Annual Report 2012 Laporan Tahunan

United U-LI Corporation Berhad

(Company Number: 510737-H)

contents...

Chairman's **Statement**

Dear Valued Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2012.

BUSINESS REVIEW

During financial year 2012, the Group managed to deliver yet another satisfactory performance despite adverse market conditions. In the international market, demand for the Group's products were hampered by the contagion effect of the slowdown experienced by the world's major economies. Meanwhile, in the domestic front, market prices were volatile due to the prevalence of cheap steel imports from China.

The Group managed to overcome these challenges by staying focussed in enhancing its competitive position through internal processes. These efforts have paid dividends and enabled us to weather the difficult business environment and deliver another positive performance.

FINANCIAL PERFORMANCE

For the financial year ended 31 December 2012, the Group registered a revenue of RM147.2 million, a 3.2% increase against the previous financial year. After accounting for tax, profit for the year at RM17.0 million improved by 3.2% compared to the corresponding period last year. This translates into earnings of 12.9 sen per share.

PROSPECTS

Whilst the developed economies continue to face the fallout attributed to the European debt crisis and US fiscal challenges, ASEAN continue to be a region of growth. Under the circumstances, the Group remain optimistic in repeating its success to secure contracts for various projects and expect it to maintain its contribution to the Group in financial year 2013.

In the local market, demand is anticipated to improve from the implementation of various infrastructure projects initiated by the government as part of the government transformation process.

CORPORATE GOVERNANCE

The Board is committed to observing the Malaysian Code of Corporate Governance (Revised 2007) and Listing Requirements of Bursa Securities and has ensured that a high standard of corporate governance is practiced throughout the Group to safeguard the Group's assets, operations and shareholder value. Our statement on corporate governance can be found on pages 8 to 15.

There were no sanctions and/or penalties imposed on the Company and its subsidiary companies, Directors or management by the relevant regulatory bodies in 2012.

Chairman's Statement (Cont'd)

CORPORATE SOCIAL RESPONSIBILITY

The Group is committed to Corporate Social Responsibility ("CSR") by integrating it into the business operations.

During the year, the Group continued to support charitable foundations which are involved in disaster relief programmes. Use of recycled paper where applicable is encouraged, and the company practice switching off lighting and airconditioning in the offices when not in use to save energy.

The Group continues to place great importance on the need to protect our environment. The Group's business responsibility, while geared towards increasing profitability, is also to maintain its good manufacturing practices and to adhere to national environmental policies at all times. All manufacturing sites are pursuing their own waste reduction programmes.

WORD OF APPRECIATION

On behalf of the Board, I would like to thank the Directors, the management and all employees of the Group for their dedicated services, commitment, loyalty and contribution during 2012. The year 2013 will continue to be very challenging but I have no doubt in the Group's ability to overcome whatever difficulties that may present themselves.

I would also like to take this opportunity to thank the Regulatory Authorities, shareholders, customers, business associates, clients, bankers, sub-contractors and suppliers for their continuing support, trust and confidence to the Group.

I appreciate the trust and opportunity given to me to assume the position of Chairman of a distinguished Group like United U-LI Corporation Berhad. I shall endeavour to give my utmost in discharging the responsibilities entrusted upon me. With the support of my co-directors, the management and staff and other stakeholders, I am hopeful that my job would be made much easier.

Tan Sri Dato' Wira Abd Rahman Bin Ismail
Chairman

Date : 18 April 2013

Directorate & Corporate Information

BOARD OF DIRECTORS

Tan Sri Dato' Wira Abd Rahman Bin Ismail
(Independent Non-Executive Chairman)

Dato' Wira Lee Yoon Wah
(Group Managing Director/Chief Executive Officer)

Dato' Lee Yoon Kong
(Executive Director)

Teow Lai Seng
(Executive Director)

Chim Wai Khuan
(Independent Non-Executive Director)

Wong Chow Lan
(Independent Non-Executive Director)

Lokman bin Mansor
(Independent Non-Executive Director)

Shariff bin Mohd Shah
(Independent Non-Executive Director)

SECRETARIES

Koay Soo Ngoh (MAICSA 0856746)
Foo Li Ling (MAICSA 7019557)

REGISTERED OFFICE

62C, Jalan SS21/62
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan
Tel No. : + (603) 7727 2806 / 7729 3337
Fax No. : + (603) 7729 3619

HEAD/MANAGEMENT OFFICE

33, Jalan Kartunis U1/47
Temasya Industrial Park
Seksyen U1
40150 Shah Alam
Selangor Darul Ehsan
Tel No. : + (603) 5569 5999
Fax No. : + (603) 5569 1666
e-mail : hq@uli.com.my
Website : www.uli.com.my

MANUFACTURING PLANTS

Lot 7, Jalan 6/1
Kawasan Perindustrian
Seri Kembangan
43300 Seri Kembangan
Selangor Darul Ehsan

25 & 27 Jalan Taming Lima
Taman Taming Jaya
43300 Seri Kembangan
Selangor Darul Ehsan

Lot 5 (PT7907), Jalan Balakong
43300 Seri Kembangan
Selangor Darul Ehsan

Lot 44, Jalan Cetak
Tasek Industrial Estate
31400 Ipoh, Perak Darul Ridzuan

Branch Office
1 Jalan Seroja 54
Taman Johor Jaya
81100 Johor Bahru
Johor Darul Takzim

REGISTRAR

Symphony Share Registrars Sdn. Bhd.
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel No. : + (603) 7849 0777
Fax No. : + (603) 7841 8151/8152

Directorate & Corporate Information (Cont'd)

AUDITORS

Baker Tilly Monteiro Heng
Chartered Accountants

AUDIT COMMITTEE

Chim Wai Khuan
– *Independent, Non-Executive Director [Chairman]*
Wong Chow Lan
– *Independent, Non-Executive Director*
Lokman Bin Mansor
– *Independent, Non-Executive Director*

NOMINATION COMMITTEE

Tan Sri Dato' Wira Abd Rahman Bin Ismail
– *Independent, Non-Executive Chairman [Chairman]*
Chim Wai Khuan
– *Independent, Non-Executive Director*
Wong Chow Lan
– *Independent, Non-Executive Director*

REMUNERATION COMMITTEE

Tan Sri Dato' Wira Abd Rahman Bin Ismail
– *Independent, Non-Executive Chairman [Chairman]*
Chim Wai Khuan
– *Independent, Non-Executive Director*
Wong Chow Lan
– *Independent, Non-Executive Director*

GROUP PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Berhad
39-45, Jalan Othman
46000 Petaling Jaya
Selangor Darul ehsan

Hong Leong Bank Berhad
Lot 43 & 45, Jalan USJ 10/1G
Taipan Triangle
47620 Subang Jaya
Selangor Darul ehsan

SOLICITORS

Cheang & Ariff
Advocates & Solicitors
39 Court @ Loke Mansion
273A, Jalan Medan Tuanku
50300 Kuala Lumpur

Tay & Helen Wong
Suite 703, Block F,
Phileo Damansara I
9 Jalan 16/11, 46350 Petaling Jaya
Selangor Darul ehsan

STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia
Securities Berhad
Stock Code : 7133

PRODUCTS MANUFACTURED

Cable Support Systems
Cable Management Systems
Integrated Ceiling Systems
Building Materials
Light Fittings

Profile of Directors

Tan Sri Dato' Wira Abd Rahman Bin Ismail

Independent Non-Executive Chairman

Tan Sri Dato' Wira Abd Rahman bin Ismail, a Malaysian, aged 84, is an Independent Non-executive Director and the Chairman of ULC. He was appointed to the Board on 21 February 2002. He is also the Chairman of the Nomination Committee and Remuneration Committee. He completed his secondary education at Sultan Abdul Hamid College, Alor Star, Kedah Darul Aman in 1949. He served in the Royal Malaysian Police Force since 1950, holding various posts until 1985 when he retired as the Deputy Inspector General of Police. During his tenure of service, he represented Malaysia in various Interpol and drug enforcement/conferences/seminars/committees at international and regional levels. From 1979 to 1982, he was elected as an executive Committee Member of Interpol and was subsequently elected as Vice President of Interpol from 1984 up to 1985. He tendered his resignation due to his retirement from the Royal Malaysian Police Force. He sits on the Board of all subsidiary companies of the group. He also sits on the Board of KYM holdings Bhd, a company listed on the Bursa Securities and several private limited companies. He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the company. He has no convictions for offences within the past ten (10) years other than for traffic offences, if any. He attended all Board Meetings of the Company held in the financial year ended 31 December 2012.

Dato' Wira Lee Yoon Wah

Group Managing Director/Chief Executive Officer

Dato' Wira Lee Yoon Wah, a Malaysian, aged 54, is the Group Managing Director/Chief Executive Officer of ULC. He was appointed to the Board on 21 February 2002. He completed his secondary education in 1975 and is one of the founder members of the ULC Group. Presently, he is in charge of the overall management and growth of the Group. He has more than 20 years' working experience in the electrical industry. He is credited for charting the growth of the Group since its inception from a small operation to an industrial concern as it is today. As the driving force behind the Group's growth, he is also responsible for the overall business development, strategic planning as well as the business and corporate development of the Group. He also sits on the Board of all the subsidiary companies of the Group. He is the brother to Dato' Lee Yoon Kong, major shareholder and Director of the Company. He has no conflict of interest with the Company and has no convictions for offences within the past ten (10) years other than for traffic offences, if any. He attended all Board Meetings of the Company held in the financial year ended 31 December 2012.

Dato' Lee Yoon Kong

Executive Director

Dato' Lee Yoon Kong, a Malaysian, aged 53, is an executive Director of ULC. He was appointed to the Board on 21 February 2002. He is one of the founder members of the ULC Group. He holds a Diploma in Electrical Engineering. Prior to joining United U-LI (M) Sdn. Bhd. ("ULSB"), a subsidiary company of ULC, he was the electronics Technician with Amateur Photo Store Sdn. Bhd., the locally appointed agent for AKAI products, from 1979 to 1983. He has more than 20 years' working experience in the electrical industry and has contributed significantly towards the growth of the Group. Presently, he is responsible for the technical, production and manufacturing functions of the Group. He also sits on the Board of all the subsidiary companies of the Group. He is the brother to Dato' Wira Lee Yoon Wah, major shareholder and Director of the Company. He has no conflict of interest with the Company and has no convictions for offences within the past ten (10) years other than for traffic offences, if any. He attended all Board Meetings of the Company held in the financial year ended 31 December 2012.

Teow Lai Seng

Executive Director

Teow Lai Seng, a Malaysian, aged 51, is an executive Director of ULC. He was appointed to the Board on 21 February 2002. He has more than 20 years' working experience in the electrical industry. He holds a Diploma in Electronics Engineering and was the Technical and Service Technician with Amateur Photo Store Sdn. Bhd. prior to joining ULSB as a Factory Supervisor in 1982. He was subsequently promoted to Factory Manager in 1990 and is responsible for the overall management and production operations of the factory. He also sits on the Board of certain subsidiary companies of the Group. He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offences within the past ten (10) years other than for traffic offences, if any. He attended all Board Meetings of the Company held in the financial year ended 31 December 2012.

Profile of Directors (Cont'd)

Chim Wai Khuan

Independent Non-Executive Director

Chim Wai Khuan, a Malaysian, aged 62, is an Independent Non-executive Director of ULC. He was appointed to the Board on 21 February 2002. He is the Chairman of the Audit Committee and a member of the Nomination Committee and Remuneration Committee. He is an accountant by training and is currently a member of the Malaysian Institute of Accountants. He has vast experience in the areas of accounting, audit, tax and corporate secretarial and consultancy matters, having served in various capacities both in the United Kingdom and in Malaysia from 1975 to 2000. Currently, he is practicing as a Corporate and Management Consultant and also manages his own audit practice under the name of WK Co. He is also the Independent Director and Audit Committee Member of Kumpulan Powernet Berhad, a company listed on the Main Board of Bursa Malaysia Securities Berhad. He also sits on the Board of several private limited companies. He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offences within the past ten (10) years other than for traffic offences, if any. He attended all Board Meetings of the Company held in the financial year ended 31 December 2012.

Wong Chow Lan

Independent Non-Executive Director

Wong Chow Lan, a Malaysian, aged 51, is an Independent Non-executive Director of ULC. She was appointed to the Board on 11 April 2000. She is a member of the Nomination Committee, Remuneration Committee and Audit Committee. She holds a Diploma in Business Management from Kolej Tunku Abdul Rahman and is a qualified Chartered Secretary of the Institute of Chartered Secretaries and Administrators since 1992. She is an associate member of The Malaysian Association of The Institute of Chartered Secretaries and Administrators. Currently, she is attached to a consultancy firm. She also sits on the Board of several private limited companies. She does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. She has no convictions for offences within the past ten (10) years other than for traffic offences, if any. She attended all Board meetings of the Company held in the financial year ended 31 December 2012.

Lokman bin Mansor

Independent Non-Executive Director

Lokman bin Mansor, a Malaysian, aged 53, is an Independent Non-executive Director of ULC. He was appointed to the Board on 21 February 2002. He is a member of the Audit Committee. He graduated with a Bachelor of Architecture from Adelaide University, Australia in 1984 and is presently a corporate member of Pertubuhan Akitek Malaysia and a registered architect with Lembaga Akitek Malaysia. From 1981 to 1982, he was attached with CSL & Associates in the capacity of Architectural Assistant. In 1984, he joined Pakatan Reka Architects as an Assistant Architect before taking up a lecturing position with Institut Teknologi Mara in 1986. From 1987 to 1991, he was appointed as a Director of Binateras-DeG Arkitek Sdn. Bhd.. In 1991, he founded Advocad Architect and he is the senior partner of the firm. He has gained vast experience in the area of development and project management in implementation of projects and is also well versed in the various aspects related to property investment, financing and market assessment. He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offences within the past ten (10) years other than for traffic offences, if any. He attended four (4) out of five (5) Board Meetings held in the financial year ended 31 December 2012.

Shariff bin Mohd Shah

Independent Non-Executive Director

Shariff bin Mohd Shah, a Malaysian, aged 64, is an Independent Non-executive Director of ULC. He was appointed to the Board on 1 October 2003. He graduated with a Bachelor of Economics (Hons) from University of Malaya in 1971. Upon graduation he joined the Administrative and Diplomatic Service (PTD) and posted to the Government Staff Training Centre and then to the Ministry of Foreign Affairs. He left government service in 1975 to join Borneo Company (1975) Sdn. Bhd. as Marketing Executive until 1978. He was Marketing Director of the National Livestock Development Corporation between 1978 until 1981. He took up appointment as Manager, Guthrie Malaysia Trading Corporation in 1983 and was the Senior General Manager of the company when he left in 1997. He has wide experience in international trading and marketing and currently sits on the Board of several private limited companies. He does not have any family relationship with any Director and / or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offences within the past ten (10) years other than for traffic offences, if any. He attended four (4) out of five (5) Board Meetings of the Company held in the financial year ended 31 December 2012.

Corporate **Governance Statements**

The Board of Directors of United U-LI Corporation Berhad ("the Board") fully appreciates the importance of adopting high standards of Corporate Governance within the Group. The Board is committed to ensuring that the highest standards of Corporate Governance are consistently observed by the Group. Apart from observance of the Principles and Best Practices on Corporate Governance as set out in the Malaysian Code on Corporate Governance 2012 ('the Code"), the Board has also moved to put in place stringent parameters and measures for adherence by the management.

By promoting integrity and professionalism in the management of the Group's affairs, the Board acknowledges the corporate governance tenets of transparency, accountability, integrity and corporate governance as the prerequisites of a responsible corporate citizen.

The Board is therefore pleased to report that during the financial year ended 31 December 2012, it had practiced good corporate governance in directing and managing the business affairs of the Company and its subsidiaries ("the Group").

BOARD OF DIRECTORS

Board Composition and Balance

The Board currently comprises eight (8) members, three (3) of whom are Executive Directors and five (5) Non-Executive Directors. All Non-Executive Directors are Independent and hence fulfil the prescribed requirements for one-third (1/3) of the membership of the Board to be independent Members.

The composition and size of the Board is a well-balanced with an effective mix of Executive Directors and Independent Non-Executive Directors, which is in line with the Code and with the right mix of skills and experience. This balance enables the Board to provide clear and effective leadership to the Group and facilities the Board in making of informed and critical decisions on many aspects of the Group's strategies and performances. The Board structure also ensures that no individual or group of individuals dominates the Board's decision making process.

The Executive Directors who have good knowledge of the business are responsible for implementing corporate strategies and policies as well as charged with the management of the day-to day operations of the business. The Independent Non-Executive Directors play a pivotal role in corporate accountability.

The Independent Non-executive Directors are independent of management and free from any business relationship which could materially interfere with the exercise of their judgement or the ability to act in the best interests of the Group and of the minority shareholders. The presence of the Independent Non-Executive Directors are essential in providing the Group with a wider general experience of strategy formulation, unbiased and independent opinions, advices, judgements, objective view of the performance of the management and professionalism to ensure that adequate systems are used to safeguard the interest not only of the Group, but also of minority shareholders and stakeholders of the Group. The tenure of an Independent Director shall not exceed a cumulative term of 9 years.

The Board shall appoint a Senior Independent Director who will also attend to any query or concern raised by shareholders.

There is a clear and distinct division of responsibilities between the Chairman and the Managing Director to ensure a proper balance of power and authority. The Chairman leads the Board in setting values and standards of the Group and is responsible for the effective conduct of the Board. He ensures that information relating to issues on agenda is disseminated to all Directors well before deliberation at Board meetings and facilities the constructive relations between the executive and Non-executive Directors whilst the Managing Director has overall responsibility over the operating units, organisational effectiveness, coordinating the development and implementation of business and corporate strategies as well as the implementation of Board policies and decisions.

The composition and size of the Board are reviewed from time to time to ensure its appropriateness.

