,092
Profit for the year		-	-	-	40,035,818	40,035,818
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive income for the year		-	-	-	40,035,818	40,035,818
Issues of 3,608,400 new ordinary shares of RM0.50 each pursuant to the ESOS at an exercise price of RM0.50 per share		1,804,200	-	-	-	1,804,200
Issues of 879,400 new ordinary shares of RM0.50 each pursuant to the ESOS at an exercise price of RM0.51 per share		439,700	-	8,794	-	448,494
Resale of treasury shares		-	913,913	80,798	-	994,711
Dividends	29	-	-	-	(8,916,635)	(8,916,635)
<b>Balance as of March 31, 2012</b>		64,567,340	-	287,598	2,656,742	67,511,680



# STATEMENTS

## OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2012

**DOMINANT ENTERPRISE BERHAD**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES**

	The Group		The Company		
	Note	2012 RM	2011 RM	2012 RM	2011 RM
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>					
Profit for the year		17,850,716	12,764,921	40,035,818	21,157,179
Adjustments for:					
Income tax expense recognised in profit or loss		5,989,970	4,327,766	6,579,000	7,201,890
Finance costs		3,329,188	3,145,504	-	-
Depreciation of property, plant and equipment		2,012,595	1,892,495	1,115	841
Allowance for:					
Doubtful debts		129,176	955,492	-	-
Slow moving inventories		150,000	-	-	-
Amortisation of prepaid land lease payments		134,581	127,039	-	-
Property, plant and equipment written off		50,781	42,308	-	-
Bad debts written off		26,566	25,221	-	-
Impairment loss on property, plant and equipment		-	140,433	-	-
Bad debts recovered		(633)	(1,010)	-	-
Interest received on late payment		(39,305)	(105,111)	-	-
Gain on disposal of property, plant and equipment		(59,014)	(633,532)	-	-
Unrealised loss (gain) on foreign exchange		(181,753)	95,470	(180,641)	(63,447)
Interest income		(428,152)	(278,200)	(245,174)	(165,600)
Allowance for doubtful debts no longer required		(441,224)	(140,798)	-	-
Reversal of impairment loss on property, plant and equipment		-	(182,964)	-	-
Dividend income		-	-	(46,127,426)	(28,035,593)
		28,523,492	22,175,034	62,692	95,270
Movements In Working Capital:					
Decrease (Increase) in:					
Inventories		14,986,386	(11,181,319)	-	-
Trade receivables		(11,005,031)	(9,875,433)	-	-
Other receivables and prepaid expenses		(688,069)	(1,325,829)	-	-
Increase (Decrease) in:					
Trade payables		(1,459,024)	(1,349,846)	-	-
Other payables and accrued expenses		831,413	(668,163)	28,451	(7,114)
Cash (Used In)From Operations		31,189,167	(2,225,556)	91,143	88,156
Interest received		39,305	105,111	-	-
Income tax refunded		270,768	-	-	-
Interest paid		(480,389)	(388,036)	-	-
Income tax paid		(5,159,567)	(5,191,968)	(101,496)	(268,451)
Net Cash From (Used In) Operating Activities		25,859,284	(7,700,449)	(10,353)	(180,295)

# STATEMENTS

## OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2012

		The Group		The Company	
	Note	2012 RM	2011 RM	2012 RM	2011 RM
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>					
Interest received		428,152	278,200	245,174	165,600
Proceeds from disposal of property, plant and equipment		60,745	2,150,779	-	-
Purchase of property, plant and equipment	30(a)	(3,089,870)	(2,315,211)	(3,145)	(7,440)
Dividends received		-	-	39,695,757	21,026,695
Net advances to subsidiary companies		-	-	(36,587,879)	(9,468,127)
Acquisition of subsidiary company	16	-	-	(500,000)	(708,291)
Acquisition of shares in an existing subsidiary company	16	(2,097,000)	-	(2,097,000)	-
Net Cash From (Used In) Investing Activities		(4,697,973)	113,768	752,907	11,008,437
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>					
Net proceeds from (repayment of) short-term borrowings		(4,213,556)	16,041,567	-	-
Proceeds from term loans		819,096	-	-	-
Proceeds from finance lease		-	164,543	-	-
Repayments of finance lease payables		(54,759)	(47,628)	-	-
Repayments of hire-purchase payables		(161,124)	(215,654)	-	-
Repayments of term loans		(1,202,374)	(1,411,998)	-	-
Dividends paid		(8,916,635)	(4,915,917)	(8,916,635)	(4,915,917)
Interest paid on bankers' acceptances, term loan and hire-purchase		(2,837,208)	(2,757,468)	-	-
Issue of shares	22	2,252,694	244,450	2,252,694	244,450
Resale of treasury shares		994,711	-	994,711	-
Net advances from (repayment of) subsidiary companies		-	-	7,758,368	(5,873,792)
Net Cash From (Used In) Financing Activities		(13,319,155)	7,101,895	2,089,138	(10,545,259)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>					
		7,842,156	(484,786)	2,831,692	282,883
Effect of foreign exchange rate changes		(58,859)	(77,002)	-	-
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>					
		13,318,979	13,880,767	6,216,262	5,933,379
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>					
	30(b)	21,102,276	13,318,979	9,047,954	6,216,262

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

# NOTES

## TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

### 1. GENERAL INFORMATION

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

The Company is principally involved in investment holding and providing management services.

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

During the financial year, the Company acquired a subsidiary company whose intended principal activity is in property development.

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

The registered office of the Company is located at Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor, Malaysia.

The principal place of business of the Company is located at PTD 151383, Jalan Kempas Lama, Kawasan Perindustrian Kg. Maju Jaya, Mukim Tebrau, 81300 Skudai, Johor Bahru, Johor, Malaysia.

The financial statements of the Group and of the Company were authorised by the Board of Directors for issuance in accordance with a resolution of the directors on June 20, 2012.

### 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (“FRS”) and the provisions of the Companies Act, 1965 in Malaysia.

#### 2.1 Adoption of New and Revised FRSs

In the current financial year, the Group and the Company have adopted all the new and amended FRS and Issues Committee Interpretations (“IC Int.”) issued by the Malaysian Accounting Standards Board (“MASB”) effective for annual financial periods beginning on or after January 1, 2011 as follows:

FRS 1*	First-time Adoption of Financial Reporting Standards (revised)
FRS 1*	First-time Adoption of Financial Reporting Standards (Amendment relating to limited exemption from Comparative FRS 7 Disclosures for First-time Adopters)
FRS 1*	First-time Adoption of Financial Reporting Standards (Amendments relating to additional exemptions for first-time adopters)
FRS 2^	Share-based Payment (Amendments relating to scope of FRS 2 and revised FRS 3)
FRS 2^	Share-based Payment (Amendments relating to group cash-settled share-based payment transactions)
FRS 3^	Business Combinations (revised)
FRS 5*	Non-current Assets Held for Sale and Discontinued Operations (Amendments relating to plan to sell controlling interest in a subsidiary)
FRS 7	Financial Instruments: Disclosures (Amendments relating to improving disclosures about financial instruments)
FRS 127	Consolidated and Separate Financial Statements (revised)
FRS 132*	Financial Instruments: Disclosures (Amendments relating to classification of rights issue)
FRS 138*	Intangible Assets (Amendments relating to additional consequential amendments arising from revised FRS 3)
FRS 139^	Financial Instruments: Recognition and Measurement (Amendments relating to additional consequential amendments arising from revised FRS 3)

# NOTES

## TO THE FINANCIAL STATEMENTS

Improvement to FRSs (2010)

IC Int. 4\* Determining whether an Arrangement contains a Lease

IC Int. 9\* Reassessment of Embedded Derivatives (Amendments relating to additional consequential amendments arising from revised FRS 3)

IC Int. 12\* Service Concession Arrangements

IC Int. 16\* Hedges of a Net Investment in a Foreign Operation

IC Int. 17\* Distributions of Non-cash Assets to Owners

IC Int. 18\* Transfer of Assets from Customers

\* These FRSs and IC Int. are not relevant and not applicable to the Group and the Company.

^ The FRSs and IC Int. adopted have no significant impact on the Group and the Company but may affect the accounting for future transactions or arrangements.

The adoption of the above Standards and IC Int. did not have any effect on the financial performance or position of the Group and the Company.

### **FRS 7 Financial Instruments: Disclosures (Improving disclosures about financial instruments)**

The amendment to FRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk. The Group has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments.

### **FRS 127 (revised in 2010) Consolidated and Separate Financial Statements**

The application of FRS 127 (revised in 2010) has resulted in changes in the Group's accounting policies for changes in ownership interest in subsidiaries.

Specifically, the revised Standard has affected the Group's accounting policies regarding changes in ownership in its subsidiaries that do not result in loss of control. In prior year, in the absence of specific requirements in FRSs, increases in interest in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised when appropriate, for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the adjustment to the non-controlling interest was recognised in profit or loss. Under FRS 127 (revised in 2010), all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss.

## **2.2 Malaysian Financial Reporting Standard**

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

The MFRS Framework is a fully IFRS-compliant framework, equivalent to IFRSs which is mandatory for adoption by all Entities Other than Private Entities for annual periods beginning on or after January 1, 2012, with the exception for Transitioning Entities. Transitioning Entities, being entities which are subject to the application of MFRS 141 Agriculture and/or IC Interpretation 15 Agreements for the Construction of Real Estate are given an option to defer adoption of the MFRS Framework for an additional one year. Transitioning Entities also includes those entities that consolidates, equity accounts or proportionately consolidates an entity that has chosen to continue to apply the FRS Framework for annual periods beginning on or after January 1, 2012. Consequently, the MFRS Framework will be mandatory for application for annual periods beginning on or after January 1, 2012.

Accordingly, the Group and the Company which are not Transitioning Entities will be required to apply MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") in their financial statements for the financial year ending March 31, 2013, being the first set of financial statements prepared in accordance with the new MFRS Framework. Further, an explicit and unreserved statement of compliance with IFRSs will be made in these financial statements.

The Group and the Company are currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. As at the date of authorisation of issue of the financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adopting the new MFRS Framework on the Group's and the Company's first set of financial statements prepared in accordance with the MFRS Framework cannot be determined and estimated reliably until the process is complete.



# NOTES

## TO THE FINANCIAL STATEMENTS

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention and modified to include the revaluation of certain property, plant and equipment.

#### Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (its subsidiary companies) controlled by the Company as of the reporting date. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiary companies are consolidated from the date of acquisition being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. The financial statements of the Company and its subsidiary companies used in the preparation of the consolidated financial statements shall be prepared as of the same reporting date. Where necessary, adjustments are made to the financial statements of subsidiary companies to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests event if this results in the non-controlling interests having a deficit balance.

#### Business Combinations

Acquisition of subsidiaries and businesses are accounted for using acquisition method. The consideration for each acquisition is measured at the aggregate of the fair value (at the date of exchange) of asset given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant FRSs. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 3 (revised) are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 112 Income Taxes and FRS 119 Employee Benefits respectively;
- Liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with FRS 2 Share-based Payment; and
- Assets (or disposal groups) that are classified as held for sale in accordance with FRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

# NOTES

## TO THE FINANCIAL STATEMENTS

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the item for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

### **Investment in Subsidiary Companies**

Investments in subsidiary companies which are eliminated on consolidation are stated at cost less impairment losses, if any, in the Company's separate financial statements.

