



SWS Capital Berhad (502246-P)

PTD 4085, Kawasan Perindustrian
Parit Jamil, 84150 Parit Jawa,
Muar, Johor Darul Ta'zim.

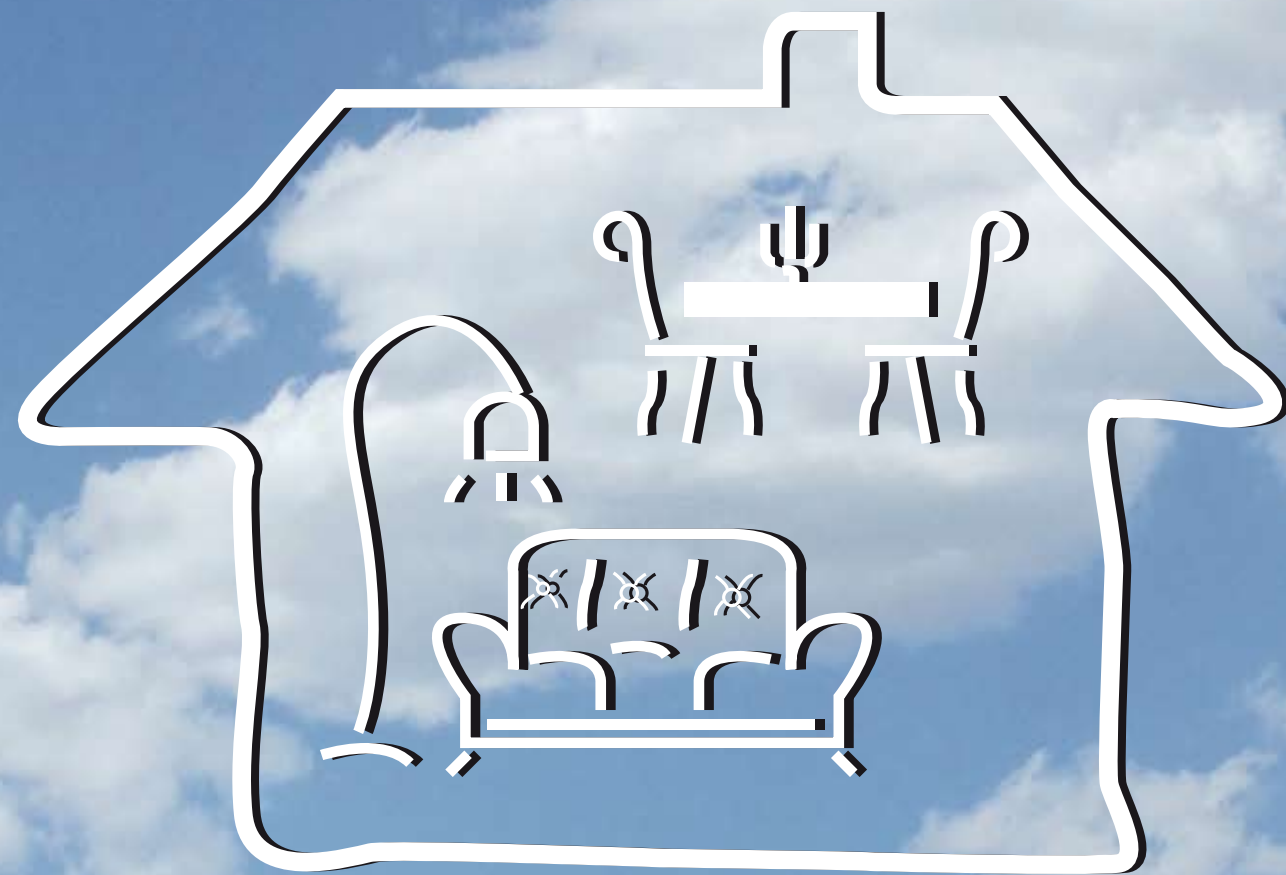
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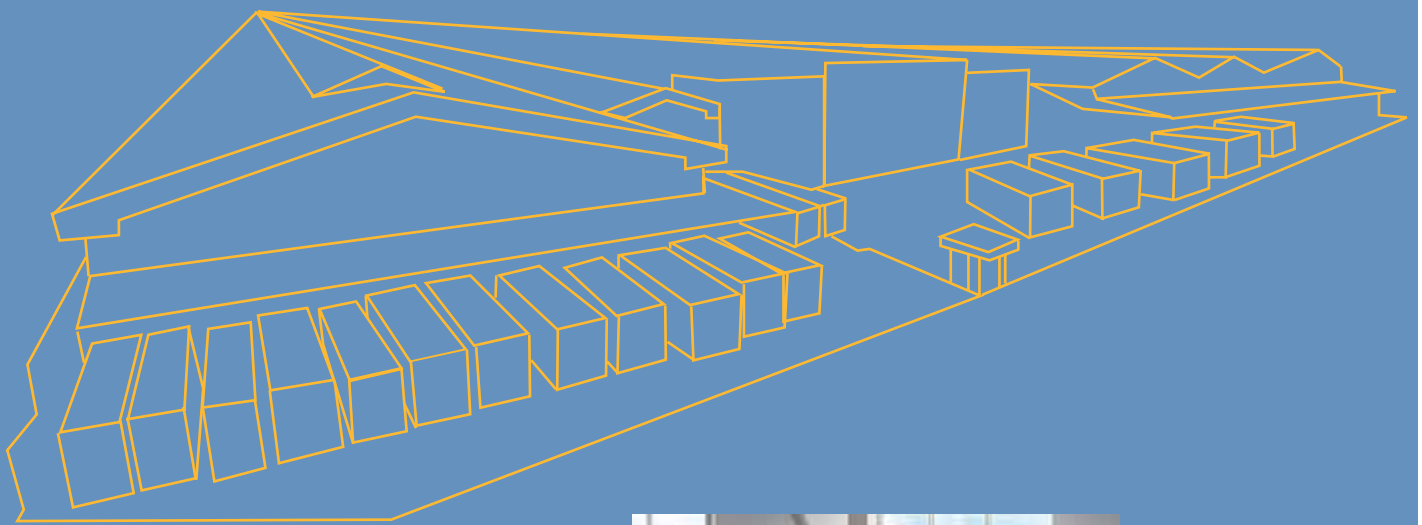
SWS Capital Berhad (502246-P)