Roles and Responsibilities

The Board assumes, amongst others, the following duties and responsibilities:-

i. reviewing and adopting the overall strategic plans and programmes for the company and group;
ii. overseeing and evaluating the conduct of business of the company and group;
iii. indentifying principal risks and ensuring implementation of a proper risk management system to manage such risks;
iv. establishing a succession plan;
v. developing and implementing a shareholder communication policy for the company;
vi. reviewing the adequacy and the integrity of the management information and internal controls systems of the company and group; and
vii. the board delegates certain responsibilities to the various board committees with clearly defined terms of reference to assist the board in discharging its responsibilities;

The following are matters which are specifically reserved for the Board:-

i. approval of corporate plans and programmes;
ii. approval of annual budgets, including major capital commitments;
iii. approval of new ventures;
iv. approval of material acquisition and disposals of undertakings and properties;
v. change to the management and control structure within the company and its subsidiaries ("the Group"), including key policies, delegated authority limits; and
vi. review and update the Whistle-blowing policy;

Code of Ethics and Conduct

The Code of Ethics and Conduct is to be observed by all Directors and employees of the Group, and the core areas of conducts under the Code include the followings:-

i. conflict of interest ;
ii. confidential information;
iii. inside information and securities trading;
iv. protection of assets;
v. business records and control;
vi. compliance to the law;
vii. personal gifting and contribution;
viii. health and safety;
ix. sexual harassment;
x. outside interest;
xi. fair and courteous behavior; and
xii. misconducts.

Appointment and Re-election of Board Members

The Code provides greater clarity on the aspects of which Nominations Committee should consider when recommending candidates for directorship. The Code further places the importance of the Director appraisal where Nomination Committee should ensure that its assessments and evaluations are properly documented.

In accordance with the Company's Articles of Association, all Directors are required to submit themselves for re-election by rotation at least once in every three (3) years at each Annual General Meeting (AGM). Newly appointed Directors shall hold office until the AGM following their appointment and shall then be eligible for re-election by shareholders. The proposed appointment of new Board members, resignation of existing members, as well as the proposed re-election of the Directors are approved by the Board upon the recommendation of the Nomination Committee.

The Articles of Association also requires that at least one-third (1/3) of the Directors including Executive Directors, to retire from office by rotation and be eligible for re-election at every AGM. All Directors shall submit themselves for re-election at least once every three (3) years from date of appointment in compliance with the Listing Requirements of the Bursa Securities.

Corporate Governance Statements (Cont'd)

Pursuant to Section 129(2) of the Companies Act, 1965, Directors who are over seventy (70) years of age are required to submit themselves for re-appointment annually.

The Board, through its delegation to the Nomination Committee, has set up and implemented the process for the assessments of its Chairman, the individual Board Members and the Board as a whole. For the financial year ended 31 December 2012, the Board has, through the Nomination Committee, reviewed the skills mix and experience of the individual Directors and assessed the effectiveness of the Board as a whole. A separate assessment for Independent Director is also undertaken annually.

Board Meetings and Supply of Information

To ensure effective management of the Group, Board meetings are convened regularly during the year, at quarterly intervals or as and when necessary. During the financial year five (5) Board meetings took place.

Details of the attendance of the Directors at the Board meetings held in the financial year ended 31 December 2012 are as follows:

Name of Director	No. of Meetings Attended
Tan Sri Dato' Wira Abd Rahman Bin Ismail	5/5
Dato' Wira Lee Yoon Wah	5/5
Dato' Lee Yoon Kong	5/5
Teow Lai Seng	5/5
Chim Wai Khuan	5/5
Wong Chow Lan	5/5
Lokman bin Mansor	4/5
Shariff bin Mohd Shah	4/5

All Directors are provided with an agenda inclusive of relevant Board papers prior to each Board meeting. The Board papers include minutes of the last Board meeting, agenda for the current meeting and any report and documents pertaining to the issues to be discussed at the meeting. The Board papers are issued in sufficient time to enable the Directors to obtain a comprehensive understanding of the issues to be deliberated upon to enable them to arrive at an informed decision. The Chairman of the Board chairs the Board meetings while the Managing Director leads the presentation and provides explanations on the Board reports. Senior Management staff may be invited to attend the Board meetings to explain and clarify matters being tabled.

In addition to quarterly Board meetings, briefings are conducted for the Board from time to time on various issues such as changes to company and securities legislations, rules and regulations to inform them of the latest developments in these areas. The Directors are also notified of any corporate announcements released to the Bursa Securities. They are also informed of the impending restriction in dealing with the securities of the Company at least one month prior to the release of the unaudited quarterly financial result announcement.

In exercising their duties, the Board has unrestricted access to timely and accurate information which is not only quantitative but also other information deemed suitable within the Group, whether as a full Board or in their individual capacity. All Directors also have direct access to the advice and the services of the Group's Company Secretary in carrying out their duties. In addition, the Board may also seek professional opinion and independent advice from external consultants, if necessary, at the Company's expense.

Director's Training

All Directors have attended the Mandatory Accreditation Programme ("MAP") and from time to time Continuing Education Programme ("CEP") prescribed by the Bursa Securities. The Directors will continue to attend other relevant training programmes to keep abreast with developments on a continuous basis in compliance with the Listing Requirements of Bursa Securities.

In FY2012, the following programmes were attended by Board members:

Name of Director	Date and Topic of Seminar / Talk
Tan Sri Dato' Wira Abd Rahman Bin Ismail	26 June 2012 - Competition Act 2010 : Key Features & Implications
Dato' Wira Lee Yoon Wah	26 June 2012 - Competition Act 2010 : Key Features & Implications
Dato' Lee Yoon Kong	26 June 2012 - Competition Act 2010 : Key Features & Implications
Teow Lai Seng	26 June 2012 - Competition Act 2010 : Key Features & Implications
Shariff Bin Mohd Shah	26 June 2012 - Competition Act 2010 : Key Features & Implications
Lokman Bin Mansor	26 June 2012 - Competition Act 2010 : Key Features & Implications
Chim Wai Khuan	20 & 21 February 2012 - Why Traditional Internal Control and Auditing Procedures Fail to Indentify Fraud? 09 April 2012 - Tax Planning Using Company Restructuring
Wong Chow Lan	26 June 2012 - Competition Act 2010 : Key Features & Implications

Board Committees

In order to ensure the effective discharge of its fiduciary duties, the Board has established various Board Committees to assist the Board in the running of the Group. This is to allow the members of the Board Committees to deliberate and examine issues within their terms of reference in greater details and subsequently recommend and report to the Board. The functions and terms of reference of the committees, as well as the authority delegated by the Board to these committees, have been clearly defined and approved by the Board. All Board Committees do not have executive powers but only the power to make recommendations to the Board.

The Board Committees for the financial year under review are as follows:-

(a) Audit Committee

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

The Audit Committee presently comprises three (3) members, all of whom are Independent Non-executive Directors:

i) Chim Wai Khuan (Independent Non-Executive Director) - Chairman
ii) Wong Chow Lan (Independent Non-Executive Director)
iii) Lokman bin Mansor (Independent Non-Executive Director)

The Audit Committee has held a total of five (5) meetings during the course of the financial year ended 31 December 2012.

(b) Nomination Committee

Members		No. of Meeting Attended
Tan Sri Dato' Wira Abd Rahman Bin Ismail	(Independent, Non-Executive Chairman)-Chairman	1/1
Chim Wai Khuan	(Independent, Non-Executive Director)	1/1
Wong Chow Lan	(Independent, Non-Executive Director)	1/1

The Nomination Committee is responsible for ensuring the Board has the appropriate balance and size, and recommending the right candidates with the necessary mix of skills, experience and competencies to be appointed to the Board. The membership of the Committee has not changed since the last report.

Meeting of the Nomination Committee are held at least once a year or as and when required.

Corporate Governance Statements (Cont'd)

The Terms of reference of the Nomination Committee are as follows:

- to review, recommend and consider suitable candidates to the Board of the Group, including committees of the Board;
- to review and determine the mix of skills, experience and other qualities, including core competencies of Non-executive Directors, on an annual basis;
- to assess the Directors on an on-going basis and the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director, including Independent Non-Executive Directors as well as Chief Executive Officer;
- to recommend suitable orientation, educational and training programmes to continuously train and equip the existing and new Directors;
- to provide a succession planning policy and ensure that the policy is kept under review;
- to examine particular issues and make the appropriate recommendations to the Board;
- to ensure the composition of the Board is in accordance with the Memorandum and Articles of Association and the requirements for Best Practice of Corporate Governance; and
- to assess and recommend to the Board, the terms of reference of Board Committees and review the adequacy of committee structure of Board Committee.

The Nomination Committee upon its annual assessment carried out for financial year 2012, was satisfied that:

- The size and composition of the Company is optimum with appropriate mix of knowledge, skills, attributes and core competencies;
- The Board has been able to discharge its duties professionally and effectively in consideration of the scale and breadth of the operations;
- All the Directors continue to uphold he highest governance standards in their conduct and that of the Board;
- All the Members of the Board are well qualified to hold their positions as Directors of the Company in view of their respective academic and professional qualifications, and depth of knowledge, skills and experience and their personal qualities;
- The Independent Directors comply with the definition of Independent Directors as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and therefore would be able to function as a check and balance and bring an element of objective to the Board of Directors;
- The following Independent Non-Executive Directors whom has served as an Independent Non-Executive Directors of the Company for cumulative term of more than nine (9) years respectively do not in any way interfere with their exercise of objective judgement or their ability to act in the best interest of the Company:-

  i) Tan Sri Dato' Wira Abd Rahman Bin Ismail;
  ii) Chim Wai Khuan;
  iii) Wong Chow Lan;
  iv) Lokman Bin Mansor;
  v) Shariff Bin Mohd Shah.

- The Directors are able to devote sufficient time commitment to their roles and responsibilities as Directors of the Company, as they hold either one or only a few directorship in public listed companies as described below:

  - Holdings only one directorship : 6 directors
  - Holdings two directorship : 2 directors

(c) Remuneration Committee

Members		No. of Meeting Attended
Tan Sri Dato' Wira Abd Rahman Bin Ismail	(Independent, Non-Executive Chairman)-Chairman	1/1
Chim Wai Khuan	(Independent, Non-Executive Director)	1/1
Wong Chow Lan	(Independent, Non-Executive Director)	1/1

Meeting of the Remuneration Committee are held at least once a year or as and when required.

The terms of reference of the Remuneration Committee are as follows:

- to establish and review the terms and conditions of employment and remuneration of executive Directors and Key Senior Management Officers of the Group to ensure that rewards commensurate with their contributions to the Group's growth and profitability; and supports the Group's objectives and shareholder value and is consistent with the Group's culture and strategy;

- to review annually the performance of the executive Directors and recommend to the Board specific adjustments in remuneration and/or reward payments if any reflecting their contributions for the year;

- to ensure the level of remuneration for Independent Non-executive Directors reflects their experience and level of responsibilities undertaken and contribution to the effective functioning of the Board. Reviews and recommends changes to the Board where necessary; and

- keep abreast of the terms and conditions of service of the executive Directors including their total remuneration package for market comparability. Reviews and recommends changes to the Board where necessary.

All recommendations of the Remuneration Committee are subject to the endorsement of the Board.

Company Secretary

The Directors have ready and unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Board is regularly updated and apprised by the Company Secretary. She gives clear and sound advice on the measures to be taken and requirements to be observed by the Company and the Directors arising from new statutes and guidelines issued by the regulatory authorities. The Company Secretary briefs the Board on proposed contents and timing of material announcements to be made to Bursa Malaysia. The Company Secretary also serves notice to the Directors and Principal Officers to notify them of closed periods in accordance with the black-out periods for dealing in the Company's securities pursuant to Chapter 14 of the Bursa Malaysia Main Market Listing Requirements.

The Company Secretary attends and ensures that all Board meetings are properly convened and those accurate and proper records of the proceeding and resolutions passed are taken and maintained in the statutory register at the registered office of the Company. The Company Secretary also facilities timely communication of decisions made and policies set by the Board at Board meetings, to the Senior Management for action. The Company Secretary works closely with Management to ensure that there are timely and appropriate information flows within and to the Board and Board Committee, and between the Non-Executive Directors and Managements.

Relationship with Auditors

The Board maintains a transparent and professional relationship with the external auditors. The Audit Committee meets with the external auditors at least once a year to discuss their audit plan, audit findings and the financial statements. The Audit Committee also meets the external auditors without the presence of the executive Directors and the management at least twice a year. From time to time, the external auditors highlight to the Audit Committee and the Board on matters that require the Board's attention.

The role of the Audit Committee in relation to both the internal and external auditors is described in the Audit Committee Report of this Annual Report.

Internal Control

The Board acknowledges its overall responsibility for maintaining a sound system of internal controls that provides reasonable assessment of effective and efficient operations, internal financial controls and compliance with laws and regulations as well as with internal procedures and guidelines. The effectiveness of the system of internal controls of the Group is reviewed periodically by the Audit Committee.

Further details of the Group's system of internal controls are set out in the Statement on Internal Control of this Annual Report.

INVESTOR RELATIONS AND SHAREHOLDERS COMMUNICATION

The Board acknowledges the importance of maintaining transparency and accountability to all its stakeholders, particularly its shareholders and investors as it ensures that market credibility and investor's confidence are maintained. Through extensive disclosures of appropriate and relevant information, using various channels of communication on a timely basis, the Group aims to effectively provide shareholders and investors with information to fulfill transparency and accountability objectives.

At this juncture, the channel of communication to shareholders, stakeholders and general public for the overall performance and operations of the Group's business activities are press releases, public announcements on quarterly basis, annual report and disclosures to the Bursa Securities.

Meetings with institutional investors, fund managers and analysts from time to time provide an additional avenue for the Board and Management to convey information about Group's performance, strategy and other matters affecting shareholders' interests.

The upcoming AGM represents the principal forum for dialogue and interaction with shareholders. The notice of meeting and the annual report are sent out to shareholders at least 21 days before the date of the meeting in accordance with the Company's Articles of Association. A presentation is given by the Chairman to explain the Group's strategy, performance and major Developments to shareholders during the AGM. Shareholders are accorded both the opportunity and time to raise questions or offer constructive criticism pertaining to the operations and financial matters of the Group; whilst the Board and Senior Management will provide the answers and appropriate clarifications to issues raised. The external auditors will also be present to provide their professional and independent clarification on issues and concerns raised by the shareholders, if necessary.

Besides the key channels of communication through the annual report, general meetings and announcements to Bursa Securities as well as analyst and media briefings, there is also continuous effort to enhance the Group's website at www.uli.com.my as a channel of communication and information dissemination. Continuous improvement and development of the website will be undertaken by the Group to ensure easy and convenient access.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to provide and present a clear, balanced and meaningful assessment of the Group's financial position and prospects by ensuring quality financial reporting through the annual financial statements and quarterly financial results to its stakeholders, in particular, shareholders, investors and the regulatory authorities.

The Audit Committee assists the Board in scrutinising information for disclosure to ensure the quality of financial reporting and adequacy of such information, prior to submission to the Board for its approval. As required by the Companies Act, 1965, the Directors are responsible for the preparation of annual financial statements in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and the Company at the end of each financial year and of the results and cash flows of the Group and of the Company for the financial year. The accounting policies and methods once adopted, are consistently applied and supported by reasonable judgements and estimates.

The Directors have responsibility for ensuring that the Group keeps proper accounting records which disclose with reasonable accuracy at any time, the financial position of the Group and to enable them to ensure that the financial statements comply with the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

In addition, the Directors are also responsible for taking reasonable steps to safeguard the assets for the Group and to prevent and detect fraud as well as other irregularities.

Compliance with the Code

The Board is satisfied that the Group has maintained high standards of Corporate Governance and has strived to achieve the highest level of integrity and ethical standard, in all its business dealings, including compliance with the Code throughout the financial year ended 31 December 2012.

This Statement is made in accordance with the resolution of the Board.

Audit Committee Report

MEMBERS

Chim Wai Khuan	(Independent, Non-Executive Director) -Chairman
Wong Chow Lan	(Independent, Non-Executive Director)
Lokman Bin Mansor	(Independent, Non-Executive Director)

TERMS OF REFERENCE

1. Membership

The Audit Committee shall be appointed by the Board of Directors amongst the Directors and shall consist of not less than three (3) members, all of whom must be Non-executive Directors, with majority of them being Independent. The Chairman who shall be elected by the Audit Committee must be an Independent Non-Executive Director. No alternate Director shall be appointed as a member of the Audit Committee.

The Board shall at all times ensure that at least one (1) member of the Audit Committee:

I. must be a member of the Malaysian Institute of Accountants ("MIA"); or

II. if he is not a member of MIA, he must have at least three (3) years working experience and:
   - he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
   - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or

III. fulfils such other requirements as prescribed or approved by Bursa Securities.

At least once in every three (3) years, the Board of Directors must review the Terms of reference and performance of the Audit Committee and each of its members to determine whether the Audit Committee and its members carried out their duties in accordance to the Terms of Reference.

2. Meetings and Reporting Procedures

The Audit Committee shall convene meeting at least four (4) times a year, or more frequently as the Audit Committee considers necessary. The Chairman of the Audit Committee, or the secretary on the requisition of any members, the head of internal audit or the external auditors, shall at any time summon a meeting by giving reasonable notice. A quorum shall be two (2) members present and majority of which must be Independent Directors.

The chief financial officer and the company secretary, the head of internal audit and representative of the external auditors shall normally be invited to attend the meetings but may be requested to leave a meeting as and when deemed necessary by the Audit Committee. Other Board members and senior management staff may attend meetings upon the invitation of the Audit Committee. However, the Audit Committee shall meet the external auditors without any executive Directors and employees present at least twice a year.