### **Goodwill**

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

### **Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

#### *Sale of goods*

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

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

#### *Other income recognition*

Dividend income from investment is recognised when the shareholder's right to receive payment is established.

Rental income is accrued on a time basis, by references to the agreements entered into.

Management fee income from rendering of services is recognised when services are rendered to the subsidiary companies.

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

# NOTES TO THE FINANCIAL STATEMENTS

## Foreign Currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Ringgit Malaysia ("RM"), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences arising on the retranslation of non-monetary items carried at fair value in respect of which gain and losses are recognised in other comprehensive income. For such non-monetary items, the exchange component of that gain or loss is also recognised in other comprehensive income;
- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore, forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in RM using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

## Employee Benefits

### *Short-term benefits*

Wages, salaries, paid annual leave, bonuses and social contributions are recognised 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. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

### *Defined contribution plan*

The Company and certain subsidiary companies make statutory contributions to approved provident funds and the contributions are charged to statements of comprehensive income for the year. The approved provident funds are defined contribution plans. The Group's foreign incorporated subsidiary company and its eligible employees also made contributions to their respective country's statutory pension scheme. Such contributions are recognised as an expense in statements of comprehensive income as incurred. Once the contributions have been paid, there are no further payment obligations.

# NOTES

## TO THE FINANCIAL STATEMENTS

### *Equity compensation benefits*

The Company's Employees' Share Option Scheme ("ESOS") allows the employees of the Group to acquire shares in the Company. The total fair value of share options granted to eligible employees is recognised as an employee cost in profit or loss with a corresponding increase in the equity compensation reserve within equity over the vesting period and taking into account the probability that the options will vest.

The fair value of the share options is measured at grant date taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At the end of each reporting period, the Company revises its estimates of the number of share options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in profit or loss, and a corresponding adjustment to equity over the remaining vesting period.

### **Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

### **Taxation**

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

#### *Current Tax*

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

#### *Deferred Tax*

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that which the Group and the Company expect, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

#### *Current and deferred tax for the period*

Current and deferred tax are recognised as an expense or income in the statement of comprehensive income, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity. In the case of a business combination, the tax effect is included in the accounting for the business combination.



# NOTES

## TO THE FINANCIAL STATEMENTS

### Property, Plant and Equipment

Freehold land and buildings are stated in the statements of financial position at revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of reporting period.

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

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

All other property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land and construction work-in-progress are not depreciated. All other property, plant and equipment are depreciated on the straight-line method to write off the cost of the various property, plant and equipment over their estimated useful lives at the following annual rates:

Buildings	1.8% & 2%
Plant and machineries	10%
Motor vehicles and forklifts	10% & 20%
Electrical fittings and installation	10%
Office equipment, furniture and fittings	5% & 10%
Stores, cabin and renovations	10%

The residual values, useful lives and depreciation method of property, plant and equipment are reviewed at each year end, with the effect of any changes in estimates accounted for prospectively.

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

### Property Development Activities

Land held for future development represents land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets. The land held for future development is stated at cost less impairment losses, if any.

Land held for future development will be reclassified to property development expenditure when significant development work has been undertaken and is expected to be completed within the normal operating cycle.

### Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

# NOTES

## TO THE FINANCIAL STATEMENTS

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expense are recognised immediately to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

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

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

### **Impairment of Tangible Assets**

At the end of each reporting period, the Group and the Company review the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit and loss, unless the relevant assets is carried at a revalued amount, in which case the impairment loss is treated as revaluation decrease.

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

### **Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the "first-in, first-out" method. The cost of raw materials, trading merchandise and consumables comprises the original purchase price plus cost incurred in bringing the inventories to their present location. The cost of work-in-progress and finished goods comprises the cost of raw materials, direct labour and a proportion of production overheads.

Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

# NOTES TO THE FINANCIAL STATEMENTS

## Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

## Financial Instruments

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

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

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

### *Financial Assets*

Financial assets are classified into the following specified categories: financial assets “at fair value through profit or loss” (“FVTPL”), “held-to-maturity” (“HTM”) investments, “available-for-sale” (“AFS”) financial assets and “loans and receivables” (“L&R”). The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

### *Effective interest method*

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

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

### *Financial assets at fair value through profit or loss (“FAFVTPL”)*

Financial assets are classified as at FAFVTPL where the financial asset is either held for trading or it is designated as such upon initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group’s documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and FRS 139 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

# NOTES

## TO THE FINANCIAL STATEMENTS

Subsequent to initial recognition, FAFVTPL are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on FAFVTPL do not include interest and dividend income. Interest and dividend income are recognised separately in profit or loss as part of other income or other losses.

The Group and the Company have not designated any FAFVTPL.

### *HTM investments*

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates where the Group has a positive intent and ability to hold to maturity. Subsequent to initial recognition, HTM investments are measured at amortised cost using the effective interest method less impairment. Gains or losses are recognised in profit or loss when the HTM investments are derecognised or impaired, and through the amortisation process.

The Group and the Company have not designated any HTM investments.

### *AFS financial assets*

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

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of the reporting period.

The Group and the Company have not designated any AFS financial assets.

### *L&R*

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

### *Derecognition of financial assets*

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

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 the other comprehensive income is recognised in profit or loss.

### *Impairment of financial assets*

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



# NOTES TO THE FINANCIAL STATEMENTS

## *Trade and other receivables and other financial assets carried at amortised cost*

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

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets' 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 is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

## *Financial Liabilities and Equity Instruments*

Debts or equity instruments are classified either as financial liabilities or equity according to the substance of the contractual arrangements.

### *Equity instruments*

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

### *Financial liabilities*

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

### *Financial liabilities at fair value through profit or loss ("FLFVTPL")*

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and FRS 139 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

The Group and the Company have not designated any financial liabilities as at FVTPL.

# NOTES

## TO THE FINANCIAL STATEMENTS

### *Other financial liabilities*

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

### *Financial guarantee contracts*

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

Financial guarantee contract liabilities are measured initially at their fair values, net of transaction cost. 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 the 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 expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

### *Derecognition of financial liability*

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

### **Statements of Cash Flows**

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

Cash and cash equivalents comprise cash and bank balances, demand deposits and short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value, against which bank overdrafts, if any, is deducted.

## **4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group's accounting policies, which are described in Note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

### *Critical judgements in applying the Group's and the Company's accounting policies*

In the process of applying the Group's and the Company's accounting policies, the directors are of the opinion that there are no instances of applications of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

# NOTES

## TO THE FINANCIAL STATEMENTS

### *Key Sources of Estimation Uncertainty*

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

#### **i. Allowance for doubtful debts**

The Group and the Company recognise an allowance for doubtful debts when there is objective evidence that the Group and the Company will not be able to collect all amounts due according to the original terms of receivables. Significant judgement is required in the assessment of the recoverability of receivables, which have a financial impact on the amount of allowance for doubtful debts recognised.

#### **ii. Impairment of goodwill**

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

The carrying amount of goodwill at the end of the reporting period was RM836,556 as disclosed in Note 17 and no impairment has been recognised in profit or loss during the current financial year as the directors are of the opinion that the recoverable amount of the cash-generated unit is higher than the carrying amount.

#### **iii. Allowance for slow moving/obsolete inventories**

The Group and the Company make an allowance for slow moving /obsolete inventories base on an assessment of the net realisable value of the inventories. When estimating the net realisable value of inventories, management consider all the facts relating to the inventories and the operating environment at the time the estimates are made. Where the expectation is different from the original estimate, such difference will impact the carrying value of the inventories in the period in which such estimate has been changed.

# NOTES

## TO THE FINANCIAL STATEMENTS

### 5. REVENUE

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Sales of goods	371,872,185	336,535,236	-	-
Dividend income	-	-	46,127,426	28,035,593
Management fee	-	-	1,083,224	1,017,792
	371,872,185	336,535,236	47,210,650	29,053,385

### 6. SEGMENT REPORTING

#### (a) Primary reporting format - Business segments

For management purposes, the Group is organised into the following operating divisions:

- Manufacturing of wood products
- Distributing of wood products
- Others\*

Segment revenue and expense: Segment revenue and expense are the operating revenue and expense reported in the Group's statements of comprehensive income that are directly attributable to a segment and the relevant portion of such revenue and expense that can be allocated on a reasonable basis to a segment.

Segment assets and liabilities: Segment assets include all operating assets used by a segment and consist principally of operating receivables, inventories and property, plant and equipment, net of allowances and provisions. Capital additions include the total cost incurred to acquire property, plant and equipment directly attributable to the segment. Segment liabilities include all operating liabilities and consist principally of account payables, borrowings and accruals.

Inter-segment income are charged at prevailing market prices. These transfers are eliminated on consolidation.

\* The operating divisions, which fall below the quantitative thresholds and cannot be aggregated to form a reportable operating segment include investment and property holding.



# NOTES

## TO THE FINANCIAL STATEMENTS

### The Group

2012	Manufacturing of wood products RM	Distributing of wood products RM	Others RM	Elimination RM	Consolidated RM
<b>REVENUE</b>					
External sales	79,816,192	292,055,993	-	-	371,872,185
Inter-segment income	18,814,377	13,326,455	48,074,650	(80,215,482)	-
Total Revenue	98,630,569	305,382,448	48,074,650	(80,215,482)	371,872,185
<b>RESULTS</b>					
Segment results	8,144,616	19,813,038	(387,838)	-	27,569,816
Interest income					428,152
Unallocated corporate expenses					(828,094)
Finance costs					(3,329,188)
Profit before tax					23,840,686
Income tax expense					(5,989,970)
Profit for the year					17,850,716
<b>OTHER INFORMATION</b>					
Capital additions	573,389	507,735	2,195,601	-	3,276,725
Unallocated corporate capital additions					3,145
Total capital additions					3,279,870
Depreciation and amortisation	1,083,811	894,110	168,140	-	2,146,061
Unallocated corporate depreciation and amortisation					1,115
Total depreciation and amortisation					2,147,176
<b>ASSETS</b>					
Segment assets	51,917,123	150,686,386	29,767,558	-	232,371,067
Unallocated corporate assets					8,826,875
Consolidated total assets					241,197,942
<b>LIABILITIES</b>					
Segment liabilities	21,257,151	64,762,465	5,979,941	-	91,999,557
Unallocated corporate liabilities					223,925
Consolidated total liabilities					92,223,482

# NOTES

## TO THE FINANCIAL STATEMENTS

### The Group

2011	Manufacturing of wood products RM	Distributing of wood products RM	Others RM	Elimination RM	Consolidated RM
<b>REVENUE</b>					
External sales	74,453,012	262,082,224	-	-	336,535,236
Inter-segment income	14,029,701	19,385,829	29,917,385	(63,332,915)	-
Total Revenue	88,482,713	281,468,053	29,917,385	(63,332,915)	336,535,236
<b>RESULTS</b>					
Segment results	8,519,028	12,721,947	(433,980)	-	20,806,995
Interest income					278,200
Unallocated corporate expenses					(847,004)
Finance costs					(3,145,504)
Profit before tax					17,092,687
Income tax expense					(4,327,766)
Profit for the year					12,764,921
<b>OTHER INFORMATION</b>					
Capital additions	1,510,355	912,922	400,782	-	2,824,059
Unallocated corporate capital additions					7,440
Total capital additions					2,831,499
Depreciation and amortisation	956,804	895,821	166,068	-	2,018,693
Unallocated corporate depreciation and amortisation					841
Total depreciation and amortisation					2,019,534
<b>ASSETS</b>					
Segment assets	51,057,560	149,024,271	27,836,919	-	227,918,750
Unallocated corporate assets					6,256,161
Consolidated total assets					234,174,911
<b>LIABILITIES</b>					
Segment liabilities	22,731,021	67,958,286	5,652,261	-	96,341,568
Unallocated corporate liabilities					195,474
Consolidated total liabilities					96,537,042

# NOTES

## TO THE FINANCIAL STATEMENTS

### (b) Secondary reporting format - Geographical segments

The Group's operations are located in Malaysia, Singapore, Australia and Vietnam. The Group's distribution of wood products is located in Malaysia, Singapore and Australia whereas manufacturing of wood products is located in Malaysia and Vietnam.