Annual Report 2012

Annual Report 2012



SWS Capital Berhad
(502246-P)



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Corporate Profile



SWS Capital Berhad (“SWSCAP”) was formerly known as UDS Capital Berhad. It commenced operations on 1 December 2003 as an investment holding company and listed in the Bursa Malaysia Securities on 15 March 2004. The current authorised share capital of SWSCAP is RM100,000,000 comprising 200,000,000 shares of RM 0.50 each. 126,505,500 shares are currently issued and fully paid up.

The business activities of the Group can be classified into:

- Manufacturing and sale of upholstery sofas and settees
- Manufacturing and sale of dining furnitures, occassional furnitures and buffet & hutch
- Lamination of veneer and paper
- Trading of various type of boards, polythylene, pneumatic fasteners, nails and others



*Experience Quality,
Experience Home*



Corporate Information

DIRECTORS

Neo Tiam Hock
Executive Chairman

Neo Chee Kiat
Managing Director

Piong Yew Peng
Independent Non-Executive Director
(appointed on 10th April 2012)

Hj Ismail bin Tunggak @ Hj Ahmad
Independent Non-Executive Director

Anthony Na Hai Sir
Independent Non-Executive Director

AUDIT COMMITTEE

Piong Yew Peng
Committee Chairman
(appointed on 10th April 2012)

Hj Ismail bin Tunggak @ Hj Ahmad
Committee Member

Anthony Na Hai Sir
Committee Member

NOMINATION COMMITTEE

Hj Ismail bin Tunggak @ Hj Ahmad
Committee Chairman

Piong Yew Peng
Committee Member
(appointed on 10th April 2012)

Anthony Na Hai Sir
Committee Member

REMUNERATION COMMITTEE

Anthony Na Hai Sir
Committee Chairman

Piong Yew Peng
Committee Member
(appointed on 10th April 2012)

Hj Ismail bin Tunggak @ Hj Ahmad
Committee Member

SECRETARY

Pang Kah Man (MIA 18831)

AUDITORS

Ernst & Young
Chartered Accountants

PRINCIPAL BANKERS

Malayan Banking Berhad
Maybank Islamic Berhad
OCBC Bank (M) Berhad
Public Bank Berhad
Ambank (M) Berhad
AmIslamic Bank Berhad

SOLICITORS

Chee Siah Le Kee & Partners
Chris Lee & Partners
NSK & Partners

REGISTRARS

Plantation Agencies Sdn Bhd
Standard Chartered Bank Chambers,
Lebuh Pantai, 10300 Penang,
Pulau Mutiara.
Tel : +604-2625 333
Fax : +606-2622 018

REGISTERED OFFICE

No. 7 (1st Floor), Jalan Pesta 1/1,
Taman Tun Dr Ismail 1, Jalan Bakri,
84000 Muar, Johor Darul Ta'zim.