The company secretary shall act as secretary of the Audit Committee. The secretary shall draw up an agenda for each meeting, in consultation with the chairman of the Audit Committee. The agenda shall be distributed to all members of the Audit Committee and head of internal audit as well as external auditors before the meeting together with supporting papers. The minutes of the meeting of the Audit Committee shall e signed by the Chairman and circulated to all members of the Board. The Chairman of the Audit Committee shall report on each meeting to the Board and all recommendations of the Audit Committee shall be submitted to the Board for approval.

Audit Committee Report (Cont'd)

3. Authority

The Audit Committee is authorised by the Board and at the cost of the Company to:-

- Investigate any activity within its Terms of Reference;
- Have the internal audit function report directly to the Audit Committee;
- Have the resources required to perform its duties;
- Have full and unrestricted access to any information pertaining to the Company or the Group for the purpose of discharging its functions and responsibilities;
- have direct communication channels with the external and internal auditors;
- obtain external legal or other independent advice as necessary; and
- to convene meeting with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

4. Responsibilities and Duties

The responsibilities and duties of the Audit Committee shall include the following:

Corporate Financial Reporting

i) to review and recommend acceptance or otherwise of accounting policies, principles and practices;
ii) to review the quarterly and annual financial statements of the Group and the Company for recommendation to the Board of Directors for approval, focusing particularly on:
  - any changes in or implementation of new accounting policies and practices;
  - major judgemental areas, significantant and unusual events;
  - significant adjustments arising from the audit;
  - the going concern assumptions ; and
  - compliance with the applicable approved accounting standards in Malaysia, Listing Requirements of the Bursa Securities and other legal and statutory requirements.

iii) to review with the management and the external auditors the results of the audit, including any difficulties encountered.

Corporate Risk Management

i) to review the adequacy of and to provide reasonable assurance to the Board of the effectiveness of risk management functions of the Group;
ii) to ensure that the principal and requirements of managing risk are consistently adopted throughout the Group.

Internal Control

i) to assess the quality and effectiveness of the systems of the internal control and the efficiency of the Group's operations ;
ii) to review the findings on the internal control in the Group by internal and external auditors; and
iii) to review and approve the Statement on Internal Control for the annual report as required under Listing Requirements of Bursa Securities.

Internal Audit

i) to approve the corporate audit charters of internal audit functions in the Group;
ii) to ensure that the internal audit functions have appropriate standing in the Group and have the necessary authority and resources to carry out their work. This includes a review of the organizational structure, resources, budgets and qualifications of the internal audit personnel;
iii) to review internal audit reports and management's response and actions taken in respect of these and report to the Board accordingly;
iv) to review the adequacy of the scope, functions and resources of the internal auditors and whether it has the necessary authority to carry out its work;
v) to be informed of resignations and transfer of senior internal audit staff and providing resigning/ transfer staff an opportunity in expressing their view; and
vi) to direct any special investigation to be carried out by internal audit. The total cost incurred for the internal audit function in respect of the financial year ended 31 December 2012 amounted to RM12,146.

External Audit

i) to consider the appointment, resignation and dismissal of external and their audit fee;
ii) to review the external audit reports, major findings and management's responses and actions taken thereto. Where actions are not taken within an adequate time frame by the management, the Audit Committee will report the matter to the Board;
iii) to review the nature and scope of the audit by external auditors before commencement.

Corporate Governance

i) to review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow up (including disciplinary action) any instances of non-compliance;
ii) to review the findings of any examinations by regulatory authorities;
iii) to consider any related party transaction and conflict of interest that may arise within the Group including any transaction, procedure or course of conduct that raises questions of integrity;
iv) to review and approve the Statement of Corporate Governance for the annual report as required under the Listing Requirements of Bursa Securities;
v) to examine instances and matters that may have compromised the principles of Corporate Governance and report back to the Board;
vi) to review the investor relations programme and shareholder communication policy for the Company;
vii) to develop and regularly review the Group's code of Corporate Governance and business ethics;
viii) where the Audit Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved, resulting in a breach of the Listing Requirements of Bursa Securities, the Audit Committee must promptly report such matters to Bursa Securities; and
ix) any such other functions as may be agreed by the Committee and the Board.

Meetings And Minutes

During the financial year ended 31 December 2012, five (5) Audit Committee Meetings were held. Details of attendance of each Committee member were as follows:

Name of Committee Member	No. of Meetings Attended
Chim Wai Khuan	5/5
Wong Chow Lan	5/5
Lokman bin Mansor	4/5

At each of these Committee Meetings, the senior management personnel, the company secretary together with representatives of the external auditors were in attendance.

Statement on Internal Control

Board of Directors' Responsibilities

The Malaysian Code on Corporate Governance requires the Board of Directors ('Board') to establish a sound risk management framework and internal controls system to safeguard shareholders' investment and the Group's assets. The Board recognises the importance of maintaining a sound system of internal control. The Board also acknowledges its responsibility for the Group's system of internal control which covers not only financial controls but operational and compliance controls. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and strategies. Shareholders should be aware that there are inherent limitations in any system of internal control. Accordingly, it can only provide reasonable assurance but not absolute assurance against material misstatement of management and financial information or against financial losses or irregularities.

Risk Management Framework

Recommendation 6.1 of Principle 6 in the Malaysian Code on Corporate Governance 2012 states that the Board should establish a sound framework to manage risk. The risk management framework has been embedded in the Company's management systems. Authority and accountability have been clearly defined to implement the risk management process and internal control system. Based on the assessment of the internal control systems of the Group, the Board is of the view that there is an ongoing process of identifying, evaluating, monitoring and managing significant risks affecting the achievement of its business objectives in their daily activities throughout the financial year and up to the date of approval of the Annual Report.

Internal Control Environment

Within the Group, there are organisational structures in place for each operating unit with clearly defined levels of authority. Management of each operating unit has clear responsibility for identifying risk affecting their unit and the overall Group's business as a whole. They are also charged with instituting adequate procedures and internal controls to mitigate and monitor such risks on an ongoing basis. Since its listing on the Bursa Securities, the Board has regularly addressed issues or risks that may have arisen.

Standard operating policies and procedures that document how transactions are captured and where internal controls are applied exist for all operating units of the Group. As part of the performance monitoring process, management information in the form of forecasts and quarterly management accounts and reports are provided to the Board for review and approval.

Audit Committee

During the financial year ended 31 December 2012, the Audit Committee has met five (5) times. The Audit Committee provides assurance to the Board in discharging its overall responsibility for the effectiveness of internal controls in the Group. The key functions performed by the Committee were:

- Review of audit plans of both external and internal auditors;
- Review of quarterly results and announcements and recommend to the Board for approval; and
- Review any related party transactions and conflict of interest situations.

Internal Audit

The Group outsourced its internal audit function to an independent firm of consultants.

The internal audit team will assist the Audit Committee in discharging internal audit function in which to assess the adequacy and effectiveness of the system of internal controls and accounting control procedures of the Group. The internal audit team independently reported to the Audit Committee its activities, significant results, findings and necessary recommendations. As such, internal audit progress report will be issued by internal audit team to enable the Board to gain assurance on the effectiveness, adequacy and integrity of the Group's system of internal controls. At the onset, the annual audit programme will be presented to the Audit Committee for approval before commencement of the following financial year. The internal audit team is totally independent. It has no involvement in the operations of the Group and is not involved in providing any form of advisory to the management of the Group.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Listing Requirements of the Bursa Securities, the external auditors have reviewed this Statement on Internal Control. This review was performed in accordance with Recommended Practice Guide ("RPG") 5 issued by Malaysian Institute of Accountants. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

Additional **Compliance Information**

The following information is provided in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the financial year ended 31 December 2012:

Material Contracts Involving Directors and Substantial Shareholders

Save as otherwise disclosed in Significant Related Party Transactions in the Financial Statements, there are no material contracts including contracts relating to any loan entered into by the Company and its subsidiaries involving Directors and major shareholders' interests.

Sanctions and Penalties

There were no sanctions or penalties imposed by any regulatory authorities on the Company and its subsidiaries, Directors or management during the financial year ended 31 December 2012.

Share Buy-Back

The Company did not make any share buy-back during the financial year ended 31 December 2012.

Non-Audit Fees

There were no non-audit fees paid to external auditors during the financial year ended 31 December 2012.

Options, Warrants or Convertible Securities Exercised

No options, warrants or convertible securities were issued during the financial year ended 31 December 2012.

Variations in Results for the Financial Year

There was no deviation of 10% or more between the audited results for the financial year and the unaudited financial results previously announced.

American Depository Receipt ("ADR")/Global Depository Receipt ("GDR")

The Company did not sponsor any ADR or GDR programme during the financial year ended 31 December 2012.

Utilisation of Proceeds Raised From Corporate Proposals

There were no proceeds raised from corporate proposals during the financial year ended 31 December 2012.

Profit Guarantees

There were no profit guarantees given by the Company during the financial year ended 31 December 2012.

financial statements...

Directors' **Report**

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31st December 2012.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are as stated in Note 8 to the financial statements.

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

RESULTS

	Group RM	Company RM
Net profit for the financial year	17,027,990	2,507,494
Other comprehensive income, net of tax	–	–
Total comprehensive income for the financial year	17,027,990	2,507,494
Net profit for the financial year attributable to:-		
- Owners of the parent	17,027,990	2,507,494
- Non-controlling interest	–	–
	17,027,990	2,507,494
Total comprehensive income for the financial year attributable to:-		
- Owners of the parent	17,027,990	2,507,494
- Non-controlling interest	–	–
	17,027,990	2,507,494

DIVIDENDS

Dividends paid by the Company since the end of the previous financial year was a final gross dividend of 5 sen per ordinary share of RM0.50, less 25% income tax amounting to RM4,950,000/- in respect of the financial year ended 31st December 2011 was paid on 3rd July 2012.

The directors recommend the payment of a final dividend of 3 sen per ordinary share of RM0.50 each, less 25% income tax amounting to RM2,970,000/- in respect of the current financial year which, subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company, will be paid to shareholders on a date to be determined later by the directors.

RESERVES AND PROVISIONS

All material transfers to and from reserves and provisions during the financial year have been disclosed in the financial statements.

Directors' Report (Cont'd)

BAD AND DOUBTFUL DEBTS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would render the amount written off for bad debts, or the amount of the allowance for doubtful debts, in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

(i) any charge on the assets of the Group and of the Company that have arisen since the end of the financial year which secures the liabilities of any other person, or

(ii) any contingent liabilities in respect of the Group and of the Company that have arisen since the end of the financial year.

No contingent liabilities or other liabilities of the Group and of the Company have become enforceable, or are 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 its obligations as and when they fall due, other than as disclosed in Note 22 to the financial statements.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company for the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, 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' Report (Cont'd)

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company did not issue any shares or debentures.

DIRECTORS

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

Tan Sri Dato' Wira Abd Rahman bin Ismail
Dato' Wira Lee Yoon Wah
Dato' Lee Yoon Kong
Teow Lai Seng
Chim Wai Khuan
Wong Chow Lan
Lokman bin Mansor
Shariff bin Mohd Shah

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia, the interests of those directors who held office at the end of the financial year in shares in the Company during the financial year ended 31st December 2012 are as follows:-

	Number of ordinary shares of RM0.50 each			
	At 1.1.2012	**Additions**	**Disposals**	**At 31.12.2012**
The Company				
Direct Interest				
Tan Sri Dato' Wira Abd Rahman bin Ismail	9,000	–	–	9,000
Dato' Wira Lee Yoon Wah	4,251,848	–	–	4,251,848
Dato' Lee Yoon Kong	3,867,246	–	–	3,867,246
Teow Lai Seng	9,000	–	–	9,000
Chim Wai Khuan	420,000	–	–	420,000
Wong Chow Lan	624	–	–	624
Lokman bin Mansor	9,000	–	–	9,000
Shariff bin Mohd Shah	529,128	–	–	529,128
Deemed Interest				
Tan Sri Dato' Wira Abd Rahman bin Ismail *	44,556	–	–	44,556
Dato' Wira Lee Yoon Wah **	54,000,000	–	–	54,000,000
Dato' Lee Yoon Kong **	54,000,000	–	–	54,000,000

* Deemed interest by virtue of interest in Kasuria Sdn. Bhd.

** Deemed interest by virtue of interest in Pearl Deal (M) Sdn. Bhd.

By virtue of their interest in shares in the Company, Tan Sri Dato' Wira Abd Rahman bin Ismail, Dato' Wira Lee Yoon Wah and Dato' Lee Yoon Kong are also deemed interested in shares of all the subsidiaries to the extent that the Company has an interest.

Other than as disclosed above, none of the other directors in office at the end of the financial year had any interests in shares in the Company and its related companies during the financial year.

DIRECTORS' BENEFITS

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

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

SIGNIFICANT EVENT

Details of the significant event are disclosed in Note 28 to the financial statements.

AUDITORS

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

On behalf of the Board,

DATO' WIRA LEE YOON WAH
Director

DATO' LEE YOON KONG
Director

Petaling Jaya

Date: 18th April 2013

Statements of Financial Position

As At 31st December 2012

	Note	Group 31.12.2012 RM	Group 31.12.2011 RM (restated)	Group 01.01.2011 RM (restated)	Company 31.12.2012 RM	Company 31.12.2011 RM	Company 01.01.2011 RM
ASSETS							
Non-current Assets							
Property, plant and equipment	4	50,325,884	48,783,715	50,920,022	–	–	–
Investment properties	5	427,200	436,100	445,000	–	–	–
Intangible asset	6	25,365	33,820	42,275	–	–	–
Deferred tax assets	7	814,036	265,335	1,127,973	–	–	–
Investment in subsidiaries	8	–	–	–	40,933,094	40,933,094	40,933,094
Total Non-current Assets		51,592,485	49,518,970	52,535,270	40,933,094	40,933,094	40,933,094
Current Assets							
Inventories	9	42,630,469	36,721,425	43,150,879	–	–	–
Trade and other receivables	10	67,236,911	57,165,217	64,823,979	30,948,402	33,791,290	35,402,591
Prepayments		40,905	61,140	229,452	–	–	–
Tax recoverable		3,734,708	3,881,751	3,370,198	210,030	206,887	196,888
Fixed deposits placed with licensed banks		17,062,147	14,270,413	17,573,443	–	–	–
Cash and bank balances		32,631,746	37,875,050	15,821,515	835,505	441,233	2,284,435
Total Current Assets		163,336,886	149,974,996	144,969,466	31,993,937	34,439,410	37,883,914
TOTAL ASSETS		214,929,371	199,493,966	197,504,736	72,927,031	75,372,504	78,817,008
EQUITY AND LIABILITIES							
Equity attributable to Owners of the Parent							
Share capital	11	66,000,000	66,000,000	66,000,000	66,000,000	66,000,000	66,000,000
Reserves	12	113,560,783	101,482,793	92,931,438	6,632,999	9,075,505	12,512,084
Total Equity		179,560,783	167,482,793	158,931,438	72,632,999	75,075,505	78,512,084
Non-current Liabilities							
Deferred tax liabilities	7	1,436,612	1,072,550	1,126,160	–	–	–
Loans and borrowings	13	155,441	402,542	1,055,328	–	–	–
Total Non-current Liabilities		1,592,053	1,475,092	2,181,488	–	–	–
Current Liabilities							
Trade and other payables	14	14,357,836	13,878,795	18,998,930	294,032	296,999	304,924
Loans and borrowings	13	19,418,699	16,657,286	17,390,614	–	–	–
Tax payable		–	–	2,266	–	–	–
Total Current Liabilities		33,776,535	30,536,081	36,391,810	294,032	296,999	304,924
Total Liabilities		35,368,588	32,011,173	38,573,298	294,032	296,999	304,924
TOTAL EQUITY AND LIABILITIES		214,929,371	199,493,966	197,504,736	72,927,031	75,372,504	78,817,008

The accompanying notes form an integral part of these financial statements.

Statements of Comprehensive Income

For The Financial Year Ended 31st December 2012

	Note	Group 2012 RM	Group 2011 RM (restated)	Company 2012 RM	Company 2011 RM
Revenue	15	147,270,654	142,589,535	2,970,000	4,950,000
Cost of sales		(96,732,090)	(94,697,042)	–	–
Gross Profit		50,538,564	47,892,493	2,970,000	4,950,000
Other income		2,028,725	2,477,906	–	–
Administrative expenses		(23,919,976)	(21,344,913)	(462,506)	(466,579)
Other operating expenses		(5,200,576)	(4,982,932)	–	–
Operating Profit	16	23,446,737	24,042,554	2,507,494	4,483,421
Finance costs	17	(984,961)	(951,427)	–	–
Profit Before Taxation		22,461,776	23,091,127	2,507,494	4,483,421
Taxation	18	(5,433,786)	(6,619,772)	–	–
Profit for the Financial Year		17,027,990	16,471,355	2,507,494	4,483,421
Other Comprehensive Profit, Net of Tax					
Taxation relating to revaluation reserve		–	(1,049,334)	–	–
Effects of transition to MFRSs		–	1,049,334	–	–
		–	–	–	–
Total Comprehensive Income for the Financial Year		17,027,990	16,471,355	2,507,494	4,483,421
Profit attributable to:-					
Owners of the parent		17,027,990	16,471,355	2,507,494	4,483,421
Non-controlling interest		–	–	–	–
		17,027,990	16,471,355	2,507,494	4,483,421
Total Comprehensive Income attributable to:-					
Owners of the parent		17,027,990	16,471,355	2,507,494	4,483,421
Non-controlling interest		–	–	–	–
		17,027,990	16,471,355	2,507,494	4,483,421
Earnings per share attributable to owners of the parent	19				
- basic (sen)		12.90	12.48		
- diluted (sen)		12.90	12.48		

The accompanying notes form an integral part of these financial statements.