The following is an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services:

	Sales revenue by geographical market	
	2012 RM	2011 RM
Malaysia	306,499,154	281,689,658
Australia	24,697,651	21,398,216
Singapore	12,795,774	9,984,709
United States and European countries	3,971,593	5,028,686
Other Asia-Pacific countries	23,908,013	18,433,967
	371,872,185	336,535,236

The following is an analysis of the carrying amount of segment assets and capital additions by the geographical area in which the assets are located:

	Carrying amount of segment assets		Capital additions	
	2012 RM	2011 RM	2012 RM	2011 RM
Malaysia	207,814,939	197,453,530	3,236,192	2,303,769
Singapore	18,824,084	15,125,384	25,432	500,017
Australia	9,571,696	16,595,738	-	3,370
Vietnam	4,987,223	5,000,259	18,246	24,343
	241,197,942	234,174,911	3,279,870	2,831,499

There is no one customer who contributed more than 10% of total revenue in each segment during the financial year.

### 7. INVESTMENT REVENUE

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Interest income from:				
Fixed and short-term deposits	428,087	278,034	245,174	165,600
Current accounts	65	166	-	-
	428,152	278,200	245,174	165,600

# NOTES

## TO THE FINANCIAL STATEMENTS

### 8. DIRECTORS' REMUNERATION

The members of key management personnel of the Group and of the Company comprise the Executive Directors and Directors of subsidiary companies. Key management personnel are defined as those persons having authority and responsibility for planning, directing, and controlling the activities of the Group and of the Company whether directly or indirectly. Details on the compensation for these key management personnel are disclosed as follows:

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Directors of the Company:				
Executive directors:				
Salaries and other emoluments	3,157,538	2,632,867	9,000	8,000
EPF contributions	295,590	247,212	-	-
	3,453,128	2,880,079	9,000	8,000
Non-executive directors:				
Fees	196,000	172,000	196,000	172,000
Other emoluments	10,500	8,000	10,500	8,000
	206,500	180,000	206,500	180,000
	3,659,628	3,060,079	215,500	188,000
Directors of subsidiary companies:				
Salaries and other emoluments	1,063,303	687,060	-	-
EPF contributions	119,085	76,393	-	-
	1,182,388	763,453	-	-
	4,842,016	3,823,532	215,500	188,000

### 9. FINANCE COSTS

	The Group	
	2012 RM	2011 RM
Interest on:		
Bankers' acceptances	2,535,033	2,351,071
Term loans	285,393	381,523
Trust receipts	240,374	183,341
Bank overdrafts	249,325	204,695
Hire-purchases	13,565	14,349
Finance leases	5,498	10,525
	3,329,188	3,145,504

# NOTES

## TO THE FINANCIAL STATEMENTS

### 10. PROFIT BEFORE TAX

Profit before tax is arrived at after crediting (charging) the following:

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Allowance for doubtful debts no longer required	441,224	140,798	-	-
Gain (Loss) on foreign exchange:				
Realised	5,228	(517,473)	-	(11)
Unrealised	181,753	(95,470)	180,641	63,447
Rental income	150,000	165,000	-	-
Gain on disposal of property, plant and equipment	59,014	633,532	-	-
Interest received on late payment	39,305	105,111	-	-
Bad debts recovered	633	1,010	-	-
Bad debts written off	(26,566)	(25,221)	-	-
Property, plant and equipment written off	(50,781)	(42,308)	-	-
Audit fees	(153,793)	(151,248)	(15,000)	(15,000)
Allowance for:				
Doubtful debts	(129,176)	(955,492)	-	-
Slow moving inventories	(150,000)	-	-	-
Rental of premises	(591,945)	(550,751)	(12,912)	(12,912)
Reversal of impairment loss on property, plant and equipment	-	182,964	-	-
Impairment loss on property, plant and equipment	-	(140,433)	-	-

Included in employee benefits expense of the Group and of the Company are EPF contributions of RM1,142,455 and RM41,065 (2011: RM1,048,835 and RM42,237) respectively.

### 11. INCOME TAX EXPENSE

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Current tax expense:				
Malaysian	5,301,331	3,893,894	6,579,000	7,113,792
Foreign	622,190	182,671	-	-
Under(Over)provision in prior years	(114,054)	105,573	-	88,098
	5,809,467	4,182,138	6,579,000	7,201,890
Deferred tax expense (Note 27):				
Relating to origination and reversal of temporary differences	100,662	4,814	-	-
Underprovision in prior years:	79,841	140,814	-	-
	180,503	145,628	-	-
	5,989,970	4,327,766	6,579,000	7,201,890



# NOTES

## TO THE FINANCIAL STATEMENTS

Malaysian corporate income tax is calculated at the statutory tax rate of 25% (2011: 25%) of the estimated taxable profit for the year. Taxation for other jurisdictions are calculated at the rates prevailing in the relevant jurisdictions.

The total tax expense for the year can be reconciled to the accounting profit as follows:

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
<b>Profit before tax</b>	23,840,686	17,092,687	46,614,818	28,359,069
Tax at the applicable statutory tax rate of 25%	5,960,000	4,273,000	11,654,000	7,090,000
Tax effects of:				
Expenses that are not deductible in determining taxable profit	359,465	443,032	25,188	58,515
Income that are not taxable in determining taxable profit	(109,177)	(257,148)	(5,100,188)	-
Allowable expenditure for double tax deduction	(72,748)	(131,000)	-	-
Tax exempt income	(63,348)	(57,190)	-	-
Reinvestment allowance utilised	-	(154,592)	-	-
Deferred tax liability not recognised	(50,009)	(34,723)	-	(34,723)
Under(Over)provision in prior years:				
Current tax	(114,054)	105,573	-	88,098
Deferred tax	79,841	140,814	-	-
<b>Tax expense for the year</b>	<b>5,989,970</b>	<b>4,327,766</b>	<b>6,579,000</b>	<b>7,201,890</b>

## 12. EARNINGS PER ORDINARY SHARE

	The Group	
	2012 RM	2011 RM
<b>Basic</b>		
Profit attributable to owners of the Company	17,669,716	12,492,147
	<b>The Group</b>	
Ordinary shares in issue	<b>2012 Units</b>	<b>2011 Units</b>
As of beginning of year	124,646,880	124,161,480
Effect of the exercise of the ESOS	4,487,800	485,400
As of end of year	129,134,680	124,646,880
Weighted average number of ordinary shares in issue	125,984,008	124,212,990
Basic earnings per ordinary share (sen)	14.03	10.06

# NOTES

## TO THE FINANCIAL STATEMENTS

The Group		
	2012 RM	2011 RM
<b>Diluted</b>		
Profit attributable to owners of the Company	17,669,716	12,492,147
	<b>Units</b>	<b>Units</b>
Weighted average number of ordinary shares in issue	125,984,008	124,212,990
ESOS:		
Number of unissued shares	9,227,120	14,093,520
Number of shares that would have been issued at fair value	(8,022,960)	(11,605,418)
	1,204,160	2,488,102
Adjusted weighted average number of ordinary shares for calculating diluted earnings per ordinary share	127,188,168	126,701,092
Diluted earnings per ordinary share (sen)	13.89	9.86

### 13. PROPERTY, PLANT AND EQUIPMENT

	Freehold land*	Leasehold buildings*	Buildings*	Plant and machineries	Motor vehicles and forklifts	Electrical fittings and installation	Office equipment, furniture and fittings	Stores, cabin and renovation	Construction work-in- progress	Total
The Group	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>Cost/Valuation:</b>										
Balance as of April 1, 2010	24,976,000	704,494	28,667,791	12,251,110	6,257,632	576,744	2,739,295	411,854	-	76,584,920
Additions	-	-	400,782	1,021,358	1,094,490	19,348	282,441	13,080	-	2,831,499
Disposals/ Written off	(1,500,000)	-	(1,157,185)	-	(626,176)	(43,104)	(171,528)	(44,428)	-	(3,542,421)
Revaluation	5,662,000	-	643,707	-	-	-	-	-	-	6,305,707
Exchange differences	-	-	(168,806)	(106,475)	26,742	-	(4,932)	5,244	-	(248,227)
Balance as of March 31, 2011	29,138,000	704,494	28,386,289	13,165,993	6,752,688	552,988	2,845,276	385,750	-	81,931,478
Additions	-	-	58,102	207,812	679,902	-	187,127	-	2,146,927	3,279,870
Disposals/ Written off	-	-	-	-	(189,334)	-	(272,003)	-	-	(461,337)
Revaluation	-	-	1,127,366	-	-	-	-	-	-	1,127,366
Reclassification to land held for property development (Note 15)	(10,722,000)	-	-	-	-	-	-	-	-	(10,722,000)
Exchange differences	-	-	86,176	10,045	27,316	-	7,290	3,371	-	134,198
Balance as of March 31, 2012	18,416,000	704,494	29,657,933	13,383,850	7,270,572	552,988	2,767,690	389,121	2,146,927	75,289,575

# NOTES

## TO THE FINANCIAL STATEMENTS

	Leasehold buildings*	Buildings*	Plant and machineries	Motor vehicles and forklifts	Electrical fittings and installation	Office equipemnt, furniture and fittings	Stores, cabin and renovation	Total
	RM	RM	RM	RM	RM	RM	RM	RM
<b>Accumulated Depreciation:</b>								
Balance as of April 1, 2010	49,426	2,968,922	9,876,900	4,183,048	484,474	1,349,306	247,278	19,159,354
Charge for the year	14,327	577,244	404,801	657,975	14,391	197,165	26,592	1,892,495
Disposals/Written off	-	(337,311)	-	(25,913)	(42,878)	(118,815)	(44,427)	(569,344)
Exchange differences	-	(5,122)	(17,940)	(329,418)	-	(1,072)	2,336	(351,216)
Balance as of March 31, 2011	63,753	3,203,733	10,263,761	4,485,692	455,987	1,426,584	231,779	20,131,289
Charge for the year	14,091	585,094	463,464	708,380	15,108	199,114	27,344	2,012,595
Disposals/Written off	-	-	-	(189,333)	-	(219,539)	-	(408,872)
Exchange differences	-	10,444	2,415	12,769	-	4,812	1,610	32,050
Balance as of March 31, 2012	77,844	3,799,271	10,729,640	5,017,508	471,095	1,410,971	260,733	21,767,062