Tel : +606-9541 705

Fax : +606-9541 707

Email : lsca-muar@lsca.com.my

PRINCIPLE PLACE OF BUSINESS

PTD 4085, Kawasan
Perindustrian Parit Jamil,
84150 Parit Jawa, Muar,
Johor Darul Ta'zim.

Tel : +606-9875 999

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Email : info@swscap.com

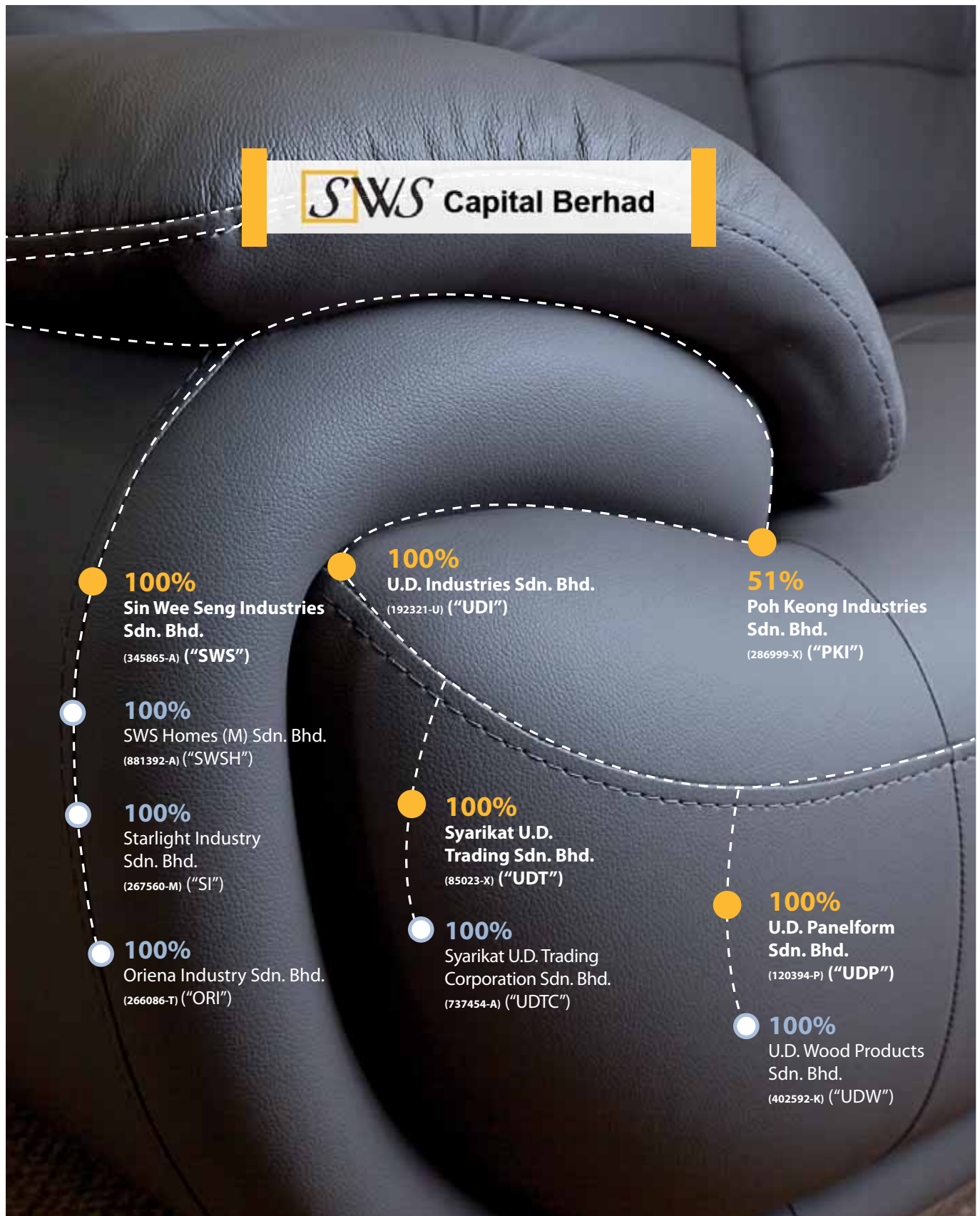
STOCK EXCHANGE LISTING

Main Market of the Bursa Malaysia
Securities Berhad

WEBSITE

www.swscap.com

Corporate Structure



Global Presence



AFRICA

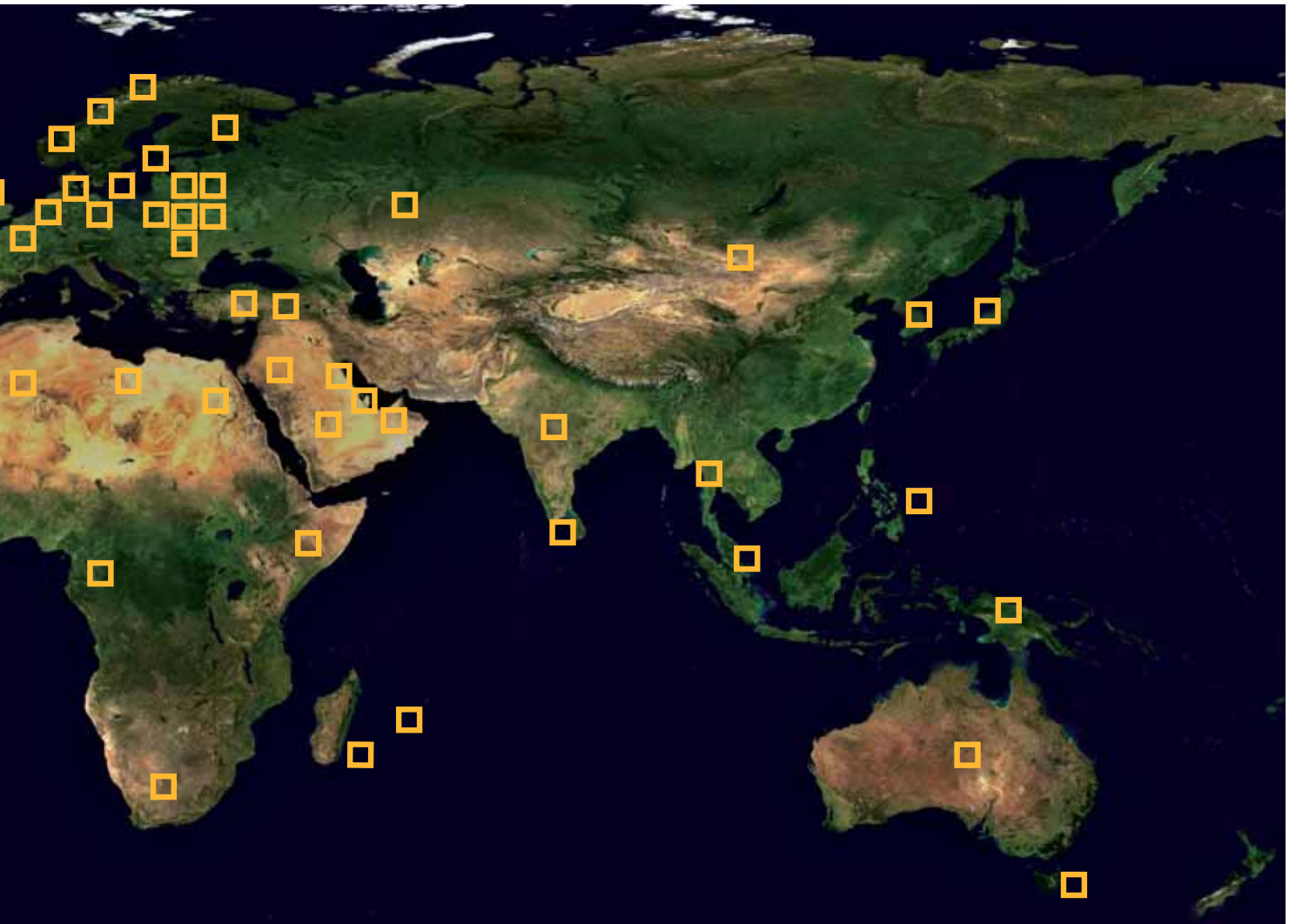
Algeria
Congo
Egypt
Ghana
Kenya
Libya
Mauritius
Morocco
Reunion
Senegal
South Africa

ASIA

China
India
Japan
Kazakhstan
Malaysia
Philippines
Singapore
South Korea
Sri Lanka
Thailand

EUROPE

Austria
Belgium
Croatia
Cyprus
Czech Republic
Czech Republic
Denmark
France
Germany
Greece
Iceland
Ireland
Italy
Netherlands
Norway
Poland
Slovakia



EUROPE (cont'd)

Slovenia
Spain
Sweden
Switzerland
United Kingdom

SOUTH AMERICA

Argentina
Brazil
Chile
Ecuador
Guyana
Martinique
Peru

MIDDLE EAST

Jordan
Kuwait
Lebanon
Qatar
Saudi Arabia
United Arab Emirates

OCENIA

Australia
New Zealand
Papua New Guinea

NORTH AMERICA

Canada
Dominican Republic
Guadeloupe
Haiti
Mexico
United States

Chairman's Statement



On behalf of the Board of Directors of SWS Capital Berhad (formerly known as UDS Capital Berhad) ("the Board"), I am pleased to present you with the annual report and the audited financial statements of the Group and the Company, for the year ended 31 August 2012.