Statements of Changes in Equity

For The Financial Year Ended 31st December 2012

	Note	Share Capital RM	Attributable to Owners of the Parent *Non-distributable* Revaluation Reserves RM	*Distributable* Retained Profits RM	Total Equity RM
Group					
Balance at 1st January 2011		66,000,000	11,630,635	80,308,945	157,939,580
Effects of transition to MFRSs	2.2	–	(11,630,635)	12,622,493	991,858
Balance at 1st January 2011 (restated)		66,000,000	–	92,931,438	158,931,438
Other Comprehensive Income for the Financial Year:-					
Deferred taxation liabilities of net surplus on revaluation of land and buildings		–	(1,049,334)	–	(1,049,334)
Effects of transition to MFRSs	2.2	–	1,049,334	–	1,049,334
Total Other Comprehensive Income for the Financial Year		–	–	–	–
Profit for the year		–	–	16,471,355	16,471,355
Total Comprehensive Income for the Financial Year		–	–	16,471,355	16,471,355
Transaction with Owners:-					
Dividends	20	–	–	(7,920,000)	(7,920,000)
Total Transaction with Owners		–	–	(7,920,000)	(7,920,000)
Balance at 31st December 2011 (restated)		66,000,000	–	101,482,793	167,482,793
Total Comprehensive Income for the Financial Year		–	–	17,027,990	17,027,990
Transaction with Owners:-					
Dividends	20	–	–	(4,950,000)	(4,950,000)
Total Transaction with Owners		–	–	(4,950,000)	(4,950,000)
Balance at 31st December 2012		66,000,000	–	113,560,783	179,560,783

Statements of Changes in Equity (Cont'd)
For The Financial Year Ended 31st December 2012

		← Attributable to Owners of the Parent →			
	Note	Share Capital RM	*Non-distributable* Revaluation Reserves RM	*Distributable* Retained Profits RM	Total Equity RM
Company					
Balance at 1st January 2011		66,000,000	–	12,512,084	78,512,084
Total Comprehensive Income for the Financial Year		–	–	4,483,421	4,483,421
Transaction with Owners:-					
Dividends	20	–	–	(7,920,000)	(7,920,000)
Total Transaction with Owners		–	–	(7,920,000)	(7,920,000)
Balance at 31st December 2011		66,000,000	–	9,075,505	75,075,505
Total Comprehensive Loss for the Financial Year		–	–	2,507,494	2,507,494
Transaction with Owners:-					
Dividends	20	–	–	(4,950,000)	(4,950,000)
Total Transaction with Owners		–	–	(4,950,000)	(4,950,000)
Balance at 31st December 2012		66,000,000	–	6,632,999	72,632,999

The accompanying notes form an integral part of these financial statements.

Statements of Cash Flows

For The Financial Year Ended 31st December 2012

	Group 2012 RM (restated)	Group 2011 RM	Company 2012 RM	Company 2011 RM
CASH FLOWS FROM OPERATING ACTIVITIES:-				
Profit before taxation	22,461,776	23,091,127	2,507,494	4,483,421
Adjustments for:-				
Impairment loss on receivables	34,082	234,749	–	–
Reversal of impairment loss on receivables	(52,993)	(940,315)	–	–
Amortisation of intangible assets	8,455	8,455	–	–
Bad debts recovered	–	(179,924)	–	–
Bad debts written off	–	302,867	–	–
Deposit written off	–	37,251	–	–
Depreciation	4,828,447	5,316,666	–	–
Dividend income	–	–	(2,970,000)	(4,950,000)
Gain on disposal of property, plant and equipment	(112,314)	(7,716)	–	–
Interest income	(679,805)	(556,252)	–	–
Interest expense	984,961	951,427	–	–
Unrealised loss/(gain) on foreign exchange	195,809	(49,615)	–	–
	27,668,418	28,208,720	(462,506)	(466,579)
Changes In Working Capital:-				
Inventories	(5,909,044)	6,429,454	–	–
Receivables	(10,228,357)	8,422,061	–	–
Payables	479,041	(5,120,135)	(2,967)	(7,925)
	12,010,058	37,940,100	(465,473)	(474,504)
Interest paid	(941,476)	(860,432)	–	–
Interest received	679,805	556,252	–	–
Tax paid	(5,471,382)	(6,324,563)	(3,143)	(9,999)
Net Operating Cash Flows	6,277,005	31,311,357	(468,616)	(484,503)
CASH FLOWS FROM INVESTING ACTIVITIES:-				
Proceeds from disposal of property, plant and equipment	112,325	15,000	–	–
Purchase of property, plant and equipment	(6,361,727)	(3,178,743)	–	–
Repayment from subsidiaries	–	–	5,812,888	6,561,301
Net Investing Cash Flows	(6,249,402)	(3,163,743)	5,812,888	6,561,301

Statements of Cash Flows (Cont'd)
For The Financial Year Ended 31st December 2012

CASH FLOWS FROM FINANCING ACTIVITIES:-				
Dividends paid	(4,950,000)	(7,920,000)	(4,950,000)	(7,920,000)
Interest paid	(43,485)	(90,995)	–	–
Drawdown/(repayment) of other short term borrowings	3,133,000	(221,000)	–	–
Repayment of finance lease liabilities	(578,790)	(1,127,610)	–	–
Repayment of term loans	(39,898)	(37,504)	–	–
Net Financing Cash Flows	(2,479,173)	(9,397,109)	(4,950,000)	(7,920,000)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,451,570)	18,750,505	394,272	(1,843,202)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	52,145,463	33,394,958	441,233	2,284,435
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	49,693,893	52,145,463	835,505	441,233
ANALYSIS OF CASH AND CASH EQUIVALENTS:-				
Fixed deposits placed with licensed banks	17,062,147	14,270,413	–	–
Cash and bank balances	32,631,746	37,875,050	835,505	441,233
	49,693,893	52,145,463	835,505	441,233

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

1. GENERAL INFORMATION

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are as stated in Note 8 to the financial statements.

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

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 registered office of the Company is located at 62C, Jalan SS21/62, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at 33, Jalan Kartunis U1/47, Temasya Industrial Park, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan.

The financial statements are expressed in Ringgit Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 18th April 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost basis, except as disclosed in the significant accounting policies in Note 2.3.

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

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

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.2 New, Revised and Amendments/Improvements to Accounting Standards and IC Int

(a) Explanation of Transition to MFRSs

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(a) Explanation of Transition to MFRSs (Continued)

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

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

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

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

The transition to MFRSs does not have any significant effect on the financial statements of the Company.

In preparing the opening consolidated statement of financial position as at 1st January 2011, the Group has adjusted amounts reported previously in financial statements prepared in accordance with the previous FRSs framework. Comparative figures for 2011 in these financial statements have been restated to give effect to these changes. An explanation of how the transition from previous FRSs to MFRSs has affected the Group's financial position, financial performance and cash flows is set out as follows:-

(i) Reconciliation of equity

	Note	FRSs RM	Group Effect of transition to MFRSs 01.01.2011 RM	MFRSs RM
Statament of changes in equity				
Revaluation reserves	2.2(a)(iv)	11,630,635	(11,630,635)	–
Retained profits	2.2(a)(iv)	80,308,945	12,622,493	92,931,438
		91,939,580	991,858	92,931,438
Statement of financial position				
Non-current Liabilities				
Deferred tax liabilities	2.2(a)(iv)	2,118,018	(991,858)	1,126,160

Notes to the Financial Statements (Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(a) Explanation of Transition to MFRSs (Continued)

(i) Reconciliation of equity (Continued)

	Note	FRSs RM	Group Effect of transition to MFRSs 31.12.2011 RM	MFRSs RM
Statament of changes in equity				
Revaluation reserves	2.2(a)(iv)	10,581,301	(10,581,301)	–
Retained profits	2.2(a)(iv)	88,869,200	12,613,593	101,482,793
		99,450,501	2,032,292	101,482,793
Statement of financial position				
Investment properties	2.2(a)(iv)	445,000	(8,900)	436,100
Non-current Liabilities				
Deferred tax liabilities	2.2(a)(iv)	3,113,742	(2,041,192)	1,072,550

(ii) Reconciliation of total comprehensive income for the year ended 31st December 2011

	Note	FRSs RM	Group Effect of transition to MFRSs 31.12.2011 RM	MFRSs RM
Statement of comprehensive income				
Profit for the financial year	2.2(a)(iv)	16,480,255	(8,900)	16,471,355
Other comprehensive income	2.2(a)(iv)	(1,049,334)	1,049,334	–
Total comprehensive income for the financial year		15,430,921	1,040,434	16,471,355

(iii) Reconciliation of statement of cash flows

There is no material differences between the statement of cash flows presented under the MFRSs and the statement of cash flows presented under the FRSs.

Notes to the Financial Statements (Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(a) Explanation of Transition to MFRSs (Continued)

(iv) Note to reconciliations

Property, plant and equipment- revaluation as deemed cost

Exemption for previous revaluation as deemed cost – property, plant & equipment.

Under FRSs, the Group had availed itself to the transitional provision when the MASB first adopted IAS16, Property, Plant and equipment in 1998. Certain land and buildings were revalued on 31st December 2010 and no later valuation has been recorded for these property, plant and equipment.

Upon transition to MFRSs and in accordance with the exemptions in MFRS 1, the Group elected to use that previous revaluation as their deemed cost under MFRSs. The revaluation reserve of RM12,363,376/- as at 1st January 2011 and 31st December 2011 was reclassified to retained profits. The carrying amounts of these land and buildings have not been restated.

The aggregate fair value of these land and buildings as at 31 December 2010 was determined to be RM33,350,000/- compared to the then carrying amount of RM33,152,791/- under FRSs.

The impact arising from the change is summarised as follows:-

	Note	01.01.2011 RM	31.12.2011 RM	Total RM
Statement of comprehensive income				
Other comprehensive income				
Deferred taxation liabilities of net surplus on revaluation of land and buildings		–	1,049,334	1,049,334
Increase in total comprehensive income for the financial year		–	1,049,334	1,049,334
Statement of financial position				
Revaluation reserves	2.2(a)(i)	11,630,635	(1,049,334)	10,581,301
Deferred tax liabilities	2.2(a)(i)	991,858	1,049,334	2,041,192
Increase in retained profits	2.2(a)(i)	12,622,493	–	12,622,493

Notes to the Financial Statements (Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(a) Explanation of Transition to MFRSs (Continued)

(iv) Note to reconciliations (Continued)

Investment properties- fair value as deemed cost

Exemption for previous fair value as deemed cost – investment property.

The Group elected to apply the optional exemption to measure certain investment properties at fair value at the date of transition to MFRSs and use that fair value as deemed cost under MFRSs.

The aggregate fair value of these investment properties at 1st January 2011 was determined as RM470,000/-.

The impact arising from the change is summarised as follows:-

	Note	31.12.2011 RM
Statement of comprehensive income		
Other operating expenses- depreciation	2.2(a)(ii)	(8,900)
Decrease in profit before taxation		(8,900)
Statement of financial position		
Investment properties	2.2(a)(i)	(8,900)
Decrease in retained profits		(8,900)

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

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

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 9	Financial Instruments	1 January 2015
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
Revised MFRSs		
MFRS 119	Employee Benefits	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures	1 January 2013

Notes to the Financial Statements (Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

MFRS 9 Financial Instruments

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

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

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

Notes to the Financial Statements (Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

MFRS 11 Joint Arrangements

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

MFRS 12 Disclosures of Interests in Other Entities

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

MFRS 13 Fair Value Measurement

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

MFRS 128 Investments in Associates and Joint Ventures (Revised)

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

Amendments to MFRS10, MFRS12 and MFRS127 Investment Entities

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

2.3 Significant Accounting Policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements:-

(a) Basis of Consolidation

(i) Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is held for sale or distribution. The cost of investments includes transactions costs.

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

(ii) Accounting for Business Combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

The Group has changed its accounting policy with respect to accounting for business combinations.

From 1st January 2011 the Group has applied MFRS 3, Business Combination (Revised) in accounting for business combinations. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the standard and does not have impact on earnings per share.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(a) Basis of Consolidation (Continued)

(ii) Accounting for Business Combinations (Continued)

For acquisition on or after 1st January 2011, the Group measures goodwill at the acquisition date as:-

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquire; plus
- If the business combination is achieved in stages, the fair value of the existing equity interest in the acquire; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

For acquisition between 1st January 2006 and 1st January 2011, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

For acquisition prior to 1st January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in fair values of the net identifiable assets and liabilities.

(iii) Accounting for Acquisition of Non-controlling Interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserve.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(a) Basis of Consolidation (Continued)

(iv) Loss of Control

The Group applied MFRS 127, Separate Financial Statements since the beginning of the reporting period in accordance with the transitional provisions provided by the standard and does not have impact on earnings per share. Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

In the previous financial years, if the Group retained any interest in the previous subsidiary, such interest was measured at the carrying amount at the date that control was lost and this carrying amount would be regarded as cost in initial measurement of the investment.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Property, Plant and Equipment and Depreciation

All property, plant and equipment are initially stated at cost. Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(g).

Cost includes expenditure that is directly attributable to the acquisition of the asset. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

Freehold lands are not depreciated as it has an infinite life. All other property, plant and equipment are depreciated on a straight line basis to write off the cost of each asset to its residual value over the estimated useful lives of the assets concerned. The annual rates used for this purpose are as follows:-

Leasehold land	61 years - 82 years
Buildings	2%
Electrical installation	10%
Plant and machinery	15%
Motor vehicles	15%
Office equipment	10%
Furniture and fittings	10%
Renovation	10%

Work in progress is not depreciated as this asset is not yet available for use.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(b) Property, Plant and Equipment and Depreciation (Continued)

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period. The effects of any revisions of the residual values and useful lives are included in the profit or loss for the financial year in which the changes arise.

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

(c) Investment Property

Investment property is property held for long term rental yields and/or for capital appreciation and is not occupied by the Group. Such properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of investment properties are provided for the straight line basis to write off the cost of investment properties to their residual value over their estimated useful lives of the investment properties.

Building is depreciated on a straight line basis to write off the cost over its estimated useful life at an annual rate of 2%.

No depreciation is provided on the freehold land as it has an indefinite useful life.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at cost.

Investment property is derecognised when either it has been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the financial year in which it arises.

(d) Intangible Assets

Trademark represents the acquisition cost of the rights and license to use the name of "Goodlite" in the manufacturing of electrical lighting and fittings. Trademark is stated at cost less any accumulated amortisation and any accumulated impairment losses.

Trademark with finite life will be amortised on a straight line basis over its estimated economic useful life of 10 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for trademark are reviewed at least at the end of each reporting period.

(e) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined on the weighted average basis. The cost of raw materials and consumables comprise cost of purchase, transport and handling charges. The costs of finished goods and work-in-progress comprise cost of raw materials, direct labour and other direct costs and appropriate proportions of manufacturing overheads based on the normal operating capacity.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(f) 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 contract provisions of the financial instrument.

A financial instrument is recognised initially, at its fair value, plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

The Group and the Company categorise the financial instruments as follows:-

(i) Financial Assets

Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss if they are held for trading, including derivatives, or are designated as such upon initial recognition.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised as other gains or losses in the profit or loss.

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market, trade and other receivables and cash and cash equivalents are classified as loans and receivables.

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

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity that are quoted in an active market and the Group have the positive intention and ability to hold the investment to maturity is classified as held-to-maturity.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(f) Financial Instruments (Continued)

(i) Financial Assets (Continued)

Available-for-sale financial assets

Available-for-sale are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

(ii) Financial Liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated as fair value through profit or loss upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are classified as deferred income and are amortised to profit or loss over the contractual period or, upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(f) Financial Instruments (Continued)

(iv) Regular Way Purchase or Sale of Financial Assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention the marketplace concerned.

A regular way purchase or sale of financial asset is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:-

- the recognition of an asset to be received and the liability to pay for it on the trade date; and
- derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(v) Derecognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

(g) Impairment

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

(i) Impairment of Financial Assets

Trade and other receivables

To determine whether there is objective evidence that an impairment loss on financial assets has been occurred, the Group and the Company consider factors such as the probability of insolvency or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increased in the number of delayed payments in the portfolio past the average credit period and the observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Notes to the Financial Statements (Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(g) Impairment (Continued)

(i) Impairment of Financial Assets (Continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) Impairment of Non-financial Assets

The Group assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less cost to sell and its 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 risk specific to the asset. Where the carrying amounts of an asset exceed its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in the profit or loss in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed its carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the profit or loss.

(h) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised as liabilities when proposed or declared before the end of reporting period. A dividend proposed or declared after the end of reporting period, but before the financial statements are authorised for issue, is not recognised as a liability at the end of reporting period.

Cost incurred directly attributable to the issuance of the shares is charged to the profit or loss. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(i) Leases

(i) Finance Leases

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

Assets acquired by way of finance lease are stated at an amount equal to the lower of their fair values and the present value of minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the statements of financial position as borrowings. In calculating the present value of minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Property, plant and equipment acquired under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance cost, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

(ii) Operating Lease

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments are recognised as an expense on a straight line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight line basis.

In the previous years, a leasehold land that normally had an indefinite economic life and title was not expected to pass to the lessee by the end of the lease term was treated as an operating lease. The payment made on entering into or acquiring a leasehold land that was accounted for as an operating lease represents prepaid lease payments, except for leasehold land classified as investment property.

(j) Interest-bearing Borrowings

All interest-bearing borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the effective interest method.

(k) Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency and presentation currency.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(k) Foreign Currencies (Continued)

(ii) Transactions and Balances

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of reporting period are recognised in profit or loss.

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

(l) Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of returns, rebates and discounts and after eliminating sales within the Group.

The Group recognised revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Sales of Goods

Revenue from sale of goods is recognised upon delivery of products and customers' acceptance, net of discounts and returns and when the significant risk and rewards of ownership have been passed to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Interest Income

Interest income is recognised on an accruals basis using the effective interest method unless collectability is in doubt in which recognition will be on a receipt basis.

(iii) Dividend Income

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(m) Income Tax

The tax expense in the profit or loss represents the aggregate amount of current tax and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the end of reporting period.

Deferred tax is provided for, using the liability method, on temporary differences at the each of reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the each of reporting period. Deferred tax is recognised in the profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in other comprehensive income, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(n) Borrowing Costs

Borrowing costs are recognised in the profit or loss as an expense in the period in which they are incurred.