	Freehold land*	Leasehold buildings*	Buildings*	Plant and machineries	Motor vehicles and forklifts	Electrical fittings and installation	Office equipemnt, furniture and fittings	Stores, cabin and renovation	Construction work-in-progress	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>Accumulated Impairment:</b>										
Balance as of April 1, 2010	-	-	360,274	-	-	-	-	-	-	360,274
Impairment loss recognised in profit or loss	-	-	140,433	-	-	-	-	-	-	140,433
Reversal of impairment loss recognised in profit or loss	-	-	(182,964)	-	-	-	-	-	-	(182,964)
Balance as of March 31, 2011/2012	-	-	317,743	-	-	-	-	-	-	317,743
<b>Carrying Amount:</b>										
Balance as of March 31, 2012	18,416,000	626,650	25,540,919	2,654,210	2,253,064	81,893	1,356,719	128,388	2,146,927	53,204,770
Balance as of March 31, 2011	29,138,000	640,741	24,864,813	2,902,232	2,266,996	97,001	1,418,692	153,971	-	61,482,446

# NOTES

## TO THE FINANCIAL STATEMENTS

\* The freehold land, leasehold buildings and buildings of the Group consist of:

	← AT VALUATION →			← AT COST →			← TOTAL →		
	Freehold land RM	Leasehold buildings RM	Buildings RM	Freehold land RM	Leasehold buildings RM	Buildings RM	Freehold land RM	Leasehold buildings RM	Buildings RM
<b>Cost/Valuation:</b>									
Balance as of April 1, 2010	24,976,000	704,494	26,938,246	-	-	1,729,545	24,976,000	704,494	28,667,791
Additions	-	-	-	-	-	400,782	-	-	400,782
Revaluation	5,662,000	-	643,707	-	-	-	5,662,000	-	643,707
Disposal	(1,500,000)	-	(1,157,185)	-	-	-	(1,500,000)	-	(1,157,185)
Exchange differences	-	-	89,011	-	-	(257,817)	-	-	(168,806)
Balance as of March 31, 2011	29,138,000	704,494	26,513,779	-	-	1,872,510	29,138,000	704,494	28,386,289
Additions	-	-	58,102	-	-	-	-	-	58,102
Disposal	-	-	-	-	-	-	-	-	-
Revaluation	-	-	1,127,366	-	-	-	-	-	1,127,366
Reclassification	(10,722,000)	-	1,872,510	-	-	(1,872,510)	(10,722,000)	-	-
Exchange differences	-	-	86,176	-	-	-	-	-	86,716
Balance as of March 31, 2012	18,416,000	704,494	29,657,933	-	-	-	18,416,000	704,494	29,657,933

	← AT VALUATION →			← AT COST →			← TOTAL →		
	Freehold land RM	Leasehold buildings RM	Buildings RM	Freehold land RM	Leasehold buildings RM	Buildings RM	Freehold land RM	Leasehold buildings RM	Buildings RM
<b>Accumulated Depreciation:</b>									
Balance as of April 1, 2010	-	49,426	2,878,607	-	-	90,315	-	49,426	2,968,922
Charge for the year	-	14,327	511,352	-	-	65,892	-	14,327	577,244
Disposal	-	-	(337,311)	-	-	-	-	-	(337,311)
Exchange differences	-	-	12,085	-	-	(17,207)	-	-	(5,122)
Balance as of March 31, 2011	-	63,753	3,064,733	-	-	139,000	-	63,753	3,203,733
Charge for the year	-	14,091	524,534	-	-	60,560	-	14,091	585,094
Disposal	-	-	-	-	-	-	-	-	-
Reclassification	-	-	199,560	-	-	(199,560)	-	-	-
Exchange differences	-	-	10,444	-	-	-	-	-	10,444
Balance as of March 31, 2012	-	77,844	3,799,271	-	-	-	-	77,844	3,799,271

	← AT VALUATION →			← AT COST →			← TOTAL →		
	Freehold land RM	Leasehold buildings RM	Buildings RM	Freehold land RM	Leasehold buildings RM	Buildings RM	Freehold land RM	Leasehold buildings RM	Buildings RM
<b>Accumulated Impairment:</b>									
Balance as of April 1, 2010	-	-	360,274	-	-	-	-	-	360,274
Impairment loss recognised in profit or loss	-	-	140,433	-	-	-	-	-	140,433
Reversal of impairment loss	-	-	(182,964)	-	-	-	-	-	(182,964)
Balance as of March 31, 2011/2012	-	-	317,743	-	-	-	-	-	317,743
<b>Carrying Amount:</b>									
Balance as of March 31, 2012	18,416,000	626,650	25,540,919	-	-	-	18,416,000	626,650	25,540,919
Balance as of March 31, 2011	29,138,000	640,741	23,131,303	-	-	1,733,510	29,138,000	640,741	24,864,813

# NOTES

## TO THE FINANCIAL STATEMENTS

THE COMPANY	MOTOR VEHICLE RM	OFFICE EQUIPMENT RM	TOTAL RM
<b>Cost:</b>			
Balance as of April 1, 2010	422,338	3,447	425,785
Additions	-	7,440	7,440
Balance as of March 31, 2011	422,338	10,887	433,225
Additions	-	3,145	3,145
Balance as of March 31, 2012	422,338	14,032	436,370
<b>Accumulated Depreciation:</b>			
Balance as of April 1, 2010	422,337	86	422,423
Charge of the year	-	841	841
Balance as of March 31, 2011	422,337	927	423,264
Charge of the year	-	1,115	1,115
Balance as of March 31, 2012	422,337	2,042	424,379
<b>Carrying Amount:</b>			
Balances as of March 31, 2012	1	11,990	11,991
Balance as of March 31, 2011	1	9,960	9,961

As of March 31, 2012, motor vehicles of the Group which were acquired under hire-purchase and finance lease arrangements, and of which instalments are still outstanding, are as follows:

	The Group	
	2012 RM	2011 RM
Hire-purchase:		
Cost	1,141,973	1,524,469
Accumulated depreciation	(409,845)	(801,595)
	732,128	722,874
Finance lease:		
Cost	509,831	501,235
Accumulated depreciation	(101,966)	(50,123)
	407,865	451,112
	1,139,993	1,173,986



# NOTES

## TO THE FINANCIAL STATEMENTS

The freehold lands and buildings of the Group were revalued by the directors during the financial year based on valuations carried out by independent firm of registered professional valuers, using the “comparison method” basis.

Had these assets been carried at historical costs, the carrying values of the revalued freehold land and buildings will be as follows:

The Group		
	2012 RM	2011 RM
<b>Cost:</b>		
Freehold land	12,393,755	12,393,755
Buildings	25,512,306	25,512,306
	37,906,061	37,906,061
<b>Accumulated Depreciation:</b>		
Buildings	(5,089,560)	(4,579,314)
<b>Carrying Amount</b>	<b>32,816,501</b>	<b>33,326,747</b>

#### 14. PREPAID LAND LEASE PAYMENTS

The movements in prepaid land lease payments during the financial year are as follows:

The Group		
	2012 RM	2011 RM
<b>Cost:</b>		
At beginning of year	6,757,352	6,800,978
Exchange differences	96,304	(43,626)
At end of year	6,853,656	6,757,352
<b>Accumulated Amortisation:</b>		
At beginning of year	1,170,967	1,037,501
Amortisation for the year	134,581	127,039
Exchange differences	12,455	6,427
At end of year	1,318,003	1,170,967
<b>Carrying Amount</b>	<b>5,535,653</b>	<b>5,586,385</b>

# NOTES

## TO THE FINANCIAL STATEMENTS

### 15. LAND HELD FOR PROPERTY DEVELOPMENT

	The Group	
	2012 RM	2011 RM
At cost		
Freehold land		
At beginning of the year	-	-
Reclassification from property, plant and equipment (Note 13)	10,722,000	-
At end of year	10,722,000	-

### 16. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2012 RM	2011 RM
Unquoted shares, at cost	14,591,594	11,994,594
Less: Accumulated impairment losses	(501,782)	(501,782)
	14,089,812	11,492,812

The details of the subsidiary companies are as follows:

Name Of Subsidiary Company	Effective Equity Interest		Country of Incorporation And Operation	Principal Activities
	2012	2011		
Premier Woodprofile Sdn. Bhd.	100%	100%	Malaysia	Manufacturing of primed medium density fibreboard mouldings, wrapped mouldings and furniture components
Bripanel Industries Sdn. Bhd.	100%	100%	Malaysia	Manufacturing of laminated wood panel products
Combi Trading Sdn. Bhd.	100%	100%	Malaysia	Distribution of wood products
Ikta Sdn. Bhd.	100%	100%	Malaysia	Distribution of wood products
Jurihan Sdn. Bhd.	100%	100%	Malaysia	Distribution of wood products and building materials
Ecopanel Industries Sdn. Bhd.	100%	100%	Malaysia	Manufacturing of laminated wood panel products
Akati Impex Pte. Ltd.*	100%	100%	Singapore	Importers, distributors and exporters of all types of wood products
Green Panel Pty. Ltd.	100%	100%	Australia	Distribution of wood products
Damai Estate Sdn. Bhd.	100%	100%	Malaysia	Property management
Akati Wood (Vietnam) Co., Ltd.*	100%	100%	Vietnam	Manufacturing of laminated wood panel products and distribution of wood products
Kim Guan Impex Sdn. Bhd.	100%	70%	Malaysia	Distribution of wood products and building materials
Wira Land Development Sdn. Bhd.	100%	-	Malaysia	Property development

\* Audited by other firm of auditors.

# NOTES

## TO THE FINANCIAL STATEMENTS

### Acquisition of subsidiary company

During the financial year, the Company acquired a subsidiary company, Wira Land Development Sdn. Bhd, a company incorporated in Malaysia, with a paid-up share capital of RM2 comprising 2 ordinary shares of RM1 each. Subsequent to the acquisition, the Company subscribe for an additional 499,998 ordinary shares of RM1 each in the subsidiary company.

### Acquisition of shares in an existing subsidiary company

During the financial year, the Company acquired the remaining 30% equity interest in Kim Guan Impex Sdn. Bhd., a subsidiary company incorporated in Malaysia, for a purchase consideration of RM2,097,000. The acquisition was completed on August 8, 2011 and thereafter, Kim Guan Impex Sdn. Bhd. become a wholly owned subsidiary company.

## 17. GOODWILL ON CONSOLIDATION

The Group		
	2012 RM	2011 RM
At beginning and end of year	836,556	836,556

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

The Group		
	2012 RM	2011 RM
Manufacturing of wood products	571,808	571,808
Distribution of wood products	264,748	264,748
	836,556	836,556

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

The Group considers each subsidiary company as a single CGU and the carrying amount of goodwill is allocated to the respective subsidiary companies.

The recoverable amount of a CGU is determined based on value-in-use calculation. The value in use calculation is determined using cash flows projections, based on financial budgets approved by management, discounted at rates which reflect risks relating to the relevant CGU. The following key assumptions are used to generate the financial budgets:

Sales growth rate	10% per annum
Discount rate	10%

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

# NOTES

## TO THE FINANCIAL STATEMENTS

### 18. INVENTORIES

	The Group	
	2012 RM	2011 RM
Raw materials	6,677,344	8,867,648
Work-in-progress	620,916	802,380
Finished goods	1,255,793	1,525,500
Consumables	601,590	636,387
Trading merchandise		
- On hand	48,601,620	59,418,878
- In-transit	2,835,656	3,951,371
	60,592,919	75,202,164
Less: Allowance for slow-moving inventories	(500,000)	(350,000)
	60,092,919	74,852,164

### 19. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAID EXPENSES

Trade receivables consist of:

	The Group	
	2012 RM	2011 RM
Trade receivables	84,566,993	73,942,240
Less: Allowance for doubtful debts	(162,266)	(1,009,844)
	84,404,727	72,932,396

Trade receivables comprise amounts receivable for the sales of goods. The credit period granted on sales of goods ranges from 7 days to 90 days (2011: 7 days to 90 days).