INDUSTRY TREND

2012 was a year of economic uncertainties that severely tested the mettle and the resilience of governments around the world, especially in the United States and Europe. The main challenges in the global economic recession would be the uncertainty of the demand for furniture which is heavily influenced by consumer buying power. The market is now facing product price deflation, the end consumers demand to pay less for their furniture and leather sofas with stagnating incomes. To keep surviving, Malaysia's furniture manufacturers need to adapt and respond quickly in the fast changing global market conditions.



CORPORATE DEVELOPMENT

Since the crisis of 2008, we have been flooded with all sorts of dire forecasts and predictions of financial foreboding from economic and financial wizards. However, SWS Capital Berhad has not been overly distracted by these events and predictions.

The Board continues its best effort to improve operation efficiency and monitor its cash flow position. We stick to the strategy of focusing on core operations and diverting non-core assets. We also continued to stay focus on increasing efficiency and productivity by optimizing cost and reducing the downtime and changeover time of machines. In this challenging year, the management concerted efforts to strengthen market positioning, increase operational competency, maintain strong customer relationship and deliver high quality products continuously.



Chairman's Statement (cont'd)



PERFORMANCE AND FINANCIAL REVIEW

Experience has shown that market opportunities abound when there is economic uncertainty. Global upholstery demand has recovered in the major markets of the United States, Europe and China. Our turnover has increased 26% compared to last financial year, whereby the sales have increased by RM23.1 million from RM89.2 million to RM112.3 million in this financial year.

Although there was an increase in the turnover, but the gross profit percentage has drop from 15.4% to 14.2 % in this financial year. In Year 2012, we faced the raw material cost inflation but unfortunately the market circumstances do not allow us to pass these on at a pace equal to the cost increases faced. With regard to margins, the significant increase in turnover did not contribute to overall profitability. The profit before tax recorded as RM 3.67 million in this financial year. Net profit margin advanced to 3% from 1% compared to last financial year. The improvements

was attributable to the gain from the disposal of PPE which amounting to RM1.5 million and gain on fair value adjustments for PPE which amounting to RM1.49 million.

PROSPECTS

The Group will continue to face many challenges managing raw material input cost and rising of labour costs. To mitigate the increases in input costs, the Group will strive to further improve efficiency from the higher turnover and mass production system in place. The Group, nevertheless, remains committed to perform better and is confident of achieving attractive position in the market in terms of quality, pricing, on-time delivery, and a wide range of product varieties. Every effort would be made to mitigate risks and further increase operational efficiency in positioning our core business for growth opportunities.

The Group will continue to pursue increased market share, especially in

the Asia and North American market, without neglecting our key markets of Europe and Middle East. For that reason, we shall aim to develop regional production and supply chains; expanding market access and production of own design and brand furniture. It is also important to recognise that our focus in the industry should now be centered upon product development, quality and creativity as well as after sales service.

DIVIDENDS

The Board does not recommend any payment of dividends in respect of the financial year ended 31 August 2012.



APPRECIATION

I would like to express my sincere appreciation to fellow Board members for their support and contributions. In particular, reference should be made as regards the appointments of Mr. Piong Yew Peng as Independent Non-Executive Director whose expertise and vast experience should provide valuable contributions to the Board.

On behalf of the Board, I wish to thank the Management Team and the Group's employees for their dedication and commitment. With consistent management efforts, the Group should be able to achieve better results in the coming financial year.

**Last but not least,
I would like to
extend my gratitude
to our valued
customers, suppliers,
shareholders,
financiers, business
associates, consultants
and the relevant
public authorities
who have worked
consistently with the
Group to achieve the
desired goals.**

Neo Tiam Hock
Executive Chairman
03 January 2013



Board of Directors' Profile

Neo Tiam Hock

Malaysian, aged 66,
Executive Chairman

Neo Tiam Hock (Executive Chairman), aged 66, a Malaysian, was appointed as the Executive Director on 30th November 2003. He is the founder of SWS. He has more than 45 years of experience and expertise in the furniture industry, which has helped the Group in the growth of its upholstered furniture division. He is responsible for the overall business operation of the Group. He also sits on the board of a few private limited companies. Mr. Neo Tiam Hock is the father of Mr. Neo Chee Kiat who is also a major shareholder of the Company.