(o) Employee Benefits

(i) Short Term Employee Benefits

Wages, salaries, bonuses, social security contribution and non-monetary benefits are recognised as an expense in the financial year in which the associated services are rendered by the employees. 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 like sick leave, maternity and paternity leave are recognised when absences occur.

(ii) Post-Employment Benefits

The Group contributes to the Employees' Provident Fund, the national defined contribution plan. The contributions are charged to the profit or loss in the period to which they are related. Once the contributions have been paid, the Group has no further payment obligations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(p) Segment Reporting

In the previous years, a segment was distinguishable component of the Group that was engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment) which was subject to risks and rewards that were different from those of other segments.

Following the adoption of FRS 8 Operating Segments, an operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(q) Cash and Cash Equivalents

For the purpose of statements of cash flows, cash and cash equivalents comprise cash in hand, bank balances, demand deposits and other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash and cash equivalents are stated net of bank overdrafts which are repayable on demand.

(r) Earnings per Share

The Group presents basic and diluted earnings per share data for its ordinary shares (EPS).

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted for own shares held for the effects of all dilutive potential ordinary shares, which comprise convertible notes, bonus issue and share options granted to employees.

(s) Contingencies

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

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

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical Judgements Made in Applying Accounting Policies

In the process of applying the Group's and the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have a significant effect on the amounts recognised in the financial statements.

Leasehold land

The Group had in the previous financial year, reassessed and determined that all leasehold land of the Group which are in substance finance leases and had reclassified the leasehold land from prepaid lease payments to property, plant and equipment.

(b) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of 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 are as stated below:-

(i) Useful lives of property, plant and equipment

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets.

In addition, the estimation of the useful lives of property, plant and equipment are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

(ii) Impairment of property, plant and equipment

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

Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on the Group's estimates calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information.

As at end of reporting period, the directors of the Group are of the opinion that there is no impact resulting from the impairment review by the management.

(iii) Impairment of investment in subsidiaries

The Group and the Company carried out the impairment test based on a variety of estimation including the value-in-use of the cash generating unit. Estimating the value-in-use requires the Group and the Company to make an estimate of the expected future cash flows from the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(b) Key Sources of Estimation Uncertainty (Continued)

(iv) Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of reporting period is disclosed in Note 10 to the financial statements.

(v) Amortisation of intangible assets

Intangible assets are amortised on a straight line basis over their estimated economic useful lives. The management estimates that the useful lives of the intangible assets to be 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of the intangible assets. Therefore the future amortisation charge could be revised.

(vi) Income taxes

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

(vii) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

The determination of treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies for matters in the ordinary course of the business.

(viii) Allowance for obsolete inventories

Reviews are made periodically by management on demand, obsolete and slow moving inventories. These reviews require judgements and estimates. Possible changes in these estimates could result in revisions to the valuations of inventories.

4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold Land RM	Leasehold Land RM	Buildings RM	Works In Progress RM	Electrical Installation RM	Plant and Machinery RM	Motor Vehicles RM	Office Equipment RM	Furniture and Fittings RM	Renovation RM	Total RM
Cost											
At 1st January 2011	6,816,000	10,800,000	15,734,000	2,043,809	49,045	41,213,573	6,100,252	2,057,559	340,464	1,941,474	87,096,176
Additions	–	–	–	–	–	2,538,281	88,515	124,530	3,800	423,617	3,178,743
Disposals	–	–	–	–	–	–	(58,271)	–	–	–	(58,271)
Reclassification	–	–	2,043,809	(2,043,809)	–	–	–	–	–	–	–
At 31st December 2011/ 1st January 2012	6,816,000	10,800,000	17,777,809	–	49,045	43,751,854	6,130,496	2,182,089	344,264	2,365,091	90,216,648
Additions	–	–	–	–	–	5,185,322	468,050	449,398	87,526	171,431	6,361,727
Disposals	–	–	–	–	–	(153,910)	(282,520)	(8,233)	–	–	(444,663)
Reclassification	–	–	–	–	–	–	–	–	–	–	–
At 31st December 2012	6,816,000	10,800,000	17,777,809	–	49,045	48,783,266	6,316,026	2,623,254	431,790	2,536,522	96,133,712
Accumulated Depreciation and Impairment Losses											
At 1st January 2011	–	87,209	110,000	–	48,637	30,990,899	2,558,291	1,266,843	305,532	808,743	36,176,154
Depreciation for the financial year	–	133,436	341,931	–	407	3,641,826	833,095	160,117	19,430	177,524	5,307,766
Disposals	–	–	–	–	–	–	(50,987)	–	–	–	(50,987)
At 31st December 2011/ 1st January 2012	–	220,645	451,931	–	49,044	34,632,725	3,340,399	1,426,960	324,962	986,267	41,432,933
Depreciation for the financial year	–	133,438	355,556	–	–	3,107,699	847,658	176,962	14,096	184,138	4,819,547
Disposals	–	–	–	–	–	(153,910)	(282,516)	(8,226)	–	–	(444,652)
At 31st December 2012	–	354,083	807,487	–	49,044	37,586,514	3,905,541	1,595,696	339,058	1,170,405	45,807,828
Net Carrying Amount											
At 1st January 2011	6,816,000	10,712,791	15,624,000	2,043,809	408	10,222,674	3,541,961	790,716	34,932	1,132,731	50,920,022
At 31st December 2011/ 1st January 2012	6,816,000	10,579,355	17,325,878	–	1	9,119,129	2,790,097	755,129	19,302	1,378,824	48,783,715
At 31st December 2012	6,816,000	10,445,917	16,970,322	–	1	11,196,752	2,410,485	1,027,558	92,732	1,366,117	50,325,884

Notes to the Financial Statements (Cont'd)

4. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Assets held under hire purchase and finance lease

Net carrying amounts of property, plant and equipment held under finance lease arrangements are as follows:-

	Group		
	31.12.2012 RM	31.12.2011 RM	01.01.2011 RM
Motor vehicles	–	–	742,500
Plant and machinery	859,290	1,316,301	3,622,119
	859,290	1,316,301	4,364,619

(b) Assets pledged as security

The net carrying amounts of property, plant and equipment pledged as securities for borrowings (Note 13) are as follows:-

	Group		
	31.12.2012 RM	31.12.2011 RM	01.01.2011 RM
Buildings	2,919,840	2,994,000	3,023,320
Freehold land	5,226,000	5,226,000	5,226,000
Leasehold land	–	–	1,412,791
Plant and machinery	–	–	1
	8,145,840	8,220,000	9,662,112

5. INVESTMENT PROPERTIES

	Group		
	31.12.2012 RM	31.12.2011 RM (restated)	01.01.2011 RM
At cost			
Buildings	436,100	445,000	445,000
Depreciation charged for the financial year	(8,900)	(8,900)	–
Carrying amount	427,200	436,100	445,000

As at 31st December 2012, the fair values of the investment properties are RM470,000/- (31.12.2011: RM445,000/-; 01.01.2011: RM445,00/-). The fair value of the Group's investment properties has been arrived at on the basis of a valuation carried out by an independent professional valuer by reference to the open market value basis.

Notes to the Financial Statements (Cont'd)

6. INTANGIBLE ASSET

	Group 2012 RM	2011 RM
Trademark		
Cost		
At 1st January/31st December	89,000	89,000
Accumulated amortisation		
At 1st January	55,180	46,725
Amortisation for the financial year	8,455	8,455
At 31st December	63,635	55,180
Net carrying amount	25,365	33,820

Included in the above are:-

	31.12.2012 RM	Group 31.12.2011 RM	01.01.2011 RM
Trademark at net carrying amount	25,365	33,820	42,275

7. DEFERRED TAX ASSETS/(LIABILITIES)

	Assets RM	Group Liabilities RM	Net RM
At 1st January 2011	1,127,973	(2,118,018)	(990,045)
Effect of transition to MFRSs	–	991,858	991,858
At 1st January 2011 (restated)	1,127,973	(1,126,160)	1,813
Recognised in the profit or loss (Note 18)	(510,549)	(298,479)	(809,028)
Recognised in other comprehensive income	–	(1,049,334)	(1,049,334)
Effect of transition to MFRSs	–	1,049,334	1,049,334
At 31st December 2011/1st January 2012 (restated)	617,424	(1,424,639)	(807,215)
Recognised in the profit or loss (Note 18)	196,612	(11,973)	184,639
At 31st December 2012	814,036	(1,436,612)	(622,576)

Presented after appropriate offsetting as follows:-

At 1st January 2011 (restated)	1,127,973	(1,126,160)	1,813
At 31st December 2011/1st January 2012 (restated)	265,335	(1,072,550)	(807,215)
At 31st December 2012	814,036	(1,436,612)	(622,576)

Notes to the Financial Statements (Cont'd)

7. DEFERRED TAX ASSETS/(LIABILITIES) (Continued)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:-

Group	Property, plant and equipment RM	Unused tax losses and unabsorbed capital allowances RM	Revaluation of property, plant and equipment RM	Total RM
Deferred tax assets				
At 1st January 2011	–	1,127,973	–	1,127,973
Recognised in the profit or loss	–	(510,549)	–	(510,549)
At 31st December 2011/ 1st January 2012	–	617,424	–	617,424
Recognised in the profit or loss	–	196,612	–	196,612
At 31st December 2012	–	814,036	–	814,036
Deferred tax liabilities				
At 1st January 2011	(1,126,160)	–	(991,858)	(2,118,018)
Effect of transition to MFRSs	–	–	991,858	991,858
At 1st January 2011 (restated)	(1,126,160)	–	–	(1,126,160)
Recognised in the profit or loss	(298,479)	–	–	(298,479)
Recognised in other comprehensive income	–	–	(1,049,334)	(1,049,334)
Effect of transition to MFRSs	–	–	1,049,334	1,049,334
At 31st December 2011/ 1st January 2012 (restated)	(1,424,639)	–	–	(1,424,639)
Recognised in the profit or loss	(11,973)	–	–	(11,973)
At 31st December 2012	(1,436,612)	–	–	(1,436,612)
Deferred tax assets/(liabilities)				
At 1st January 2011 (restated)	(1,126,160)	1,127,973	–	1,813
At 31st December 2011/ 1st January 2012 (restated)	(1,424,639)	617,424	–	(807,215)
At 31st December 2012	(1,436,612)	814,036	–	(622,576)

Notes to the Financial Statements (Cont'd)

8. INVESTMENT IN SUBSIDIARIES

	Company 31.12.2012 RM	31.12.2011 RM	01.01.2011 RM
Unquoted shares - at cost	40,933,094	40,933,094	40,933,094

The details of the subsidiaries, all of which are incorporated in Malaysia are as follows:-

Name of Subsidiary	Effective Interest 31.12.2012 %	31.12.2011 %	01.01.2011 %	Principal Activities
United U-LI (M) Sdn. Bhd.	100	100	100	Manufacturing of and dealing in cable support systems, integrated ceiling systems, steel roof battens and related industrial metal products
United U-LI Steel Service Centre Sdn. Bhd.	100	100	100	Provision of slitting and shearing services and trading of industrial hardware
Cable-Tray Industries (Malaysia) Sdn. Bhd.	100	100	100	Manufacturing of and dealing in all types of cable trunking and related industrial metal products
Gabung Mekar Sdn. Bhd.	100	100	100	Investment holding
United U-LI Building Materials Sdn. Bhd.	100	100	100	Manufacturing of and trading in integrated ceiling systems, steel roof battens and building materials
United U-LI Goodlite Sdn. Bhd.	100	100	100	Manufacturing of and trading in electrical lighting and fittings
U-LI Goodlite Marketing Sdn. Bhd.	100	100	100	Trading in electrical lighting and fitting products

9. INVENTORIES

	Group 31.12.2012 RM	31.12.2011 RM	01.01.2011 RM
At cost:-			
Raw materials	32,144,663	26,397,263	30,023,988
Consumables	1,104,478	1,353,274	998,279
Work-in-progress	4,114,936	3,645,226	4,477,087
Finished goods	5,266,392	5,325,662	7,651,525
Total	42,630,469	36,721,425	43,150,879

Notes to the Financial Statements (Cont'd)

10. TRADE AND OTHER RECEIVABLES

	Note	Group 31.12.2012 RM	Group 31.12.2011 RM	Group 01.01.2011 RM	Company 31.12.2012 RM	Company 31.12.2011 RM	Company 01.01.2011 RM
Trade receivables	(a)	62,994,817	56,759,558	64,279,538	–	–	–
Less: Allowance for impairment		(1,846,521)	(1,981,444)	(2,694,505)	–	–	–
Trade receivables, net		61,148,296	54,778,114	61,585,033	–	–	–
Other receivables							
Amount owing by subsidiaries	(b)	–	–	–	30,948,402	33,791,290	35,402,591
Deposits	(c)	6,082,046	2,377,684	3,232,701	–	–	–
Other receivables		6,569	9,419	6,245	–	–	–
		6,088,615	2,387,103	3,238,946	30,948,402	33,791,290	35,402,591
Total trade and other receivables		67,236,911	57,165,217	64,823,979	30,948,402	33,791,290	35,402,591
Total trade and other receivables		67,236,911	57,165,217	64,823,979	30,948,402	33,791,290	35,402,591
Add: Fixed deposits placed with licensed banks		17,062,147	14,270,413	17,573,443	–	–	–
Cash and bank balances		32,631,746	37,875,050	15,821,515	835,505	441,233	2,284,435
Total loans and receivables		116,930,804	109,310,680	98,218,937	31,783,907	34,232,523	37,687,026

(a) Trade receivables

The Group's normal trade credit terms range from 30 to 150 days (31.12.2011: 30 to 150 days; 01.01.2011: 30 to 150 days). Other credit terms are assessed and approved on a case by case basis.

The foreign currency exposure profile of trade receivables are as follows:-

	Group 31.12.2012 RM	Group 31.12.2011 RM	Group 01.01.2011 RM
Australian Dollar	90,023	96,349	300,694
Brunei Dollar	259,371	186,448	118,509
Euro	322,356	73,439	101,335
Ringgit Malaysia	49,852,478	45,691,082	50,114,144
Singapore Dollar	9,741,738	7,356,868	10,196,257
US Dollar	882,330	1,373,928	754,094
	61,148,296	54,778,114	61,585,033

Notes to the Financial Statements (Cont'd)

10. TRADE AND OTHER RECEIVABLES (Continued)

(a) Trade receivables (Continued)

Ageing analysis of the Group's trade receivables are as follows:-

	Group		
	31.12.2012 RM	31.12.2011 RM	01.01.2011 RM
Neither past due nor impaired	14,318,186	12,190,554	16,590,992
1 to 30 days past due not impaired	12,016,565	11,174,650	12,742,539
31 to 60 days past due not impaired	11,724,106	10,467,814	10,935,916
61 to 90 days past due not impaired	9,313,205	7,668,981	7,881,216
More than 90 days past due not impaired	13,776,234	13,276,115	13,434,370
	46,830,110	42,587,560	44,994,041
Impaired	1,846,521	1,981,444	2,694,505
	62,994,817	56,759,558	64,279,538

Receivables that are neither past due nor impaired

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

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

Receivables that are past due but not impaired

Trade receivables that are past due but not impaired are unsecured in nature except a personal guarantee for a single debtor amounting to RM2,584,600/-.

Receivables that are impaired

The Group's trade receivables that are impaired at the end of reporting period are as follows:-

	Group		
	31.12.2012 RM	31.12.2011 RM	01.01.2011 RM
Individually impaired			
Trade receivables	1,846,521	1,981,444	2,694,505
Less: Allowance for impairment	(1,846,521)	(1,981,444)	(2,694,505)
	–	–	–

Notes to the Financial Statements (Cont'd)

10. TRADE AND OTHER RECEIVABLES (Continued)

(a) Trade receivables (Continued)

Movements in the allowance for impairment account are as follows:-

	Group	
	2012	**2011**
	RM	**RM**
At 1st January	1,981,443	2,694,505
Allowance for the financial year	34,082	234,749
Written off during the financial year	–	(7,495)
Reversal of impairment losses	(169,004)	(940,315)
At 31st December	1,846,521	1,981,444

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

(b) Amount owing by subsidiaries

The amount owing by subsidiaries is unsecured, interest free and is repayable on demand.

(c) Deposits

(i) Included in the deposits of the Group are deposits paid to suppliers for acquisition of machinery amounting to RM29,000/- (31.12.2011: RM1,311,480/-; 01.01.2011: RM621,302/-). The balance of the purchase consideration is disclosed as a capital commitment in Note 23 to the financial statements.

(ii) Included in the deposits of the Group are deposits paid to suppliers for acquisition of raw materials amounting to RM4,514,836/- (31.12.2011: RM1,000,000/-; 01.01.2011: RM2,389,511/-).

(iii) Included in the deposits of the Group are deposit paid for the acquisition of auction property amounting to RM1,320,000/-. The balance of the purchase consideration is disclosed as a capital commitment in Note 23 to the financial statements.

Notes to the Financial Statements (Cont'd)

11. SHARE CAPITAL

	Group and Company					
	31.12.2012		31.12.2011		01.01.2011	
	Number of Shares Unit ('000)	**Amount RM ('000)**	**Number of Shares Unit ('000)**	**Amount RM ('000)**	**Number of Shares Unit ('000)**	**Amount RM ('000)**
Ordinary shares of RM0.50 each						
Authorised:-						
At the beginning/end of the financial year	200,000	100,000	200,000	100,000	200,000	100,000
Issued and fully paid:-						
At the beginning/end of the financial year	132,000	66,000	132,000	66,000	132,000	66,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

12. RESERVES

Retained Profits

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28th December 2007, companies shall not be entitled to deduct tax on dividends paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31st December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the balance under Section 108 of the Income Tax Act ("Section 108") and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the balance under Section 108 to be locked-in as at 31st December 2007 in accordance with Section 39 of the Finance Act 2007.