Included in the Group's trade receivables are debtors with total carrying amount of RM12,361,136 (2011: RM28,286,624) which are past due at the reporting date for which the Group has not provided for impairment as there has not been a significant change in credit quality and the Group believes that the amounts are still considered fully recoverable.

#### Ageing of past due but not impaired

	The Group	
	2012 RM	2011 RM
Past due 0 - 30 days	8,114,954	17,657,586
Past due 31 - 120 days	3,465,599	9,995,806
Past due more than 120 days	780,583	633,232
Total	12,361,136	28,286,624

# NOTES

## TO THE FINANCIAL STATEMENTS

### Movement in the allowance for doubtful debts

The Group		
	2012 RM	2011 RM
Balance at beginning of the year	1,009,844	824,919
Impairment losses recognised on receivables	129,176	955,492
Amounts written off during the year as uncollectible	(535,530)	(629,769)
Impairment losses reversed	(441,224)	(140,798)
Balance at end of the year	162,266	1,009,844

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated.

Included in the allowance for doubtful debts are individually impaired trade receivables amounting to RM162,266 (2011: RM1,009,844), relating to entities which are in unexpectedly financial difficulty.

### Ageing of impaired trade receivables

The Group		
	2012 RM	2011 RM
Past due 0 - 30 days	-	74,251
Past due 31 - 120 days	-	328,231
Past due more than 120 days	162,266	607,362
Total	162,266	1,009,844

Other receivables and prepaid expenses consist of:

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Other receivables	100,373	153,053	-	-
Refundable deposits	521,730	506,289	1,000	1,000
Prepaid expenses	545,209	1,106,268	-	-
Advance payment for purchase of trading merchandise	1,683,478	389,973	-	-
	2,850,790	2,155,583	1,000	1,000



# NOTES

## TO THE FINANCIAL STATEMENTS

The foreign currency profile of trade and other receivables at the end of the reporting period are as follows:

The Group		
	2012 RM	2011 RM
<b>Trade receivables:</b>		
Singapore Dollar	4,146,214	2,727,523
Australian Dollar	3,409,523	4,271,424
United States Dollar	1,803,116	1,795,250
Brunei Dollar	597,085	-
Vietnamese Dong	502,156	231,190
Euro	-	1,879
<b>Other receivables:</b>		
Singapore Dollar	149,413	186,570
Vietnamese Dong	35,252	192,452
Australian Dollar	159	156

### 20. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS

The Company is a subsidiary company of NS Pacific Sdn. Bhd., a company incorporated in Malaysia, which is also the Company's ultimate holding company.

The amount owing by (to) subsidiary companies arose mainly from management fee receivable, advances and payments made on behalf by (of) the Company which are unsecured, interest-free and repayable on demand.

The foreign currency exposure profiles of amount owing by subsidiary companies are as follows:

The Company		
	2012 RM	2011 RM
United States Dollar	1,225,114	497,216
Australian Dollar	356,453	5,556,038
Singapore Dollar	142,994	-

# NOTES

## TO THE FINANCIAL STATEMENTS

Significant transactions undertaken by the Group with the related companies are as follows:

	The Company	
	2012 RM	2011 RM
<b>Subsidiary companies</b>		
Dividend income:		
Ikta Sdn. Bhd.	10,803,468	10,480,000
Combi Trading Sdn. Bhd	9,767,265	8,030,000
Bripanel Industries Sdn. Bhd.	9,000,000	5,375,099
Premier Woodprofile Sdn. Bhd.	9,000,000	4,150,494
Kim Guan Impex Sdn. Bhd.	3,446,991	-
Jurihan Sdn. Bhd.	2,016,129	-
Akati Impex Pte. Ltd.	1,200,750	-
Ecopanel Industries Sdn. Bhd.	892,823	-
Management fee income:		
Ikta Sdn. Bhd.	264,000	240,000
Green Panel Pty. Ltd.	231,224	213,792
Combi Trading Sdn. Bhd.	216,000	216,000
Jurihan Sdn. Bhd.	120,000	120,000
Kim Guan Impex Sdn. Bhd.	108,000	108,000
Ecopanel Industries Sdn. Bhd.	84,000	60,000
Premier Woodprofile Sdn. Bhd.	60,000	60,000
Rental Expense:		
Bripanel Industries Sdn. Bhd.	12,912	12,912
Advances granted:		
Combi Trading Sdn. Bhd.	22,160,000	-
Ikta Sdn. Bhd.	12,980,000	3,390,000
Premier Woodprofile Sdn. Bhd.	2,800,000	-
Akati Wood (Vietnam) Co., Ltd.	709,628	-
Green Panel Pty. Ltd.	-	3,962,000
Advances received:		
Bripanel Industries Sdn. Bhd.	1,600,000	1,500,000
Combi Trading Sdn. Bhd.	-	1,630,000
<b>With a director and his connected person</b>		
Rental of hostel:		
Premier Woodprofile Sdn. Bhd.	32,400	28,800

### 21. CASH AND BANK BALANCES

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Fixed deposits placed with licensed banks	17,079,465	10,603,347	9,000,184	6,160,000
Cash on hand and at banks	6,471,062	5,412,530	51,455	56,262
	23,550,527	16,015,877	9,051,639	6,216,262

# NOTES

## TO THE FINANCIAL STATEMENTS

The currency profile of cash and bank balances of the Group are as follows:

	The Group	
	2012 RM	2011 RM
Ringgit Malaysia	22,268,149	14,711,050
United States Dollar	808,892	517,419
Australian Dollar	368,224	148,396
Vietnamese Dong	92,213	546,792
Singapore Dollar	12,203	91,535
Sterling Pound	846	685
	23,550,527	16,015,877

The cash and bank balances of the Company are entirely denominated in Ringgit Malaysia.

Fixed deposits of the Group and of the Company placed with licensed banks bear interest at rates ranging from 3.15% to 3.20% and 3.15% (2011: 2.55% to 2.80% and 2.80% to 2.90%) per annum respectively.

The fixed deposits with licensed banks of the Group as of March 31, 2012 have an average maturity of 30 days (also 30 days in 2011).

## 22. SHARE CAPITAL AND TREASURY SHARES

### Share Capital

	The Group and the Company			
	2012 No. Of shares	2011 No. Of shares	2012 RM	2011 RM
<b>Authorised:</b>				
Ordinary shares of RM0.50 each	200,000,000	200,000,000	100,000,000	100,000,000
<b>Issued and fully paid:</b>				
At beginning of year	124,646,880	124,161,480	62,323,440	62,080,740
Issued during the year:				
Exercise of share options	4,487,800	485,400	2,243,900	242,700
At end of year	129,134,680	124,646,880	64,567,340	62,323,440

The issued and paid-up ordinary share capital of the Company was increased from RM62,323,440 to RM64,567,340 during the financial year by way of allotments of 3,608,400 and 879,400 new ordinary shares of RM0.50 each at option prices of RM0.50 and RM0.51 each for cash respectively pursuant to the ESOS.

The resulting premium arising from the shares issued of RM8,794 has been credited to the share premium account.

The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

The Company's ESOS was approved by the shareholders at the Extraordinary General Meeting held on July 26, 2004 and the approval from Bursa Securities on May 25, 2004.

# NOTES

## TO THE FINANCIAL STATEMENTS

On February 27, 2008, the ESOS Committee ("Committee") made additional offers of 5,473,200 share options to the qualified employees in the Group and the Company in accordance with the terms stated in the ESOS By-Laws, at an exercise price of RM 0.51 per ordinary share. All terms and conditions of the offer remained unchanged. The compensation expense relating to these additional share options has not been recognised in statements of comprehensive income over the vesting periods of the grants with a corresponding increase in equity as the directors are of the opinion that the effect on the financial statements is not material.

The salient features of the ESOS are as follows:

- (a) any employee employed full time by the Group shall be eligible in the ESOS if he or she has been confirmed and must have served the Group on a continuous basis for a period of not less than a year on the date of offer;
- (b) the number of new ordinary shares to be offered under the ESOS shall be subject to a maximum of 15% of the issued and paid-up share capital of the Company at any time during the existence of the ESOS; and the maximum entitlement of any eligible employee is 750,000 new ordinary shares under the ESOS and the actual entitlement will be determined by the Committee as appointed by the Board to administer the ESOS based on parameters as set out in the By-Laws approved by Bursa Securities;
- (c) the ESOS shall be in force for a maximum period of five (5) years from the date of offer. As approved by the Committee at a meeting held on July 24, 2009, the exercised period for the ESOS granted in 2004 has been extended for another five years. The revised expiry date will fall on August 2, 2014;
- (d) the price payable upon the exercise of the options under the ESOS shall be the average of the mean market quotation (calculated as the weighted average market prices as traded on Bursa Securities for the day) of the ordinary shares as quoted and shown in the Daily Official List issued by Bursa Securities for the five (5) market days with a discount of not more than ten per centum (10%) or the par value of the shares, whichever is the higher amount; and
- (e) the shares under the aforesaid option may be exercised in full or in respect of 1,000 shares or a multiple thereof on the payment of the requisite subscription price within the respective exercisable periods of the aforesaid option.

The new ordinary shares to be allotted upon the exercise of the option shall rank pari passu in all respects with the existing issued and paid-up ordinary shares of the Company except that they shall not be entitled to any dividend or distribution which may be declared, made or paid prior to the date of exercise of the options.

The share options granted and exercised during the financial year are as follows:

### No. of options over ordinary shares of RM0.50 each

Date Of Offer	Exercise price per ordinary share RM	Balance As Of 1.4.2011	Granted	Cancelled/ Lapsed	Exercised	Balance as of 31.3.2012
August 2, 2004	0.50	9,871,920	-	(176,400)	(3,608,400)	6,087,120
March 3, 2008	0.51	4,221,600	-	(202,200)	(879,400)	3,140,000
		14,093,520	-	(378,600)	(4,487,800)	9,227,120

# NOTES

## TO THE FINANCIAL STATEMENTS

### *Treasury Shares*

At the Annual General Meeting held on September 26, 2011, the Company had obtained the shareholders' mandate for the authority to repurchase its own shares. As of that date, the Company has repurchased a total of 1,442,700 of its own ordinary shares of RM0.50 each from the open market at an average price of RM0.63 per share. The total consideration paid for the repurchase, including transaction costs, was RM913,913 and was financed by internally generated funds. The repurchased shares are held as treasury shares in accordance with the requirements of Section 67A of the Companies Act, 1965. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended. The Company did not repurchase any of its own shares during the financial year.

On March 1, 2012, the Company has sold all the treasury shares of 1,442,700 at net proceeds of RM994,711. Gain arising from the resale of treasury shares amounted to RM80,798 and has been credited to the share premium account.

### **23. RESERVES**

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Non distributable reserves:				
Share premium	287,598	198,006	287,598	198,006
Revaluation reserve	20,632,184	19,696,452	-	-
Currency translation reserve	1,952,041	1,635,668	-	-
	22,871,823	21,530,126	287,598	198,006
Distributable reserve:				
Retained earnings (Accumulated losses)	61,535,297	53,019,971	2,656,742	(28,462,441)
	84,407,120	74,550,097	2,944,340	(28,264,435)

### *Share Premium*

Share premium of the Group and of the Company arose mainly from allotment of ordinary shares at premium net of share issue expense and bonus issues.