Neo Chee Kiat

Malaysian, aged 42,
Managing Director

Neo Chee Kiat (Managing Director), aged 42, a Malaysian, was appointed as the Managing Director on 30th November 2003. He assisted his father in the day-to-day marketing and sofa operation of Kim Seng sole proprietorship business in 1988 and later he joined SWS as a Director. With more than 21 years experience in the manufacturing of sofa furniture, he has steered SWS from a small-scale manufacturer to being one of the major sofa manufacturers and exporters in Malaysia. He is responsible for the overall business planning and marketing strategy of the Group. He is the Vice President of the Federation of Johor Furniture Manufacturers and Traders Association, Vice President of the Malaysian Furniture Industry Council and the Secretary General of the Muar Furniture Association. He also sits on the board of a few private limited companies. Mr. Neo Chee Kiat is the eldest son of Mr. Neo Tiam Hock who is also a major shareholder of the Company.

Piong Yew Peng

Malaysian, aged 42,
Independent Non-Executive Director

Piong Yew Peng (Independent Non-Executive Director), aged 42, a Malaysian, was appointed as the Non-Executive Director on 10th April 2012 and is presently Chairman of the Audit Committee and a member of the Nomination Committee and Remuneration Committee. He obtained his Bachelor of Business (Accounting) from RMIT University, Melbourne, Australia. He is also a member of CPA Australia and member of Malaysian Institute of Accountants. He has no family relationship with any other Directors or major shareholders of the Company.



Leather Upholstery Manufacturing





Paper Lamination



Veneer Lamination

Hj. Ismail Bin Tunggak

Malaysian, aged 62,
Independent Non-Executive Director

Hj. Ismail Bin Tunggak @ Hj Ahmad (Independent Non-Executive Director), aged 62, a Malaysian, was appointed as the Independent Non-Executive Director on 30th November 2003 and is presently the Chairman of the Nomination Committee and a member of Audit Committee and Remuneration Committee. He was the Head of POS Malaysia & Services Holdings Berhad (previously known as Jabatan Perkhidmatan POS / POS Malaysia Bhd.), Bukit Pasir from 1976 to 1983 and Sungai Mati from 1983 to 1987. He was the Penghulu of Mukim Sri Menanti from 1987 to 1997 and of Mukim Tangkak from 1997 to 2002 before holding the post of Penghulu of Mukim Parit Bakar since 2002. He is also a committee member of several government agencies. He sits on the board of Muar Ban Lee Group Berhad which is listed on the Main Market of BMSB. He has no family relationship with any other Directors or major shareholders of the Company.

Anthony Na Hai Sir

Malaysian, aged 41,
Independent Non-Executive Director

Anthony Na Hai Sir (Independent Non-Executive Director), aged 41, a Malaysian, was appointed as the Independent Non-Executive Director of UDS on 25th April 2012 and is presently the Chairman of the Remuneration Committee and a member of Audit Committee and Nomination Committee. He holds a diploma in Electronic Engineering. He has more than 19 years of experience in the field of car marketing. He started his occupation as sales executive with Ang Trading and Motor Credit Sdn. Bhd. from 1991 to 2000. He then joined Nate Auto Trading as Sales Manager and currently he is a partner of the firm. He has no family relationship with any other Directors or major shareholders of the Company.



Conflict of interest

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

Conviction of offence

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



Profit
Before
Tax

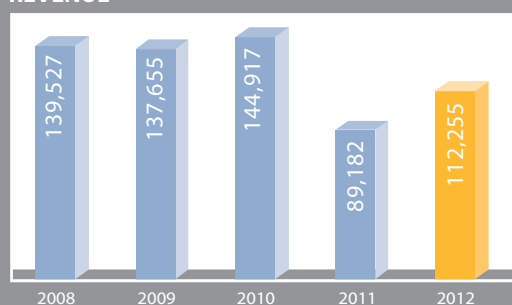
For FY 2012

RM3,671,272

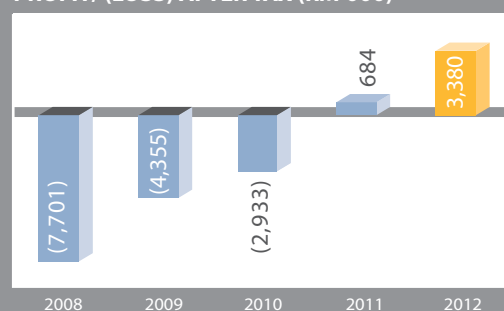
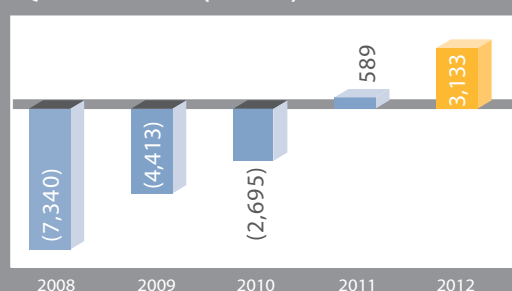
Financial Highlights