Subject to the agreement of the Inland Revenue Board, the Company has:-

(i) Tax exempt account amounting to approximately RM518,000/- (31.12.2011: RM518,000/-; 01.01.2011: RM518,000/-) available for distribution out of tax exempt dividends; and

(ii) Sufficient tax credits under Section 108 of the Income Tax Act, 1967 to frank the payment of net dividends amounting to approximately RM5,371,641/- (31.12.2011: RM6,609,141/-; 01.01.2011: RM9,249,141/-) out of its future profits.

Notes to the Financial Statements (Cont'd)

13. LOANS AND BORROWINGS

	Maturity	Group 31.12.2012 RM	31.12.2011 RM	01.01.2011 RM
Current				
Secured:-				
Bankers' acceptance	2013	16,137,000	13,004,000	13,225,000
Revolving credits	2013	3,000,000	3,000,000	3,000,000
Finance lease liabilities	2013	238,265	612,652	1,127,610
Term loan	2013	43,434	40,634	38,004
		19,418,699	16,657,286	17,390,614
Non-current				
Secured:-				
Finance lease liabilities		–	204,403	817,055
Term loan	2015	155,441	198,139	238,273
		155,441	402,542	1,055,328
Total loans and borrowings		19,574,140	17,059,828	18,445,942

(a) Bankers' acceptance and revolving credits

The bankers' acceptance and revolving credits are secured by:-

(i) legal charges over land and buildings of subsidiaries as disclosed in Note 4(b) to the financial statements;

(ii) corporate guarantee by the Company; and

(iii) negative pledge on all assets of a subsidiary.

(b) Finance lease liabilities

The Group have finance leases for certain items of motor vehicles and machinery as disclosed in Note 4(b) to the financial statements. These leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term.

Notes to the Financial Statements (Cont'd)

13. LOANS AND BORROWINGS (Continued)

(b) Finance lease liabilities (Continued)

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:-

		Group	
	31.12.2012 RM	**31.12.2011 RM**	**01.01.2011 RM**
Future minimum lease payments:-			
- not later than one year	241,614	640,717	1,200,489
- later than one year but not later than five years	–	207,459	848,177
	241,614	848,176	2,048,666
Less: Future finance charges	(3,349)	(31,121)	(104,001)
Present value of finance lease liabilities	238,265	817,055	1,944,665
Represented by:-			
Current			
- not later than one year	238,265	612,652	1,127,610
Non-current			
- later than one year but not later than five years	–	204,403	817,055
	238,265	817,055	1,944,665

(c) Term loan

		Group	
	31.12.2012 RM	**31.12.2011 RM**	**01.01.2011 RM**
Within the next twelve months	43,434	40,634	38,004
After the next twelve months			
- not later than two years	46,481	43,485	40,670
- later than two years but not later than five years	108,960	149,633	139,943
- later than five years	–	5,021	57,660
	155,441	198,139	238,273
	198,875	238,773	276,277

The term loan is secured by way of:-

(i) legal charges over land and buildings of subsidiaries as disclosed in Note 4(b);

(ii) corporate guarantee by the Company;

(iii) specific debenture covering fixed charges over the plant and machinery financed by the term loan of certain subsidiaries as disclosed in Note 4(b); and

(iv) negative pledge on all assets of a subsidiary.

Notes to the Financial Statements (Cont'd)

14. TRADE AND OTHER PAYABLES

	Group			Company		
	31.12.2012 RM	31.12.2011 RM	01.01.2011 RM	31.12.2012 RM	31.12.2011 RM	01.01.2011 RM
Current						
Trade payables	11,177,433	10,852,279	16,028,905	–	–	–
Other payables						
Accruals	1,273,199	1,532,985	1,286,269	284,730	283,100	280,800
Other payables	1,907,204	1,493,531	1,683,756	9,302	13,899	24,124
	3,180,403	3,026,516	2,970,025	294,032	296,999	304,924
Total trade and other payables	14,357,836	13,878,795	18,998,930	294,032	296,999	304,924
Total trade and other payables	14,357,836	13,878,795	18,998,930	294,032	296,999	304,924
Add: Loans and borrowings (Note 13)	19,574,140	17,059,828	18,445,942	–	–	–
Total financial liabilities carried at amortised cost	33,931,976	30,938,623	37,444,872	294,032	296,999	304,924

The normal trade payables credit terms granted to the Group range from 15 to 120 days (31.12.2011: 15 to 120 days; 01.01.2011: 15 to 120 days).

The foreign currency exposure profile of trade payables is as follows:-

	Group		
	31.12.2012 RM	31.12.2011 RM	01.01.2011 RM
Ringgit Malaysia	10,952,674	10,821,019	15,831,273
Singapore Dollar	184,720	31,260	16,770
US Dollar	40,039	–	180,862
	11,177,433	10,852,279	16,028,905

15. REVENUE

Revenue of the Group and the Company consists of the following:-

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Sale of goods	147,270,654	142,589,535	–	–
Dividend income	–	–	2,970,000	4,950,000
	147,270,654	142,589,535	2,970,000	4,950,000

Notes to the Financial Statements (Cont'd)

16. OPERATING PROFIT

Operating profit has been arrived at:-

	Group		Company	
	2012 RM	2011 RM (restated)	2012 RM	2011 RM
After charging:-				
Amortisation of intangible assets	8,455	8,455	–	–
Audit fee:-				
- current year	84,600	77,200	21,000	20,000
- prior year	6,400	8,902	1,000	2,000
Bad debts written off	–	302,867	–	–
Casual wages, bonuses and allowances	6,339,231	6,056,340	–	–
Deposit written off	–	37,251	–	–
Depreciation	4,828,447	5,316,666	–	–
Directors' remuneration	3,788,864	3,562,443	289,800	294,000
Impairment loss on receivables	34,082	234,749	–	–
Unreliased loss on foreign exchange	195,809	–	–	–
Rental of premises:-				
- paid/payable to directors	16,800	25,200	–	–
- others	162,540	163,138	–	–
Rental of plant and machinery	205,523	182,011	–	–
Rental of office equipment	30,154	28,178	–	–
Staff costs:-				
- salaries, allowances and bonuses	5,059,000	4,707,982	–	–
- Employees' Provident Fund	811,802	689,323	–	–
- SOCSO	85,708	79,612	–	–
- other staff related costs	338,018	221,788	–	–
And crediting:-				
Reversal of impairment loss on receivables	(52,993)	(940,315)	–	–
Bad debts recovered	–	(179,924)	–	–
Gain on foreign exchange:-				
- realised	(749,006)	(643,552)	–	–
- unrealised	–	(49,615)	–	–
Gain on disposal of property, plant and equipment	(112,314)	(7,716)	–	–
Interest income				
- loans and receivables	(679,805)	(556,252)	–	–

17. FINANCE COSTS

	Group	
	2012 RM	2011 RM
Interest expenses:-		
- bank overdrafts	–	10,874
- bankers' acceptances, trust receipts and revolving credit	941,476	849,558
- term loan	15,722	18,116
- finance lease liabilities	27,763	72,879
	984,961	951,427

18. TAXATION

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Income tax:-				
- current year	(5,652,311)	(5,741,860)	–	–
- prior years	33,886	(68,884)	–	–
	(5,618,425)	(5,810,744)	–	–
Deferred taxation (Note 7):-				
- current year	(136,117)	(443,479)	–	–
- prior years	320,756	(365,549)	–	–
	184,639	(809,028)	–	–
	(5,433,786)	(6,619,772)	–	–

Income tax is calculated at the Malaysian statutory rate of 25% of the estimated assessable profit for the fiscal year.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:-

	Group 2012 RM	Group 2011 RM (restated)	Company 2012 RM	Company 2011 RM
Profit before taxation	22,461,776	23,091,127	2,507,494	4,483,421
Tax at applicable tax rate of 25%	(5,615,444)	(5,772,782)	(626,874)	(874,956)
Tax effects arising from:-				
- non-deductible expenses	(875,836)	(2,344,559)	(115,627)	(115,044)
- non-taxable income	23,378	1,239,429	742,501	990,000
- utilisation of reinvestment allowances	629,753	400,618	–	–
- lease rental qualified for tax deduction	139,316	139,954	–	–
- (origination)/reversal of deferred tax assets not recognised in the financial statements	(89,595)	152,001	–	–
- underaccrual/(overaccrual) in prior years	354,642	(434,433)	–	–
Tax expense for the financial year	(5,433,786)	(6,619,772)	–	–

Notes to the Financial Statements (Cont'd)

18. TAXATION (Continued)

Deferred tax assets have not been recognised in respect of the following items:-

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Property, plant and equipment	317,903	118,417	–	–
Unabsorbed tax losses	1,247,057	1,088,161	–	–
	1,564,960	1,206,578	–	–
Potential deferred tax assets not recognised	391,240	301,645	–	–

19. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the net profit for the financial year attributable to owners of the parent by the weighted average number of ordinary shares of RM0.50 each on issue during the financial year.

	Group	
	2012 RM	2011 RM (restated)
Profit for the financial year, net of tax	17,027,990	16,471,355
Weighted average number of ordinary shares on issue	132,000,000	132,000,000
Basic earnings per share for the financial year (sen)	12.90	12.48

(b) Diluted

The basic and diluted earnings per ordinary share are equal as the Group has no dilutive potential ordinary shares.

20. DIVIDENDS

	Group and Company	
	2012 RM	2011 RM
Recognised during the financial year:-		
Final gross dividend of 4 sen per ordinary share of RM0.50 less 25% income tax in respect of the financial year ended 31st December 2011 (2010: gross dividend of 4 sen)	4,950,000	3,960,000
First interim gross dividend of 5 sen per ordinary share of RM0.50 less 25% income tax in respect of the financial year ended 31st December 2011	–	3,960,000
	4,950,000	7,920,000

The directors recommend the payment of a final dividend of 3 sen per ordinary share of RM0.50 each, less 25% income tax amounting to RM2,970,000/- in respect of the current financial year which, subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company, will be paid to shareholders on a date to be determined later by the directors.

Notes to the Financial Statements (Cont'd)

21. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Identification of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:-

(i) Direct subsidiaries; and
(ii) Key management personnel which comprise persons (including the directors of the Company) having the authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly.

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:-

	Group		Company	
	2012 RM	**2011 RM**	**2012 RM**	**2011 RM**
Dividends received/receivable from subsidiary - United U-LI (M) Sdn. Bhd.	–	–	2,970,000	4,950,000
Rental of premises paid/payable to directors, namely Dato' Wira Lee Yoon Wah, Dato' Lee Yoon Kong and Datin Wira Lim Pki Fong (spouse of Dato' Wira Lee Yoon Wah)	16,800	25,200	–	–
Salaries and other related expenses paid/payable to persons related to certain directors	200,406	180,597	–	–

(c) Key management personnel remuneration

The remuneration of directors and other members of key management during the financial year are as follows:-

	Group		Company	
	2012 RM	**2011 RM**	**2012 RM**	**2011 RM**
Short term employee benefits	3,935,441	3,941,453	289,000	294,000
Employees' Provident Fund	564,184	535,560	–	–
	4,499,625	4,477,013	289,000	294,000

Notes to the Financial Statements (Cont'd)

21. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(c) Key management personnel remuneration (Continued)

Other members of key management personnel comprise persons other than directors of the Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

The details of remuneration received and receivable by directors of the Group and of the Company during the financial year are as follows:-

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Executive:-				
- salaries	2,966,200	2,776,099	7,500	9,600
- fees	90,000	90,000	90,000	90,000
- other emoluments	477,364	438,944	–	–
	3,533,564	3,305,043	97,500	99,600
- benefits-in-kind	60,767	63,100	–	–
	3,594,331	3,368,143	97,500	99,600
Non-executive:-				
- fees	231,000	231,000	168,000	168,000
- allowances	24,300	26,400	24,300	26,400
	255,300	257,400	192,300	194,400
- benefits-in-kind	10,766	31,300	–	–
	266,066	288,700	192,300	194,400
Total	3,860,397	3,656,843	289,800	294,000
Total directors' remuneration	3,788,864	3,562,443	289,800	294,000
Total estimated money value of benefits-in-kind	71,533	94,400	–	–
	3,860,397	3,656,843	289,800	294,000

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:-

	Number of Directors	
	2012	2011
Executive directors:-		
RM500,000 and below	1	1
RM500,001- RM1,000,000	–	–
RM1,000,001- RM1,500,000	2	2
Non-executive directors:-		
RM50,000 and below	4	4
RM50,001- RM100,000	–	–
RM100,001- RM150,000	1	1

Notes to the Financial Statements (Cont'd)

22. CONTINGENT LIABILITIES

The directors are of the opinion that provisions are not required in respect of these matters as it is not probable that future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

		Group	
	31.12.2012 RM	31.12.2011 RM	01.01.2011 RM
Unsecured:-			
Performance guarantees extended to third parties in respect of supplying goods under contracts	2,584,600	2,584,600	2,354,495
Bank guarantees extended to Tenaga Nasional Berhad	202,000	192,000	167,000
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	78,460,000	78,460,000	78,460,000
Corporate guarantees given to leasing companies in respect of property, plant and equipment acquired under finance lease by certain subsidiaries	1,944,665	1,944,665	1,944,665

23. CAPITAL COMMITMENTS

		Group	
	31.12.2012 RM	31.12.2011 RM	01.01.2011 RM
Capital expenditure authorised and contracted for but not provided in the financial statements			
- purchase of machinery	29,000	797,003	2,398,245
- purchase of auction sale of property	11,880,000	–	–

24. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Determination of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:-

	Note
Financial assets (current)	
Trade and other receivables	10
Fixed deposits placed with licensed banks	10
Cash and bank balances	10
Financial liabilities (current)	
Trade and other payables	14
Loans and borrowings (floating rate)	13
Financial liabilities (non-current)	
Loans and borrowings (floating rate)	13

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short term nature or that they are floating rate instruments that are re-priced to market interest rates or near the end of reporting period.

(b) Fair value hierarchy

As the financial assets and liabilities of the Group and of the Company are not carried at fair value by any valuation method, the fair value hierarchy analysis is not presented.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group seeks to manage effectively various risks namely credit, liquidity, foreign currency, interest rate, and market price risks to which the Group is exposed to in its daily operations.

(a) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including fixed deposits placed with licensed banks and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. The management has a credit policy in place to monitor and minimise the exposure of default. Credit evaluations are performed on all customers requiring credit over certain amount.

(i) Exposure to credit risk

At the end of reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

(ii) Credit risk concentration profile

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

	Group					
	31.12.2012		31.12.2011		01.01.2011	
	RM	% of total	RM	% of total	RM	% of total
By country:-						
Malaysia	49,852,478	82%	44,595,447	81%	43,629,238	71%
Singapore	9,741,738	16%	7,651,051	14%	10,184,548	17%
Middle East	882,330	1%	1,444,190	3%	855,014	1%
Others	671,750	1%	1,087,426	2%	6,916,233	11%
	61,148,296	100%	54,778,114	100%	61,585,033	100%

(iii) Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 10 to the financial statements. Deposits with banks that are neither past due nor impaired are placed with reputable banks with high credit ratings and no history of default.

(iv) Financial assets that are either past due or impaired

Information regarding financial assets that are past due or impaired is disclosed in Note 10 to the financial statements.

Notes to the Financial Statements (Cont'd)

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Credit risk (Continued)

(i) Amount owing by subsidiaries

The amount owing by subsidiaries is unsecured, interest free and repayable on demand. The Company monitors the results of the subsidiaries regularly.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

(ii) Financial guarantees

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries as disclosed in Note 22 to the financial statements. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries. At the end of the reporting period, it was not probable that the counterparty to the financial guarantee contract will claim under the contract. Consequently, the fair value for the corporate guarantee is RM Nil.

(b) Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all financing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements.

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of reporting period based on contractual undiscounted repayment obligations.

Financial Liabilities	On Demand or within 1 Year RM	1 - 5 Years RM	More than 5 Years RM	Total RM
31st December 2012				
Group				
Trade and other payables	14,357,836	–	–	14,357,836
Loans and borrowings	19,418,699	155,441	–	19,574,140
Total undiscounted financial liabilities	33,776,535	155,441	–	33,931,976
Company				
Other payables and accruals	294,032	–	–	294,032
Total undiscounted financial liability	294,032	–	–	294,032

Notes to the Financial Statements (Cont'd)

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Liquidity risk (Continued)

Maturity analysis (Continued)

Financial Liabilities	On Demand or within 1 Year RM	1 - 5 Years RM	More than 5 Years RM	Total RM
31st December 2011				
Group				
Trade and other payables	13,878,795	–	–	13,878,795
Loans and borrowings	16,657,286	397,521	5,021	17,059,828
Total undiscounted financial liabilities	30,536,081	397,521	5,021	30,938,623
Company				
Other payables and accruals	296,999	–	–	296,999
Total undiscounted financial liability	296,999	–	–	296,999
1st January 2011				
Group				
Trade and other payables	18,998,930	–	–	18,998,930
Loans and borrowings	17,390,614	997,668	57,660	18,445,942
Total undiscounted financial liabilities	36,389,544	997,668	57,660	37,444,872
Company				
Other payables and accruals	304,924	–	–	304,924
Total undiscounted financial liability	304,924	–	–	304,924

(c) Foreign currency risk

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

During the financial year, the Group is exposed to foreign currency risk on transactions that are denominated in currencies other than Ringgit Malaysia. The foreign currencies in which these transactions are denominated are mainly United States Dollar ("USD"), Singapore Dollar ("SGD"), Euro ("EUR"), Brunei Dollar ("BND") and Australian Dollar ("AUD").

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Foreign currency risk (Continued)

The Group and the Company ensure that the net exposure to this risk is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances. Management does not enter into currency hedging transactions since it considers that the cost of such instruments outweigh the potential risk of exchange rate fluctuations.