### *Revaluation*

The revaluation reserve comprises net surplus on revalued properties, as described in the accounting policies.

### *Currency translation reserve*

The currency translation reserve arises on translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

### *Retained earnings*

In accordance with the Finance Act, 2007, the single tier income tax system became effective from the year of assessment 2008. Under this system, tax on a company's profit is a final tax, and dividends paid are exempted from tax in the hands of the shareholders. Unlike the previous imputation system, the recipient of the dividend would no longer be able to claim any tax credit.

Companies without Section 108 tax credit balance will automatically move to the single tier tax system on January 1, 2008. However, companies with such tax credits are given an irrevocable option to elect for the single tier tax system and disregard the tax credit or to continue to use the tax credits under Section 108 account to frank the payment of cash dividends on ordinary shares for a period of 6 years ending December 31, 2013 or until the tax credits are fully utilised, whichever comes first. During the transitional period, any tax paid will not be added to the Section 108 account and any tax credits utilised will reduce the tax credit balance. All companies will be in the new system on January 1, 2014.

As of the reporting date, the Company does not have any Section 108 tax credit.



# NOTES

## TO THE FINANCIAL STATEMENTS

### 24. HIRE-PURCHASE PAYABLES

	The Group	
	2012 RM	2011 RM
Total outstanding	265,602	231,003
Less: Interest-in-suspense outstanding	(19,347)	(13,624)
Principal outstanding	246,255	217,379
Less: Amount due within 12 months (shown under current liabilities)	(117,547)	(141,440)
Non-current portion	128,708	75,939

The non-current portion is repayable as follows:

	The Group	
	2012 RM	2011 RM
Later than one year and not later than two years	80,828	58,357
Later than two years and not later than five years	47,880	17,582
	128,708	75,939

It is the Group's policy to acquire certain of their property, plant and equipment under hire-purchase arrangements. The average term for hire-purchase is about 3 to 5 years. For the financial year ended March 31, 2012, the average effective borrowing rates for the Group range from 3.25% to 5.69% (2011: 3.25% to 5.69%) per annum. Interest rates are fixed at the inception of the hire-purchase arrangements.

The Group's hire-purchase payables are secured by the financial institutions' charge over the assets under hire-purchase.

### 25. FINANCE LEASE PAYABLES

	The Group			
	Minimum Lease payments		Present value of Minimum lease payments	
	2012 RM	2011 RM	2012 RM	2011 RM
Amounts payable under finance lease				
Within one year	60,184	58,466	57,494	53,771
In the second to fifth years	45,060	103,470	44,408	100,185
	105,244	161,936	101,902	153,956
Less: Future finance charges	(3,342)	(7,980)	-	-
Present value of lease payables	101,902	153,956	101,902	153,956
Less: Amount due within 12 months (shown under current liabilities)			(57,494)	(53,771)
			44,408	100,185

# NOTES

## TO THE FINANCIAL STATEMENTS

The non-current portion is repayable as follows:

The Group		
	2012 RM	2011 RM
Later than one year and not later than two years	44,408	53,771
Later than two years and not later than five years	-	46,414
	44,408	100,185

It is the Group's policy to lease certain of its property, plant and equipment under finance lease. The range term for lease is 3 years (2011: 3 years). For the financial year ended March 31, 2012, the effective borrowing rate was 3.60% (2011: 3.60%) per annum. Interest rates are fixed at the inception of the finance lease arrangements. All finance leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payment.

### 26. BANK BORROWINGS

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Unsecured:				
Bankers' acceptances	51,757,773	57,270,549	-	-
Term loans	6,130,008	7,133,321	-	-
Bank overdrafts	2,448,251	2,696,898	3,685	-
Trust receipts	4,641,709	2,559,068	-	-
	64,977,741	69,659,836	3,685	-
Less : Amount due within 12 months (shown under current liabilities)	(60,031,479)	(64,380,054)	(3,685)	-
	4,946,262	5,279,782	-	-

The non-current portion is repayable as follows:

The Group		
	2012 RM	2011 RM
Later than one year and not later than two years	905,430	970,382
Later than two years and not later than five years	3,910,475	2,818,074
Later than five years	130,357	1,491,326
	4,946,262	5,279,782

The term loans are repayable as follows:

Term loan	Total no. of instalment	Amount per instalment (inclusive of interest)	Commencement of instalment
I	60 monthly instalments	RM60,114	August 2006
II	84 monthly instalments	RM65,623	May 2010
III	60 monthly instalments	RM56,801	January 2013
IV	17 monthly instalments	USD7,786 (approximately RM25,484)	April 2010
V	17 monthly instalments	USD27,653 (approximately RM90,508)	September 2009

# NOTES

## TO THE FINANCIAL STATEMENTS

The currency profile of bank borrowings of the Group are as follows:

	The Group	
	2012 RM	2011 RM
Ringgit Malaysia	54,838,733	59,903,102
Singapore Dollar	5,179,584	2,877,140
United States Dollar	2,637,482	2,963,854
Australian Dollar	2,321,942	3,915,740
	64,977,741	69,659,836

The effective interest rates paid were as follows:

	The Group	
	2012 %	2011 %
Term loans	1.75 - 7.30	1.25 - 7.75
Bank overdrafts	4.90 - 10.87	2.31 - 9.68
Bankers' acceptances	1.50 - 7.20	1.00 - 7.25
Trust receipts	4.90 - 5.75	4.90 - 5.75

The bankers' acceptances and trust receipts of the Group as of March 31, 2012 are repayable within 150 days (2011: 150 days).

The unsecured bank borrowings are guaranteed by the Company and irrecoverable standby letter of credit from a local licensed bank.

### 27. DEFERRED TAX LIABILITIES

	The Group	
	2012 RM	2011 RM
At beginning of year	2,552,211	2,267,215
Recognised in profit or loss (Note 11)	180,503	145,628
Currency translation differences	(98)	-
Transfer from revaluation reserve	191,648	139,368
At end of year	2,924,264	2,552,211

# NOTES

## TO THE FINANCIAL STATEMENTS

The deferred tax liabilities of the Group are in respect of the following:

	The Group			
	At beginning of year RM	Recognised in profit or loss RM	Recognised directly in equity RM	At end of year RM
<b>2012</b>				
Tax effects of temporary differences arising from:				
Property, plant and equipment	1,881,301	185,873	-	2,067,174
Revaluation reserve	921,714	(12,370)	191,550	1,100,894
Unrealised foreign exchanges differences	(4,544)	-	-	(4,544)
Allowance for slow moving inventories	(88,000)	(37,000)	-	(125,000)
Unabsorbed capital allowance	(140,000)	44,000	-	(96,000)
Unutilised tax losses	(18,260)	-	-	(18,260)
	2,552,211	180,503	191,550	2,924,264
<b>2011</b>				
Tax effects of temporary differences arising from:				
Property, plant and equipment	1,750,480	130,821	-	1,881,301
Revaluation reserve	627,539	154,807	139,368	921,714
Unrealised foreign exchanges differences	(4,544)	-	-	(4,544)
Allowance for slow moving inventories	(88,000)	-	-	(88,000)
Unabsorbed capital allowance	-	(140,000)	-	(140,000)
Unutilised tax losses	(18,260)	-	-	(18,260)
	2,267,215	145,628	139,368	2,552,211

The unabsorbed capital allowance and unutilised tax losses, which are subject to agreement by the tax authorities, are available for offset against future chargeable income.

### 28. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The credit period granted to the Group for trade purchases ranges from 7 days to 90 days (2011: 7 days to 60 days).

Other payables and accrued expenses consist of:

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Other payables	480,468	1,399,917	-	-
Accrued expenses	4,927,308	3,424,450	223,925	195,474
Deposit received	307,708	216,000	-	-
Advance received from customers	180,601	-	-	-
	5,896,085	5,040,367	223,925	195,474

# NOTES

## TO THE FINANCIAL STATEMENTS

The carrying amounts of trade and other payables at the end of the reporting period are denominated in the following currencies:

The Group		
	2012 RM	2011 RM
<b>Trade payables:</b>		
United States Dollar	596,674	1,201,737
Singapore Dollar	415,377	399,351
Vietnamese Dong	179,583	439,965
Australian Dollar	147,567	301,476
Euro	50,577	23,879
<b>Other payables:</b>		
Australian Dollar	243,002	273,536
Singapore Dollar	158,379	-
Vietnamese Dong	157,567	39,188
United States Dollar	34,806	342,032
Sterling Pound	2,274	2,259
Euro	246	257

### 29. DIVIDENDS

The Group and The Company		
	2012 RM	2011 RM
Dividends paid:		
First interim dividend - 1.0 sen, single tier (2011: 1.0 sen, tax exempt) per ordinary share	1,250,416	1,227,338
Second interim dividend - 1.0 sen, single tier (2011: 1.0 sen, tax exempt) per ordinary share	1,250,416	1,230,016
Third interim dividend - 1.0 sen, single tier (2011: 1.0 sen, tax exempt) per ordinary share	1,291,347	1,231,225
Final dividend of 1.0 sen, single tier, for 2011 (2011: Final dividend of 1.0 sen, tax exempt, for 2010) per ordinary share	1,250,416	1,227,338
Special dividend of 3.0 sen, single tier (2011: Nil) per ordinary share	3,874,040	-
	8,916,635	4,915,917

The directors have proposed a single tier final dividend of 1.0 sen per ordinary share amounting to RM1,321,103 in respect of the current financial year. The proposed final dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements.

Dividend per share is 7.0 sen (2011: 4.0 sen).



# NOTES

## TO THE FINANCIAL STATEMENTS

### 30. CASH AND CASH EQUIVALENTS

#### (a) Purchase of property, plant and equipment

During the financial year, property, plant and equipment were acquired by the following means:

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Cash payment	3,089,870	2,315,211	3,145	7,440
Amount financed under hire-purchase	190,000	50,000	-	-
Amount included in other payables	-	466,288	-	-
	3,279,870	2,831,499	3,145	7,440

#### (b) Cash and cash equivalents comprise the following:

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Fixed deposits placed with licensed banks	17,079,465	10,603,347	9,000,184	6,160,000
Cash on hand and at banks	6,471,062	5,412,530	51,455	56,262
Bank overdrafts	(2,448,251)	(2,696,898)	(3,685)	-
	21,102,276	13,318,979	9,047,954	6,216,262

### 31. FINANCIAL INSTRUMENTS

#### (a) Capital Risk Management Policies and Objectives

The Group manages its capital to ensure that the Group and the Company will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's and the Company's overall strategy remains unchanged from 2011.

The capital structure of the Group consists of net debt, which include the bank borrowings and payables less cash and bank balances, and equity of the Group, comprising issued capital and retained earnings as presented in the statement of changes in equity.

The Group's management reviews the capital structure regularly to achieve an appropriate capital structure. As part of this review, the Group's management considers the cost of capital and the risk associated with each class of capital and makes adjustments to the capital structure, where appropriate, in light of changes in economic conditions and the risk characteristics of the underlying assets.

The Group monitors capital using gearing ratio, which is net debt divided by total capital plus net debt.