Five Years Financial Highlights	2012 RM'000	2011 RM'000	2010 RM'000	2009 RM'000	2008 RM'000
REVENUE	112,255	89,182	144,917	137,655	139,527
PROFIT/ (LOSS) BEFORE TAX	3,671	915	(3,132)	(4,371)	(8,705)
PROFIT/ (LOSS) AFTER TAX	3,380	684	(2,933)	(4,355)	(7,701)
NET PROFIT/ (LOSS) ATTRIBUTABLE TO EQUITY HOLDERS	3,133	589	(2,695)	(4,413)	(7,340)
SHAREHOLDERS' FUND	57,246	54,113	53,600	56,296	60,709
EARNINGS/ (LOSS) PER SHARE (EPS)	2.50	0.47	(2.13)	(3.49)	(6.09)
NET ASSETS PER SHARE	0.47	0.45	0.44	0.47	0.50

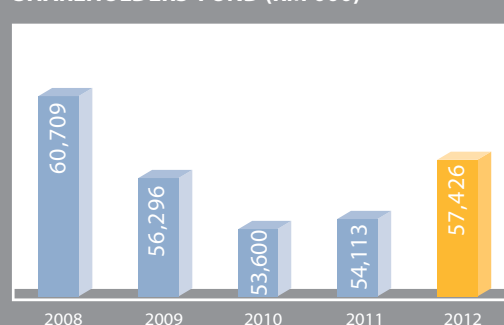
REVENUE



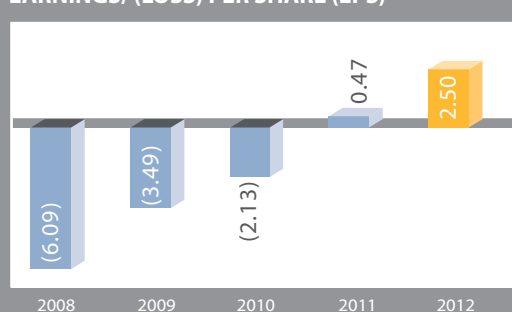
PROFIT/ (LOSS) AFTER TAX (RM'000)

NET PROFIT/ (LOSS) ATTRIBUTABLE TO
EQUITY HOLDERS (RM'000)

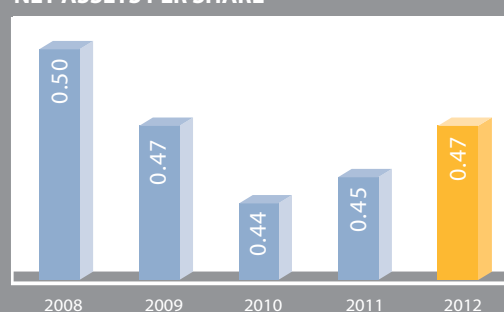
SHAREHOLDERS' FUND (RM'000)

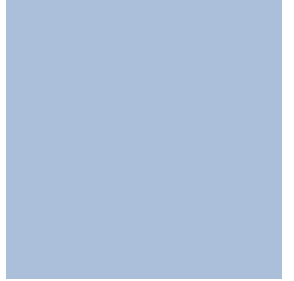
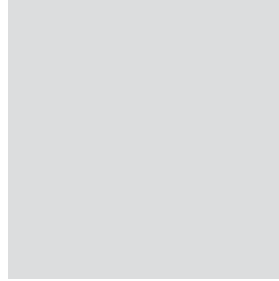
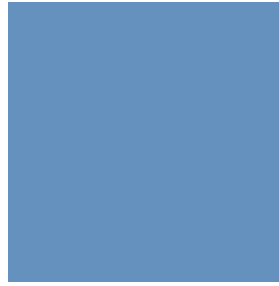


EARNINGS/ (LOSS) PER SHARE (EPS)

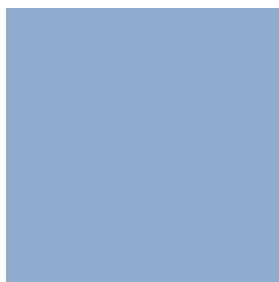
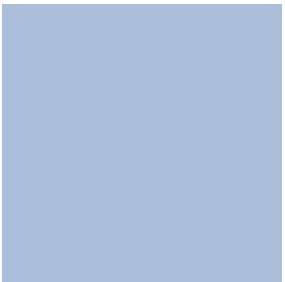


NET ASSETS PER SHARE





SWS Capital Berhad



Statement of Corporate Governance

The Board of the Company is committed to ensure that the highest standards of corporate governance are observed throughout the Group so that the affairs of the Group are conducted with integrity, transparency and professionalism with the objective of safeguarding shareholders' investment as well as the interests of other stakeholders.