The financial assets and financial liabilities of the Group that are not denominated in their functional currencies are disclosed in respective notes to the financial statements.

Sensitivity analysis for foreign currency

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

		Group	
		2012 RM Profit for the year	**2011 RM Profit for the year**
AUD/RM	- strengthened 3% (2011: 3%)	2,701	2,890
	- weakened 3% (2011: 3%)	(2,701)	(2,890)
BND/RM	- strengthened 3% (2011: 3%)	7,781	5,593
	- weakened 3% (2011: 3%)	(7,781)	(5,593)
EUR/RM	- strengthened 3% (2011: 3%)	9,671	2,203
	- weakened 3% (2011: 3%)	(9,671)	(2,203)
SGD/RM	- strengthened 3% (2011: 3%)	292,252	221,644
	- weakened 3% (2011: 3%)	(292,252)	(221,644)
USD/RM	- strengthened 3% (2011: 3%)	26,470	41,218
	- weakened 3% (2011: 3%)	(26,470)	(41,218)

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from fixed deposits placed with licensed banks and loans and borrowings. The investments in financial assets are mainly short term in nature and they are not held for speculative purposes.

The Group and the Company manage the net exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis. Management does not enter into interest rate hedging transactions since it considers that the cost of such instruments outweigh the potential risk of interest rate fluctuation.

Notes to the Financial Statements (Cont'd)

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Interest rate risk (Continued)

	Effective Interest Rate %	Within 1 Year RM	1 - 5 Years RM	> 5 Years RM	Total RM
Group					
As at 31st December 2012					
Financial Asset					
Fixed deposits placed with licensed banks	2.78	17,062,147	–	–	17,062,147
Financial Liabilities					
Bankers' acceptances	4.49	16,137,000	–	–	16,137,000
Finance lease liabilities	4.78	238,265	–	–	238,265
Revolving credits	4.47	3,000,000	–	–	3,000,000
Term loans	7.10	43,434	155,441	–	198,875
As at 31st December 2011					
Financial Asset					
Fixed deposits placed with licensed banks	2.78	14,270,413	–	–	14,270,413
Financial Liabilities					
Bankers' acceptances	4.11	13,004,000	–	–	13,004,000
Finance lease liabilities	4.85	612,652	204,403	–	817,055
Revolving credits	4.32	3,000,000	–	–	3,000,000
Term loans	7.10	40,634	193,118	5,021	238,773
As at 1st January 2011					
Financial Asset					
Fixed deposits placed with licensed banks	2.13	17,573,443	–	–	17,573,443
Financial Liabilities					
Bankers' acceptances	4.16	13,225,000	–	–	13,225,000
Finance lease liabilities	4.84	1,127,610	817,055	–	1,944,665
Revolving credits	3.85	3,000,000	–	–	3,000,000
Term loans	6.05	38,004	180,613	57,660	276,277

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Interest rate risk (Continued)

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates had been 1% higher/lower, with all other variables held constant, the Group's profit net of tax would have been RM193,359/- higher/lower, arising mainly as a result of higher/lower of interest income from pre-determined rate of fixed deposits placed with licensed banks and lower/higher interest expense on floating rate of loans and borrowings. The assumed movement in the percentage for interest rate sensitivity analysis is based on the currently observable market environment.

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to commodity price risk which affects the price of raw materials used in the operations.

The Group has in place policies to manage the Group's exposure to fluctuations in the selling price of the Group's products and purchase prices of the key raw materials used in the operations. The Management conducts constant survey of the global market price and trend in order to determine the selling price.

26. CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31st December 2012, 31st December 2011 and 1st January 2011.

The Group monitors capital using a gearing ratio, which is total debts divided by total capital plus total debts. The Group's policy is to keep the gearing ratio between 10% and 25%. The Group includes within total debts, trade and other payables and loans and borrowings.

26. CAPITAL MANAGEMENT (Continued)

The gearing ratio of the Group and the Company is as follows:-

		Group			Company		
	Note	31.12.2012 RM	31.12.2011 RM	01.01.2011 RM	31.12.2012 RM	31.12.2011 RM	01.01.2011 RM
Trade and other payables	14	14,357,836	13,878,795	18,998,930	294,032	296,999	304,924
Loans and borrowings	13	19,574,140	17,059,828	18,445,942	–	–	–
Total debts		33,931,976	30,938,623	37,444,872	294,032	296,999	304,924
Equity attributable to owners of the parrent		179,560,783	167,482,793	158,931,438	72,632,999	75,075,505	78,512,084
Capital and total debts		213,492,759	198,421,416	196,376,310	72,927,031	75,372,504	78,817,008
Gearing ratio		15.9%	15.6%	19.1%	0.4%	0.4%	0.4%

The Group is also required to comply with the disclosure and necessary capital requirements as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

27. OPERATING SEGMENTS

During the previous financial year, the Group adopted FRS 8 Operating Segments. FRS 8 requires the identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segments and assess their performance.

General Information

The information reported to the Group's chief operating decision maker to make decisions about resources to be allocated and for assessing their performance is based on the nature of the products and services, and has three reportable operating segments as follows:-

(a) Investment holding
(b) Cable support systems
(c) Electrical lighting and fittings

Except as above, no other operating segment has been aggregated to form the above reportable operating segments.

Measurement of Reportable Segments

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements.

Segment profit or loss is profit earned or loss incurred by each segment with allocation of interest income, depreciation, interest expense, tax expense and other non-cash expenses. There are no significant changes from prior financial year in the measurement methods used to determine reported segment profit or loss.

All the Group's assets are allocated to reportable segments other than deferred tax assets.

All the Group's liabilities are allocated to reportable segments other than deferred tax liabilities.

Notes to the Financial Statements (Cont'd)

27. OPERATING SEGMENTS (Continued)

2012	Investment Holding RM	Cable Support Systems RM	Electrical Lighting and Fittings RM	Elimination RM	Per Consolidated Financial Statements RM
Revenue					
External customers	–	121,695,555	25,575,099	–	147,270,654
Inter-segment	3,289,200	23,919,506	14,233,503	(41,442,209)	–
Total revenue	3,289,200	145,615,061	39,808,602	(41,442,209)	147,270,654
Results					
Interest income	–	584,323	95,482	–	679,805
Depreciation	–	4,239,301	549,704	39,442	4,828,447
Interest expense	–	957,423	27,538	–	984,961
Tax expense	60,241	5,202,884	170,661	–	5,433,786
Other non-cash expenses	8,455	34,082	–	–	42,537
Segment profit or loss	2,702,265	21,759,086	1,007,677	(3,007,252)	22,461,776
Assets					
Additions to property, plant and equipment	–	5,277,222	1,084,505	–	6,361,727
Deferred tax assets	–	–	814,036	–	814,036
Segment assets	73,317,481	224,617,039	45,542,013	(128,547,162)	214,929,371
Liabilities					
Deferred tax liabilities	114,888	1,323,882	–	(2,158)	1,436,612
Loans and borrowings	–	18,919,955	654,185	–	19,574,140
Segment liabilities	1,308,047	93,273,811	28,050,853	(87,264,123)	35,368,588

Notes to the Financial Statements (Cont'd)

27. OPERATING SEGMENTS (Continued)

2011	Investment Holding RM	Cable Support Systems RM	Electrical Lighting and Fittings RM	Elimination RM	Per Consolidated Financial Statements RM
Revenue					
External customers	–	114,400,115	28,189,420	–	142,589,535
Inter-segment	5,269,200	20,717,259	17,646,265	(43,632,724)	–
Total revenue	5,269,200	135,117,374	45,835,685	(43,632,724)	142,589,535
Results					
Interest income	–	556,252	–	–	556,252
Depreciation	407	4,341,255	926,662	39,442	5,307,766
Interest expense	–	890,312	61,115	–	951,427
Tax expense	61,164	5,651,045	907,563	–	6,619,772
Other non-cash expenses	37,251	497,372	48,699	–	583,322
Segment profit or loss	4,641,617	20,217,684	3,217,832	(4,986,006)	23,091,127
Assets					
Additions to property, plant and equipment	–	3,002,408	176,335	–	3,178,743
Deferred tax assets	–	–	265,335	–	265,335
Segment assets	78,717,707	206,212,095	45,930,375	(131,366,211)	199,493,966
Liabilities					
Deferred tax liabilities	106,615	968,093	–	(2,158)	1,072,550
Loans and borrowings	–	15,890,243	1,169,585	–	17,059,828
Segment liabilities	1,430,297	91,072,980	29,628,320	(90,120,424)	32,011,173

Notes to the Financial Statements (Cont'd)

27. OPERATING SEGMENTS (Continued)

Other non-cash expenses

	Group 2012 RM	Group 2011 RM
Impairment loss on receivables	34,082	234,749
Amortisation of intangible assets	8,455	8,455
Bad debts written off	–	302,867
Deposit written off	–	37,251
	42,537	583,322

Geographical Segments

The Group's business segments operate substantially from Malaysia. In determining the geographical segments of the Group, revenues are based on the country in which the customer is located.

	Revenue 2012 RM	Revenue 2011 RM	Total assets 2012 RM	Total assets 2011 RM	Capital expenditure 2012 RM	Capital expenditure 2011 RM
Malaysia	108,054,514	98,971,010	199,084,809	186,268,748	6,361,727	3,178,743
Overseas	39,216,140	43,618,525	11,295,818	9,087,032	–	–
	147,270,654	142,589,535	210,380,627	195,355,780	6,361,727	3,178,743

28. SIGNIFICANT EVENT

On 22nd October 2012, a wholly-owned subsidiary of the Company, United U-LI (M) Sdn. Bhd. ("ULM") has received the Memorandum of Sale dated 18th October 2012 confirming ULM's successful bidding of the auction sale of property comprising a plot of industrial land together with a two storey office, two storey factory building and other ancillary buildings which located in Nilai Industrial Estate for total consideration of RM13,200,000/-. This acquisition of property is to be completed during the financial year 2013.

SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

On 25th March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits and losses.

On 20th December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

Pursuant to the directive, the amounts of realised and unrealised profits or losses included in the retained profits of the Group and the Company as at 31st December 2012 are as follows:-

	Group		**Company**	
	2012 RM	**2011 RM (restated)**	**2012 RM**	**2011 RM**
Total retained profits of the Company and its subsidiaries				
- realised	138,923,106	124,567,512	6,632,999	9,075,505
- unrealised	622,576	2,898,022	–	–
	139,545,682	127,465,534	6,632,999	9,075,505
Less: Consolidation adjustments	(25,984,899)	(25,982,741)	–	–
Total retained profits	113,560,783	101,482,793	6,632,999	9,075,505
Total retained profits as per statements of financial position	113,560,783	101,482,793	6,632,999	9,075,505

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

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

Statement **by Directors**

We, **DATO' WIRA LEE YOON WAH** and **DATO' LEE YOON KONG**, being two of the directors of United U-LI Corporation Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 26 to 80 give a true and fair view of the financial position of the Group and of the Company as at 31st December 2012 and of their financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The supplementary information set out on page 81 has been compiled in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

On behalf of the Board,

DATO' WIRA LEE YOON WAH
Director

DATO' LEE YOON KONG
Director

Petaling Jaya

Date: 18th April 2013

Statutory **Declaration**

I, **CHOONG CHEE YEONG**, being the officer primarily responsible for the financial management of United U-LI Corporation Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 26 to 80, and the supplementary information set out on page 81 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, l960.

CHOONG CHEE YEONG

Subscribed and solemnly declared by
the abovenamed at Petaling Jaya
in the state of Selangor Darul Ehsan
on 18th April 2013.

Before me,

Commissioner for Oaths
GAUTHI KHOR
B344

Independent **Auditor's Report**

to the Members of United U-Li Corporation Berhad
(Incorporated In Malaysia)

Report on the Financial Statements

We have audited the financial statements of United U-LI Corporation Berhad, which comprise the statements of financial position as at 31st December 2012 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 26 to 80.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31st December 2012 and of their financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Companies Act, 1965 in Malaysia to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.

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

(c) Our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comments made under Section 174(3) of the Companies Act, 1965 in Malaysia.

Independent Auditor's Report (Cont'd)

Other Reporting Responsibilities

The supplementary information set out on page 81 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

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

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Heng Ji Keng
No. 578/05/14 (J/PH)
Chartered Accountant

Kuala Lumpur

Date: 18th April 2013

Properties **of the Group**

Company/ Location	Description/ Existing use	Land Area/ Built-up Area	Tenure	Age of Building (years)	Net Book Value RM'000	Date of Revaluation/ Acquisition
United U-LI (M) Sdn. Bhd.						
Lot 5 (PT7907) Jalan Balakong, 43300 Seri Kembangan, Selangor Darul Ehsan.	Factory/ Factory used	43,666 Sq.ft/ 36,881 Sq.ft	99 years expiring on 11 October 2091	20	3,489	31.12.2010 Revalued
No. 33, Jalan Kartunis U1/47, Temasya Industrial Park, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan.	Semi-Detached Factory/ Office used	9,601 Sq.ft/ 8,392 Sq. ft	Freehold	14	3,668	31.12.2010 Revalued
No. 29, Jalan Taming 7, Taman Taming Jaya Industrial Park, 43300 Balakong, Selangor Darul Ehsan.	Terrace Factory/ Store	2,000 Sq.ft/ 2,550 Sq.ft	Freehold	20	396	31.12.2010 Revalued
No. 43, Jalan Kamunting 1, Bukit Sentosa, 48300 Serendah, Selangor Darul Ehsan.	Terrace Factory/ Vacant	1,600 Sq.ft/ 1,300 Sq.ft	Freehold	17	30	31.12.2010 Revalued
No. 25, Jalan Taming 5, Taman Taming Jaya, 43300 Seri Kembangan, Selangor Darul Ehsan.	Terrace Factory/ Store	13,500 Sq.ft/ 13,120 Sq.ft	Freehold	10	1,780	31.12.2010 Revalued
No. 27, Jalan Taming 5, Taman Taming Jaya, 43300 Seri Kembangan, Selangor Darul Ehsan.	Terrace Factory/ Store	13,500 Sq.ft/ 14,806 Sq.ft	Freehold	10	1,876	31.12.2010 Revalued
Unit B21-09, Desa Bistari Apartment, No. 3, Lindang Pantai Jerjak, 11700 Pulau Pinang.	Apartment/ Vacant	-/700 Sq.ft	Freehold	10	91	31.12.2010 Revalued
No. 102, Jalan Perigi Nanas 8/10, Section 12 (Phase 1B), Pulau Indah Industrial Park, West Port, 42920 Port Klang, Selangor Darul Ehsan.	Terrace Factory/ Vacant	2,400 Sq.ft/ 3,300 Sq.ft	99 years expiring on 30 March 2097	9.5	237	31.12.2010 Revalued
Lot 7, Jalan 6/1, Kawasan Perindustrian Seri Kembangan, 43300 Seri Kembangan, Selangor Darul Ehsan.	Factory/ Factory used	185,718 Sq.ft/ 163,500 Sq.ft	84 years expiring on 10 January 2089	8	15,513	31.12.2010 Revalued
Lot No. 120, Floor No. L23, Type S3, Resort Suites @ Pyramid Tower, Bandar Sunway, Selangor Darul Ehsan.	Condominium/ Vacant	-/456 Sq.ft	99 years expiring on 21 February 2102	9	336	31.12.2010 Revalued

Properties of the Group (Cont'd)

Company/ Location	Description/ Existing use	Land Area/ Built-up Area	Tenure	Age of Building (years)	Net Book Value RM'000	Date of Revaluation/ Acquisition
Gabung Mekar Sdn. Bhd.						
Lot 17045, Jalan Balakong, 43300 Seri Kembangan, Selangor Darul Ehsan.	Factory/ Factory used	38,118 Sq.ft/ 37,428 Sq.ft	99 years expiring on 11 October 2091	20	2,324	31.12.2010 Revalued
United U-LI Goodlite Sdn. Bhd.						
]No. 44, Jalan Cetak, Tasek Industrial Estate, 31400 Ipoh, Perak Darul Ridzuan.	Factory/ Factory used	131,282 Sq.ft/ 96,022 Sq.ft	99 years expiring on 20-Mar-66	41	3,753	31.12.2010 Revalued
United U-LI Building Materials Sdn. Bhd.						
1, Jalan Seroja 54, Taman Johor Jaya, 81100 Johor Bahru, Johor Darul Takzim.	Workshop/ Warehouse	9,408 Sq.ft/ 11,287 Sq.ft	Freehold	6.5	1,166	31.12.2010 Revalued

Shareholders' **Information**

List of Thirty (30) Largest Securities Account Holders
As at 08 April 2013

No	Names	Shareholdings	%
1.	Pearl Deal (M) Sdn. Bhd.	54,000,000	40.91
2.	Dato' Lee Yoon Kong	3,858,246	2.92
3.	Dato' Wira Lee Yoon Wah	3,709,248	2.81
4.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. Exempt An for British and Malayan Trustees Limited (Yeoman 3-Rights)	3,000,000	2.27
5.	Maybank Nominees (Tempatan) Sdn. Bhd.	2,495,000	1.89
6.	Teo Chiang Hong	1,944,400	1.47
7.	Law Joon Joe Vincent	1,458,100	1.10
8.	Chia Kee Foo	1,140,000	0.86
9.	Tham Kin Foong (John)	1,080,600	0.82
10.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for TAS Link Sdn. Bhd. (E-KLG/TSK)	1,065,000	0.81
11.	Liau Choon Hwa & Sons Sdn. Bhd.	923,100	0.70
12.	AIBB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yeoh Poh Choo	900,000	0.68
13.	Lew Yick Koon	900,000	0.68
14.	Low Siew Kin	670,000	0.51
15.	CIMSEC Nominees (Asing) Sdn. Bhd. Exempt An For CIMB Securities (Singapore) Pte Ltd (Retail Clients)	550,000	0.42
16.	Dato' Wira Lee Yoon Wah	542,600	0.41
17.	Maybank Nominees (Tempatan) Sdn. Bhd. pledged Securities Account for Liau Thai Min	536,200	0.41
18.	Seow Nam Yaw	533,000	0.40
19.	Shariff Bin Mohd Shah	529,000	0.40
20.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB BANK for Liau Thai Min (MY 0918)	527,300	0.40
21.	Malacca equity Nominees (Tempatan) Sdn. Bhd. Exempt An for Phillip Capital Management Sdn. Bhd. (EPF)	498,400	0.38
22.	Yeoh Poh Choo	489,700	0.37
23.	Chen Hoi Sow	454,000	0.34
24.	Lim Teck Ling	448,600	0.34
25.	Yeoh Li Choo	440,000	0.33
26.	Chim Wai Khuan	420,000	0.32
27.	Tan Yok Hua	401,100	0.30
28.	Chia Kee Foo	400,000	0.30
29.	Kong Kim Sing	399,000	0.30
30.	Kong Kim Sing	384,300	0.29