# NOTES

## TO THE FINANCIAL STATEMENTS

The gearing ratio at the end of the reporting period was as follows:

	Note	The Group		The Company	
		2012 RM	2011 RM	2012 RM	2011 RM
Trade payables		16,554,659	17,987,544	-	-
Other payables and accrued expenses	28	5,896,085	5,040,367	223,925	195,474
Amount owing to subsidiary companies		-	-	8,314,502	556,134
Bank borrowings	26	64,977,741	69,659,836	3,685	-
Finance lease payables	25	101,902	153,956	-	-
Hire-purchase payables	24	246,255	217,379	-	-
Less: Cash and bank balances	21	(23,550,527)	(16,015,877)	(9,051,639)	(6,216,262)
Net debt		64,226,115	77,043,205	(509,527)	(5,464,654)
Equity attributable to owners of the Company		148,974,460	135,959,624	67,511,680	33,145,092
Capital and net debt		213,200,575	213,002,829	67,002,153	27,680,438
Gearing ratio		30%	36%	-	-

### (b) Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial assets, financial liability and equity instrument are disclosed in Note 3.

### (c) Categories of financial instruments

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
<u>Financial assets</u>				
Cash and bank balances	23,550,527	16,015,877	9,051,639	6,216,262
L&R:				
- Trade receivables	84,404,727	72,932,396	-	-
- Other receivables	622,103	659,342	1,000	1,000
- Amount owing by subsidiary companies	-	-	52,916,247	16,147,727
	108,577,357	89,607,615	61,968,886	22,364,989
<u>Financial liabilities held at amortised cost</u>				
- Trade payables	16,554,659	17,987,544	-	-
- Other payables and accrued expenses	5,896,085	5,040,367	223,925	195,474
- Amount owing to subsidiary companies	-	-	8,314,502	556,134
- Hire-purchase payables	246,255	217,379	-	-
- Finance lease payables	101,902	153,956	-	-
- Bank borrowings	64,977,741	69,659,836	3,685	-
	87,776,642	93,059,082	8,542,112	751,608

# NOTES

## TO THE FINANCIAL STATEMENTS

### (d) Financial Risk Management Objectives

The Group and the Company are exposed to various risks arising from their operations and the use of financial instruments.

The Group's and the Company's principal financial instruments comprise cash and cash equivalents and borrowings. The main purpose of those financial instruments is to finance the Group's and the Company's operations. The Group's and the Company's goal in risk management is to ensure that the management understands, measures and monitors the various risks that arise in connection with its operation. Policies and guidelines had been developed to identify, analyse and monitor the dynamic business risk facing the Group and the Company. Based on this assessment, the Group's and the Company adopt appropriate measures to mitigate the risks in accordance with the Group's and the Company's view of the balance between risk and reward.

The main financial risks arising from the Group's and the Company's operation and the use of financial instruments are credit risk, liquidity risk, market risk, interest rate risk and foreign currency risk.

#### (i) 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 and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The trade receivables consist of a number of customers spread across geographical areas and the Group and the Company do not have any significant credit risk exposure to any single customer. The Group and the Company trade only with recognised and creditworthy third parties and related companies. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

At the reporting date, the Company's maximum exposure to credit risk is represented by corporate guarantee of RM76,560,115 (2011: RM72,487,349) provided to banks for banking facilities granted to its subsidiary companies. Based on expectations at the end of the reporting period, the Company considers that it is unlikely that the Company will be required to settle any outstanding borrowing under the arrangement since the subsidiary companies had settled the outstanding borrowings and when they fall due.

#### (ii) Liquidity risk

The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets. Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group maintains sufficient cash and cash equivalents, and internally generated cash flows to finance their activities. The Group manages liquidity risk by maintaining a balance between continuity of funding and flexibility through the use of stand-by credit facilities with five different banks and by monitoring forecast and actual cash flows and matching the maturity profile of the borrowings.

# NOTES

## TO THE FINANCIAL STATEMENTS

At March 31, 2012, the contractual undiscounted cash flows of the Group's and the Company's financial liabilities, grouped by maturity profiles, are as follows:

	On demand or within one year RM	One to five years RM	One to five years RM	Total RM
<b>The Group</b>				
<b>March 31, 2012</b>				
Trade payables	16,554,659	-	-	16,554,659
Other payables and accrued expenses	5,896,085	-	-	5,896,085
Hire-purchase payables	129,422	136,180	-	265,602
Finance lease payables	57,494	44,408	-	101,902
Bank borrowings	59,871,655	5,348,471	132,679	65,352,805
	82,509,315	5,529,059	132,679	88,171,053
<b>March 31, 2011</b>				
Trade payables	17,987,544	-	-	17,987,544
Other payables and accrued expenses	5,040,367	-	-	5,040,367
Hire-purchase payables	174,689	56,314	-	231,003
Finance lease payables	53,771	100,185	-	153,956
Bank borrowings	64,117,304	3,649,212	2,962,771	70,729,287
	87,373,675	3,805,711	2,962,771	94,142,157
<b>The Company</b>				
<b>March 31, 2012</b>				
Other payables and accrued expenses	223,925	-	-	223,925
Amount owing to subsidiary companies	8,314,502	-	-	8,314,502
Bank borrowings	3,685	-	-	3,685
	8,542,112	-	-	8,542,112
<b>March 31, 2011</b>				
Other payables and accrued expenses	195,474	-	-	195,474
Amount owing to subsidiary companies	556,134	-	-	556,134
	751,608	-	-	751,608

# NOTES

## TO THE FINANCIAL STATEMENTS

The Group and the Company have access to financing facilities of which RM136,267,646 and RM12,810,000 (2011: RM156,094,738 and RM8,054,765) respectively were unused at the end of the reporting period for the Group and the Company. The Group and the Company expect to meet their other obligations from operating cash flows and proceeds of maturing financial assets.

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Unsecured bank facilities				
- amount used	72,353,887	80,131,242	2,190,000	6,945,235
- amount unused	136,267,646	156,094,738	12,810,000	8,054,765
	208,621,533	236,225,980	15,000,000	15,000,000

### (iii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flow 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 interest-bearing bank borrowings. The Group's short term floating rate instruments are exposed to a risk of change in cash flows due to change in interest rate. The Group's policy is to manage interest cost by monitoring and negotiating the interest rate with the licensed banks periodically.

### Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for bank borrowings at the end of the year. At the end of reporting period, if the interest rates has been 50 basis points higher/lower and all other variables were held constant, the Group's profit for year ended March 31, 2012 will decrease/increase by RM326,000 (2011: RM346,000). This is mainly attributable to the Group's exposure to interest rates on its reasonably possible change in interest rates.

### (iv) Foreign currency risk

The Group has transactional currency exposures arising from sales and purchases that are denominated in a currency other than functional currency of the Group. The foreign currency in which these transactions are denominated are mainly United States Dollar. The Group manages its transactional currency exposures by matching as far as possible, its receipts and payments in each individual currency. The Group monitors the foreign currency exchange rates closely so as to minimise the potential material adverse effects from these exposures in a timely manner.

### Foreign currency sensitivity analysis

The Group mainly transacts in RM which is its functional currency and it is mainly exposed to the currencies of United States Dollar, Euro, Great Britain Pound, Australian Dollar, Singapore Dollar and Brunei Dollar. The management monitors the foreign exchange exposure and will consider hedging should the need arises.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as disclosed in the respective notes to the financial statements.

# NOTES

## TO THE FINANCIAL STATEMENTS

The table below demonstrates the sensitivity to a reasonably possible change in RM against the relevant currencies, with all other variables held constant, of the Company's results as of March 31, 2012:

	The Group Profit (Loss)	
	2012 RM	2011 RM
United States Dollar - strengthen by 10%	(66,000)	(102,000)
- weaken by 10%	66,000	102,000
Euro - strengthen by 10%	(5,000)	(2,000)
- weaken by 10%	5,000	2,000
Great Britain Pound - strengthen by 10%	(100)	(400)
- weaken by 10%	100	400
Australian Dollar - strengthen by 10%	107,000	109,800
- weaken by 10%	(107,000)	(109,800)
Singapore Dollar - strengthen by 10%	(144,000)	84,500
- weaken by 10%	144,000	(84,500)
Brunei Dollar - strengthen by 10%	60,000	-
- weaken by 10%	(60,000)	-
Vietnamese Dong - strengthen by 10%	30,000	50,000
- weaken by 10%	(30,000)	(50,000)

(e) Fair values of financial assets and financial liabilities

The carrying amounts of cash and bank balances, trade and other receivables, trade and other payables, intercompany' balances, bank borrowings, finance lease payables and hire-purchase payables are approximate their respective fair values due to the relatively short-term maturity of these financial instruments or they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

Except as detailed in the following table, the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values:

	The Group			
	2012		2011	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
<b>Financial Liabilities</b>				
- Term loans	6,130,008	5,458,330	6,488,061	5,696,818



# NOTES

## TO THE FINANCIAL STATEMENTS

### 32. SUPPLEMENTARY INFORMATION – DISCLOSURE ON REALISED AND UNREALISED PROFITS/LOSSES

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

The breakdown of the retained earnings of the Group and of the Company as of March 31, 2012 into realised and unrealised profits or losses, pursuant to the directive, is as follows:

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Realised	69,742,842	53,715,684	2,656,742	(28,462,441)
Unrealised	(3,061,329)	(2,780,486)	-	-
	66,681,513	50,935,198	2,656,742	(28,462,441)
Consolidation adjustment	(5,146,216)	2,084,773	-	-
Total retained earnings as per financial statements	61,535,297	53,019,971	2,656,742	(28,462,441)

# STATEMENT BY DIRECTORS

## **DOMINANT ENTERPRISE BERHAD**

(Incorporated in Malaysia)

### **STATEMENT BY DIRECTORS**

The directors of **DOMINANT ENTERPRISE BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Financial Reporting Standards and the provision of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of March 31, 2012 and of their financial performance and the cash flows of the Group and of the Company for the year ended on that date.

The supplementary information set out in Note 32, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1 “Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements” as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with  
a resolution of the Directors,

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**CHA AKU WAI @ SIA AH KOW**

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**TEO AH BAH @ TEO CHUANG KWEE**

Johor Bahru  
JUNE 20, 2012

### **DECLARATION BY THE DIRECTOR PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY**

I, **CHA AKU WAI @ SIA AH KOW**, the director primarily responsible for the financial management of **DOMINANT ENTERPRISE BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

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**CHA AKU WAI @ SIA AH KOW**

Subscribed and solemnly declared by the abovenamed **CHA AKU WAI @ SIA AH KOW** at **JOHOR BAHRU** in the State of **JOHOR** on JUNE 20, 2012

Before me,

**COMMISSIONER FOR OATHS**

# ANALYSIS OF SHAREHOLDINGS

as at 20 July 2012

Authorised Capital	: RM 100,000,000
Issued and Paid-up Capital	: RM 66,079,540
Class of Shares	: Ordinary Shares of RM 0.50 each
Voting Rights	: One vote per ordinary share

## SIZE OF SHAREHOLDINGS

SIZE OF HOLDINGS			NO. OF HOLDERS	%	NO. OF SHARES	%
1	-	99	66	3.632	2,910	0.002
100	-	1,000	325	17.887	113,307	0.086
1,001	-	10,000	871	47.936	4,185,380	3.167
10,001	-	100,000	448	24.656	13,721,029	10.382
100,001	-	6,607,953 *	106	5.834	52,273,674	39.554
6,607,954	AND ABOVE **		1	0.055	61,862,780	46.809
TOTAL :			1,817	100.00	132,159,080	100.00

REMARK :

\* LESS THAN 5% OF ISSUED SHARES

\*\* 5% AND ABOVE OF ISSUED SHARES

## DIRECTORS' SHAREHOLDINGS

NAME	DIRECT		INDIRECT	
	NO. OF SHARE HELD	%	NO. OF SHARE HELD	%
TEO AH BAH @ TEO CHUANG KWEE	841,865	0.64	* 995,926	0.75
CHA AKU WAI @ SIA AH KOW	1,847,584	1.40	** 63,101,818	47.75
KUAH BOO CHENG @ KUAH KWAI YOKE	881,976	0.67	-	-
CHAI SOON TOO	562,489	0.43	-	-
OWEE GEOK CHOON	328,253	0.25	*** 42,000	0.03
HJ MOHD KHALID BIN IDRIS	-	-	-	-
TAN MENG POO	29,400	0.02	-	-
JOHNSON KANDASAMY A/L DAVID NAGAPPAN	-	-	-	-
WALDERSEE CHAN CHUNG CHING	1,000,000	0.76	****1,429,594	1.08
TEO YU CHIN (ALTERNATE DIRECTOR TO TEO AH BAH @ TEO CHUANG KWEE)	119,570	0.09	-	-

\* Deemed interest through his spouse, Chung Ek Fong.

\*\* Deemed interest by virtue of his interest in NS Pacific Sdn Bhd and through his spouse, Teo Chiew Peng.

\*\*\* Deemed interest through his spouse, Chua Yew Yew.

\*\*\*\* Deemed interest through his spouse, Cha Shi Jiu.

# ANALYSIS OF SHAREHOLDINGS

as at 20 July 2012

## SUBSTANTIAL SHAREHOLDERS WITH HOLDINGS OF 5% AND ABOVE

NAME	DIRECT		INDIRECT	
	NO. OF SHARE HELD	%	NO. OF SHARE HELD	%
NS PACIFIC SDN BHD	61,862,780	46.81	-	-
CHA AKU WAI @ SIA AH KOW	1,847,584	1.40	* 63,101,818	47.75
TEO CHIEW PENG	1,239,038	0.94	** 63,710,364	48.21

\* Deemed interest by virtue of his interest in NS Pacific Sdn Bhd and through his spouse, Teo Chiew Peng.

\*\* Deemed interest through her spouse, Cha Aku Wai @ Sia Ah Kow.

## THIRTY LARGEST SHAREHOLDERS

NAME	NO. OF SHARE HELD	%
1 NS PACIFIC SDN BHD	61,862,780	46.81
2 TAMAN BUNGA MERLIMAU SDN. BHD.	5,165,500	3.91
3 ASIA SELATAN (M) SDN. BHD.	3,578,700	2.71
4 TEO AH MOI @ TEO TIANG TIANG	1,864,819	1.41
5 CHA AKU WAI @ SIA AH KOW	1,847,584	1.40
6 AMSEC NOMINEES (TEMPATAN) SDN BHD TEO CHOON KIAT @ TEO CHUAN KIT	1,842,861	1.39
7 TAN AH SIM @ TAN SIEW WAH	1,444,785	1.09
8 CHA SHI JIU	1,429,594	1.08
9 CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR TEH YUET YING @ TEH SWEE ING	1,312,900	0.99
10 CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR WONG AH FAH	1,277,600	0.97
11 RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOONG FOONG MING	1,271,220	0.96
12 TEO CHIEW PENG	1,239,038	0.94
13 CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR TAN KIT	1,200,000	0.91
14 ONG TENG SER	1,104,479	0.84
15 WALDERSEE CHAN CHUNG CHING	1,000,000	0.76
16 AMSEC NOMINEES (TEMPATAN) SDN BHD CHUNG EK FONG	995,926	0.75
17 KUAH BOO CHENG (KUAH KWAI YOKE)	881,976	0.67
18 TEO AH BAH @ TEO CHUANG KWEE	841,865	0.64
19 CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR LEE BOON HOW	831,900	0.63
20 KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KIT	800,000	0.61
21 TEO YING YING	721,773	0.55
22 KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OH KIM SUN	704,460	0.53
23 TAN HON KIAT @ TAN HOON SIONG	668,864	0.51
24 AMSEC NOMINEES (TEMPATAN) SDN BHD TEO CHOON KIAT @ TEO CHUAN KIT	650,000	0.49
25 CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR HO YIT FATT	639,000	0.48
26 CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR CHOOI WOON FUN	634,800	0.48
27 HO YIT FATT	611,400	0.46
28 CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR CHONG PONG SING @ CHONG LING KWEE	600,900	0.45
29 CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR CHONG SCHOK CHONG	594,000	0.45
30 CHAI SOON TOO	562,489	0.43

# LIST OF PROPERTIES

No	Address	Built-up area (sq.m)	Land area (sq.m)	Description / Existing Use	Tenure	Age of building (years)	Audited Net Book Value as at 31 March 2012 RM	Date of revaluation	Date of Acquisition
1	Lot 3918, PN 6753 (Formerly Lot PT 348, HSD 26394) Mukim 13, District of Seberang Perai Tengah, Pulau Pinang	2,017.4	4,053.0	A single storey detached factory with annex 2-storey office block	Leasehold 99 years expiring on 29.11.2108	15	2,368,995	23.04.2011	17.06.1995
2	Lot PT 43314 H.S.(D) 128747 Mukim of Petaling, District of Petaling, State of Selangor	2,295.3	4,047.0	A single storey detached factory with annex two storey office block	Freehold	14	4,957,286	19.03.2011	11.03.1996
3	Lot MK 7-3134M 22, Tuas View Square Singapore 637603	1,520.6	2,166.0	Single storey detached factory with three storey ancillary office	Leasehold 60 years expiring on 29.10.2056	11	# 9,762,400	25.05.2012	12.03.1999
4	Lot MLO 5502, HSD 34056, Mukim of Senai, District of KulaiJaya, State of Johor	4,337.0	10,421.0	A single storey factory with annex two storey office block	Freehold	20	4,789,920	17.03.2011	21.12.1999
5	Lot PTD 41088, HSD 22974, Mukim of Senai, District of KulaiJaya, State of Johor	3,530.8	8,317.3	A single storey factory with annex 2-storey factory block	Freehold	16	4,046,928	17.03.2011	25.09.2002
6	Lots 1439 of Section 66, District of Kuching, Town Land District, State of Sarawak	1,174.0	1,310.0	One unit of double-storey semi-detached industrial warehouse cum office building	Leasehold 60 years expiring on 22.01.2052	N/A	796,740	21.01.2011	17.01.2005
7	Lots 2246 of Section 66, District of Kuching, Town Land District, State of Sarawak	589.9	774.6	One unit of double-storey semi-detached industrial warehouse cum office building	Leasehold 60 years expiring on 25.10.2055	N/A	455,482	21.01.2011	17.01.2005
8	Lot 60323, PN 6413, Mukim of Kuala Kuantan, District of Kuantan, State of Pahang	614.1	975.0	A 1 1/2- storey semi-detached factory	Leasehold 99 years expiring on 29.03.2097	14	359,549	26.03.2011	26.01.2005
9	Lot PTD 2805, HSM 1307, Mukim of Sungai Terap, District of Muar, State of Johor	7,310.6	11,759.1	An individually designed and constructed factory complex	Freehold	6	5,912,382	21.03.2011	25.01.2006
10	Lot 42, Geran Mukim 214, Mukim of Tebrau, District of Johor Bahru, State of Johor	N/A	12,115.0	One adjoining plot of vacant agricultural titled land	Freehold	N/A	2,608,322	13.01.2011	26.01.2006
11	Lot 93, Geran Mukim 216, Mukim of Tebrau, District of Johor Bahru, State of Johor		37,686.0	One adjoining plot of vacant agricultural titled land			8,113,678	13.01.2011	
12	Lot PTD 151382, HS(M) 3715, Mukim of Tebrau, District of Johor Bahru, State of Johor		10,631.5	A well profiled corner vacant light industrial land completed with single storey industrial warehouse under construction			5,351,927	13.01.2011	
13	Lot PTD 151383, HS(M) 3716, Mukim of Tebrau, District of Johor Bahru, State of Johor		11,182.6	16,187.4	A single storey detached factory with two storey office block	2	13,666,534	13.01.2011	
14	No. 3, VSIP II Street 6, Viet Nam- Singapore Industrial Park II, Binh Duong Urban Complex of Industries- Services, Hoa Phu ward, Thu Dat Mot City, Binh Duong Province, Vietnam	3,492.0	13,428.0	Single storey detached factory building with double storey office annex	Leasehold 50 years expiring on 27.07.2055	3	* 2,067,809	17.05.2011	23.01.2007

# equivalent to Singapore Dollar 4.00 million

\* equivalent to Vietnam Dong 14.02 billion

# PROXY FORM

I/We.....

of.....

being a member/members of **DOMINANT ENTERPRISE BERHAD**, hereby appoint .....

of.....

or failing him/her .....

of.....

or failing him/her/them, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Twentieth Annual General Meeting of the Company to be held at Grand Paragon Hotel, Sapphire 3 Hall, Level 4, No. 18, Jalan Harimau, Taman Century, 80250 Johor Bahru, Johor Darul Takzim on Tuesday, 18 September 2012 at 10.00 a.m. and any adjournment thereof.

Item	Agenda			
1.	To receive Audited Financial Statements and Reports			
<b>ORDINARY BUSINESS</b>		<b>RESOLUTION</b>	<b>*FOR</b>	<b>*AGAINST</b>
2.	Approval of Final Dividend	1		
3.	Approval of Directors' Fee	2		
4.	Re-election of Directors who retire pursuant to Article 84 of the Company's Article of Association :			
	a. Mr. Owee Geok Choon	3		
	b. Mr. Kuah Boo Cheng @ Kuah Kwai Yoke	4		
	c. Hj. Mohd Khalid Bin Idris	5		
5.	Nomination for Appointment of Messrs BDO as Auditors	6		
<b>SPECIAL BUSINESS</b>				
6.	ORDINARY RESOLUTION Authority to Directors to issue shares pursuant to Section 132D of the Companies Act, 1965	7		

(\*Please indicate with an "X" in the space provided and to show how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion).

Dated this.....day of.....2012

Signed

No. of Ordinary  
Shares Held

## NOTES

- A member of the Company entitled to attend and vote at the meeting may appoint a proxy or proxies (but not more than two) to attend and vote in his/her stead. A proxy may but need not be a member of the Company.
- Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her holding to be represented by each proxy.
- A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 is allowed to 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.
- Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a proxy, in the case of an individual shall be signed by the appointor or his/her attorney duly authorised in writing and in the case of a corporation, either under seal or under the hand of an officer duly authorised. If no name is inserted in the space for the name of your proxy, the Chairman of the Meeting will act as your proxy.
- The instrument appointing a proxy must be deposited at the Registered Office of the Company situated at Suite 1301, 13th Floor, City Plaza, 80300 Johor Bahru, Johor Darul Takzim not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
- For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Article 54(2) of the Articles of Association of the Company and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors as at 10 September 2012 and only a Depositor whose name appear on such Record of Depositors shall be entitled to attend this meeting.



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AFFIX  
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HERE

**THE COMPANY SECRETARY**  
**DOMINANT ENTERPRISE BERHAD** (221206-D)  
Suite 1301, 13th Floor, City Plaza,  
Jalan Tebrau,  
80300 Johor Bahru,  
Johor Darul Takzim, Malaysia

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**Dominant**  
Enterprise Berhad  
(221206-D)

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