Shareholders' Information (Cont'd)

Distribution of Shareholdings

As at 08 April 2013

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
1 - 99	60	2.66	1,354	0.00
100 - 1,000	366	16.24	116,426	0.09
1,001 - 10,000	1,126	49.96	6,636,242	5.03
10,001 - 100,000	567	25.16	18,678,684	14.15
100,001 - 6,599,999*	134	5.94	52,567,294	39.82
6,600,000 and above**	1	0.04	54,000,000	40.91
TOTAL	2,254	100.00	132,000,000	100.00

* Less than 5% of Issued Holdings
** 5% and above of Issued Holdings

Shareholders with holdings of 5% and above

As at 08 April 2013

No.	Names of Substantial Shareholders	Direct Interest No. of Shares Hold	%	Deemed Interest No. of Shares Held	%
1	Pearl Deal (M) Sdn. Bhd. ("PDSB")	54,000,000	40.91	–	–
2	Dato' Wira Lee Yoon Wah	4,251,848	3.22	54,000.000#	40.91
3	Dato' Lee Yoon Kong	3,867,246	2.93	54,000.000#	40.91

\# Deemed interest through PDSB

Directors' Interest

As at 08 April 2013

	No. of Shares Hold	%
The Company		
Direct Interest		
Tan Sri Dato' Wira Abd Rahman bin Ismail	9,000	0.01
Dato' Wira Lee Yoon Wah	4,251,848	3.22
Dato' Lee Yoon Kong	3,867,246	2.93
Teow Lai Seng	9,000	0.01
Chim Wai Khuan	420,000	0.32
Wong Chow Lan	624	0.00
Lokman bin Mansor	9,000	0.01
Shariff bin Mohd Shah	529,128	0.40
Deemed Interest		
Tan Sri Dato' Wira Abd Rahman bin Ismail *	44,556	0.03
Dato' Wira Lee Yoon Wah **	54,000,000	40.91
Dato' Lee Yoon Kong **	54,000,000	40.91

* Deemed interest by virtue of interest in Kasuria Sdn. Bhd.
** Deemed interest by virtue of interest in Pearl Deal (M) Sdn. Bhd.

Notice of Thirteenth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the **Thirteenth (13th) Annual General Meeting** of the Company will be held at **Classic 2 Room, Holiday Villa Subang, 9 Jalan SS12/1, Subang Jaya, 47500 Petaling Jaya, Selangor Darul Ehsan** on **Tuesday, 04th June 2013** at **10.00 a.m.** for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

1.	To receive and consider the Reports and Financial Statements for the financial year ended **31st December 2012** together with the Reports of the Directors and the Auditors thereon.	(Please refer to item 1 of the Explanatory Notes)
2.	To approve the payment of a Final Dividend of **3 (Three)** sen per ordinary share less 25% Income Tax for the financial year ended **31st December 2012** on 132,000,000 ordinary shares of RM0.50 each amounting to dividend payable of **RM2,970,000.00**	Ordinary Resolution 1
3.	To approve the payment of Directors' fees for the financial year ended **31st December 2012**.	Ordinary Resolution 2
4.	To re-elect the following Directors who are retiring in accordance with Article 89 of the Company's Articles of Association and being eligible, have offered themselves for re-election:-	
	(a) Dato' Wira Lee Yoon Wah	Ordinary Resolution 3
	(b) Chim Wai Khuan	Ordinary Resolution 4
5.	To re-appoint Messrs **Baker Tilly Monteiro Heng** as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	Ordinary Resolution 5

AS SPECIAL BUSINESS

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

6. **Re-appointment of Director**

"That pursuant to Section 129(6) of the Companies Act, 1965, **Tan Sri Dato' Wira Abd Rahman Bin Ismail** be re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting."	Ordinary Resolution 6

7. **Continuing in Office as Independent Non-Executive Directors**

7.1	"That subject to the passing of Ordinary Resolution 6, approval be and is hereby given to Tan Sri Dato' Wira Abd Rahman Bin Ismail who have served as an Independent Non-Executive Director of the Company for a cumulative terms of more than nine years, to continue to act as an Independent Non-Executive Directors of the Company."	Ordinary Resolution 7
7.2	"That subject to the passing of Ordinary Resolution 4, approval be and is hereby given to Chim Wai Khuan who have served as an Independent Non-Executive Director of the Company for a cumulative terms of more than nine years, to continue to act as an Independent Non-Executive Directors of the Company."	Ordinary Resolution 8
7.3	"That approval be and is hereby given to Wong Chow Lan who have served as an Independent Non-Executive Director of the Company for a cumulative terms of more than nine years, to continue to act as an Independent Non-Executive Directors of the Company."	Ordinary Resolution 9

Notice of Thirteenth Annual General Meeting (Cont'd)

7.4 "That approval be and is hereby given to Lokman Bin Mansor who have served as an Independent Non-Executive Director of the Company for a cumulative terms of more than nine years, to continue to act as an Independent Non-Executive Directors of the Company." — Ordinary Resolution 10

7.5 "That approval be and is hereby given to Shariff Bin Mohd Shah who have served as an Independent Non-Executive Director of the Company for a cumulative terms of more than nine years, to continue to act as an Independent Non-Executive Directors of the Company." — Ordinary Resolution 11

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

"That subject always to the Companies Act, 1965, the Articles of Association of the Company and approvals and requirements of the relevant governmental/regulatory authorities (where applicable), the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965 to allot and issue new ordinary shares of RM0.50 each in the Company, from time to time and upon such terms and conditions and for such purpose and to such persons whomsoever the Directors may, in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares issued pursuant to the resolution does not exceed 10% of the issued and paid up share capital for the time being of the Company And That such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company" — Ordinary Resolution 12

Any Other Business

9. To transact any other business for which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT, the Final Dividend of **3 (Three) sen** per ordinary share less 25% Income Tax for the financial year ended **31st December 2012**, if approved, will be paid to the shareholders on the **08th July 2013**. The entitlement date of the said dividend shall be **18th June 2013**.

A Depositor shall qualify for entitlement to the dividend only in respect of:-

a. Shares transferred into the Depositor's Securities Account before 4.00 p.m. on **18th June 2013** in respect of 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
UNITED U-LI CORPORATION BERHAD

KOAY SOO NGOH (MAICSA 0856746)
FOO LI LING (MAICSA 7019557)
Company Secretaries

Petaling Jaya
Date: 13th May 2013

NOTES:

1. A member of the Company is entitled to appoint not more than two (2) proxy to attend and vote at a meeting. Where a Member appoints two proxies, the appointments shall not be valid unless the Member specifies the proportion of his shareholding to be represented by each proxy.

2. A proxy need not be a Member of the Company. There shall be no restriction as to the qualification of the proxy and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. A proxy appointed to attend and vote at the meeting shall have the same rights as the Member to speak at the Meeting.

3. The Instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal, or the hand of its attorney duly authorised. An instrument appointing a proxy to vote at a Meeting shall be deemed to include the power to demand a poll on behalf of the appointer.

4. Where a Member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint 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.

5. Where a Member of the Company is an exempt authorised nominee as defined under SICDA, which holds ordinary shares in the Company for multiple beneficial owners in one 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.

6. The instrument appointing a proxy together with the power of attorney (if any) shall be deposited at the Registered Office of the Company at 62C, Jalan SS21/62, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan at least forty-eight (48) hours before time appointed for holding the Meeting or any adjournment thereof.

7. For purpose of determining who shall be entitled to attend this Meeting, the Company shall request Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 29th May 2013 pursuant to Article 47 (f) and paragraph 7.16(2) of Bursa Malaysia Securities Berhad Main Market Listing Requirements. A Depositor whose name appears as such Record of Depositors shall be entitled to attend this Meeting.

EXPLANATORY NOTES TO THE AGENDA

Item 1 of the Agenda
This item is meant for discussion only as the provision of Section 169 (1) of the Companies Act, 1965 does not require shareholders' approval for the audited financial statements. Therefore, this item will not be put forward for voting.

Item 6 of the Agenda
The proposed Resolution 6 if passed, will enable Tan Sri Dato' Wira Abd Rahman Bin Ismail to continue in office until the next Annual General Meeting.

Item 7.1 of the Agenda
The Nomination Committee has assessed the Independence of Tan Sri Dato' Wira Abd Rahman Bin Ismail, who served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and recommended him to continue to act as an Independent Non-Executive Director of the Company based on the following justification:

i) He fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and therefore would be able to function as a check and balance and bring an element of objective to the Board of Directors.
ii) He has vast experience in a diverse range of businesses which enable him to provide constructive and independent judgement for the interest of the Company.
iii) He has performed his duty diligently an in the best interest of the Company and provides a broader view, independent and balanced assessment of proposals from the management.
iv) He actively participated in board discussion and provided an independent voice on the Board.

Notice of Thirteenth Annual General Meeting (Cont'd)

Item 7.2 of the Agenda
The Nomination Committee has assessed the Independence of Chim Wai Khuan, who served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and recommended him to continue to act as an Independent Non-Executive Director of the Company based on the following justification:

i) He fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and therefore would be able to function as a check and balance and bring an element of objective to the Board of Directors.
ii) He has vast experience in a diverse range of businesses which enable him to provide constructive and independent judgement for the interest of the Company.
iii) He has performed his duty diligently an in the best interest of the Company and provides a broader view, independent and balanced assessment of proposals from the management.
v) He actively participated in board discussion and provided an independent voice on the Board.

Item 7.3 of the Agenda
The Nomination Committee has assessed the Independence of Wong Chow Lan, who served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and recommended her to continue to act as an Independent Non-Executive Director of the Company based on the following justification:

i) She fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and therefore would be able to function as a check and balance and bring an element of objective to the Board of Directors.
ii) She has vast experience in a diverse range of businesses which enable him to provide constructive and independent judgement for the interest of the Company.
iii) She has performed her duty diligently an in the best interest of the Company and provides a broader view, independent and balanced assessment of proposals from the management.
v) She actively participated in board discussion and provided an independent voice on the Board.

Item 7.4 of the Agenda
The Nomination Committee has assessed the Independence of Lokman Bin Mansor, who served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and recommended him to continue to act as an Independent Non-Executive Director of the Company based on the following justification:

i) He fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and therefore would be able to function as a check and balance and bring an element of objective to the Board of Directors.
ii) He has vast experience in a diverse range of businesses which enable him to provide constructive and independent judgement for the interest of the Company.
iii) He has performed his duty diligently an in the best interest of the Company and provides a broader view, independent and balanced assessment of proposals from the management.
iv) He actively participated in board discussion and provided an independent voice on the Board.

Item 7.5 of the Agenda
The Nomination Committee has assessed the Independence of Shariff Bin Mohd Shah, who served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and recommended him to continue to act as an Independent Non-Executive Director of the Company based on the following justification:

i) He fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and therefore would be able to function as a check and balance and bring an element of objective to the Board of Directors.
ii) He has vast experience in a diverse range of businesses which enable him to provide constructive and independent judgement for the interest of the Company.
iii) He has performed his duty diligently an in the best interest of the Company and provides a broader view, independent and balanced assessment of proposals from the management.
iv) He actively participated in board discussion and provided an independent voice on the Board.

Item 8 of the Agenda

The Company continues to consider opportunities to broaden the operating base and earnings potential of the Company. The proposed Resolution 12 if passed, will authorise the directors to issue shares up to 10% of the issued and paid-up capital of the Company for the time being and for such purposes as the directors consider would be in the best interest of the Company.

The purpose for the renewal of a general mandate is to avoid any delay and costs in convening a general meeting and to specifically approve such an issue of shares for any possible fund raising activities (excluding placing of shares) for the purpose of funding future investment projects, additional working capital etc.

This authority unless revoked or varied at a general meeting will expire at the next Annual General Meeting of the Company.

As at the date of this notice, no new shares of the Company were issued pursuant to the mandate granted to the directors at the last Annual General Meeting held on 30th May 2012 and which will lapse at the conclusion of the forthcoming Annual General Meeting.

Statement **Accompanying**
Notice of Thirteenth Annual General Meeting

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

1. The Directors who are standing for re-election and re-appointment at the Thirteenth Annual General Meeting of the Company are as follows:-

   Article 89 of the Company's Articles of Association

   - Dato' Wira Lee Yoon Wah
   - Chim Wai Khuan

   Section 129(6) of the Companies Act, 1965

   - Tan Sri Dato' Wira Abd Rahman Bin Ismail

   Pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012 to retain the following directors, who have served the Company as board members for a cumulative term of more than nine years, in the capacity as independent directors:-

   Continuing in Office as Independent Non-Executive Directors

   i) Tan Sri Dato' Wira Abd Rahman Bin Ismail;
   ii) Chim Wai Khuan;
   iii) Wong Chow Lan;
   iv) Lokman Bin Mansor;
   v) Shariff Bin Mohd Shah.

2. The profiles of the above Directors are set out in the Profile of Directors which appear from pages 6 to page 7 of this Annual Report.

UNITED U-LI CORPORATION BERHAD
(Company No. 510737-H)
Incorporated in Malaysia

FORM OF PROXY

I/We ....

of ....
(address)

being a member/members of UNITED U-LI CORPORATION BERHAD, hereby appoint (Name of Proxy/Proxies/Corporate Representative)

....

or failing him ....
(name)

of ....
(address)

or failling the abovenamed proxy/proxies/corporate representative, the Chairman of the meeting, as my/our proxy to vote for me/us on my our behalf at the Thirteenth (13) Annual General Meeting of the Company to be held at Classic 2 Room, Holiday Villa Subang, 9 Jalan SS12/1, Subang Jaya, 47500 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 04th June 2013 at 10.00 a.m. , and at any adjournment thereof, as indicated below:-

		For	Against
ORDINARY BUSINESS			
Resolution 1	Approve the payment of Final Dividend		
Resolution 2	Approve the payment of Directors' Fees		
Resolution 3	Re-election of Dato' Wira Lee Yoon Wah as Director		
Resolution 4	Re-election of Chim Wai Khuan as Director		
Resolution 5	Re-appointment of Messrs Baker Tilly Monteiro Heng as Auditors		
SPECIAL BUSINESS			
Resolution 6	Re-appointment of Tan Sri Dato' Wira Abd Rahman Bin Ismail as Director		
Resolution 7	To retain Tan Sri Dato' Wira Abd Rahman as an Independent Non-Executive Director		
Resolution 8	To retain Chim Wai Khuan as an Independent Non-Executive Director		
Resolution 9	To retain Wong Chow Lan as an Independent Non-Executive Director		
Resolution 10	To retain Lokman Bin Mansor as an Independent Non-Executive Director		
Resolution 11	To retain Shariff Bin Mohd Shah as an Independent Non-Executive Director		
Resolution 12	Authority to issue shares - Section 132D of the Companies Act, 1965		

(if you wish to instruct your proxy how to vote, insert a tick in the appropriate box. Subject to any voting instructions so given, the proxy will vote, or may abstain from voting on any resolution as he may think fit.

If the member is an individual or joint shareholder:

Signature

No. of shares held:

Date:

If the member is a corporation:

The Common Seal of..
was hereunto affixed in accordance with its
Articles of Association in the presence of

Seal

Signature Director Director/Secretary

No. of shares held:

Date:

NOTES TO FORM PROXY: -

1. A member of the Company is entitled to appoint not more than two (2) proxy to attend and vote at a meeting. Where a Member appoints two proxies, the appointments shall not be valid unless the Member specifies the proportion of his shareholding to be represented by each proxy.
2. A proxy need not be a Member of the Company. There shall be no restriction as to the qualification of the proxy and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. A proxy appointed to attend and vote at the meeting shall have the same rights as the Member to speak at the Meeting.
3. The Instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal, or the hand of its attorney duly authorised. An instrument appointing a proxy to vote at a Meeting shall be deemed to include the power to demand a poll on behalf of the appointer.
4. Where a Member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint 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.
5. Where a Member of the Company is an exempt authorised nominee as defined under SICDA, which holds ordinary shares in the Company for multiple beneficial owners in one 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.
6. The instrument appointing a proxy together with the power of attorney (if any) shall be deposited at the Registered Office of the Company at 62C, Jalan SS21/62, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan at least forty-eight (48) hours before time appointed for holding the Meeting or any adjournment thereof.
7. For purpose of determining who shall be entitled to attend this Meeting, the Company shall request Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 29th May 2013 pursuant to Article 47 (f) and paragraph 7.16(2) of Bursa Malaysia Securities Berhad Main Market Listing Requirements. A Depositor whose name appears as such Record of Depositors shall be entitled to attend this Meeting.

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AFFIX
STAMP

The Company Secretary
UNITED U-LI CORPORATION BERHAD (510737-H)
62C, Jalan SS 21/62,
Damansara Utama,
47400 Petaling Jaya,
Selangor Darul Ehsan,
Malaysia.

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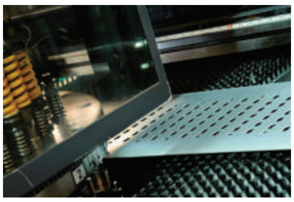

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