The Board, to the best of its knowledge, has applied the principles and the extent to which it has complied with the Best Practices as set out in part 1 and part 2 of the Malaysian Code on Corporate Governance (Revised 2007) ("the Code") throughout the financial year ended 31 August 2012.

DIRECTORS

1) The Board and Board Balance

The Board consists of five members comprising two executive directors and three non-executive directors. Three of the five directors are independent directors. The Board has complied to the Main Market Listing Requirements of BMSB that at least two or one-third of the Board, whichever is higher, consists of independent directors.

To ensure that there is a balance of power and authority, the Executive Chairman is responsible for ensuring the effective conduct of the Board, monitoring quarterly results so as to meet its corporate goals and objectives. The Managing Director with the assistance of the Executive Directors, are responsible for the day to day management of the business as well as implementation of Board policies and decisions.

In accordance with the requirements of the Code, An Independent Non-Executive Director was appointed as the Chairman of the Audit Committee to deal with issues regarding the Company where the same may not be appropriately dealt with by the Company. The role of the Independent Non-Executive Directors are particularly important as they provide robust and independent view, advice and true and fair judgement which take into account the long term interest, not only of the Group but also of shareholders, employees and other stakeholders of the Company.

2) Attendance at Meetings

The Board held a total of four meetings during the financial year. The details of attendance are as follows:-

Director	Attendance
Executive Directors	
Neo Chee Kiat	5 of 5
Neo Tiam Hock	5 of 5
Non-Executive Directors	
Hj. Ismail Bin Tunggak @ Hj Ahmad	4 of 5
Anthony Na Hai Sir	5 of 5
Koh Ru Ching (resigned on 10th April 2012)	3 of 3
Piong Yew Peng (appointed on 10th April 2012)	2 of 2

Statement of Corporate Governance (cont'd)

DIRECTORS (cont'd)

3) Supply of Information

The Board recognizes that the decision making process is highly dependent on the quality of information furnished. As such, Board members have full and unrestricted access to all information pertaining to the Group's business and affairs. All Directors are provided with an agenda and a set of Board papers prior to each Board meeting. This allows the Directors to obtain further explanations and clarifications, where necessary, in order to be properly briefed before each meeting. The Directors have access to the advice and service of the Company Secretary and where necessary, obtain independent professional advice at the Company's expense in the furtherance of their duties. The Company Secretary's role is to ensure that the Board's policies, procedures and any statutory and regulatory requirements pertaining to a director's duties and responsibilities are complied with and all proceedings of the Board are recorded in writing for the effective functioning of the Board.

4) Appointment and Re-election

In accordance with the Company Articles of Association, directors who are appointed by the Board to fill a casual vacancy shall hold office only until the next Annual General Meeting ("AGM") and shall then be eligible for re-election. The Articles also provide that one-third or the number nearest to one-third of the directors shall retire from office at every AGM and if eligible, may offer themselves for re-election. Each director shall retire from office at least once in every three years in compliance with the Code.

5) Directors' Training

The Board oversees the training needs of its Directors. Directors are regularly updated on the Group's businesses and the competitive and regulatory environment in which they operate. Directors, especially newly appointed ones, are encouraged to visit the Group's operating centers to have an insight on the operations which would assist the Board to make effective decisions. All Board members have attended and completed the Mandatory Accreditation Programme as required by BMSB. Directors are encouraged to attend various external professional programmes deemed necessary to ensure that they are kept abreast on various issues facing the changing business environment within which the Group operates, in order to fulfill their duties as Directors. The details of relevant training attended by each director are disclosed in the Audit Committee Report herein.

The details of the relevant training sessions attended by each director during the current financial year are as follows:-

Training programmes attended	Date
Neo Tiam Hock	
2012 Budget Seminar	19-Oct-11
National Tax Seminar 2011	03-Nov-11
Seminar on Preparing your first MFRS quarterly report	17-Apr-12
Neo Chee Kiat	
2012 Budget Seminar	19-Oct-11
Power of Change	16-Aug-12 to 18-Aug-12

Statement of Corporate Governance (cont'd)

DIRECTORS (cont'd)

5) Directors' Training (cont'd)

Training programmes attended	Date
Piong Yew Peng Public Practice Programme Merger & Affiliation Seminars 2012	03-Apr-12 & 04-Apr-12 23-July-12
Hj Ismail Bin Tunggak @ Hj Ahmad National Tax Seminar 2011 Seminar on Preparing your first MFRS quarterly report	03-Nov-11 17-Apr-12
Anthony Na Hai Sir 2012 Budget Seminar National Tax Seminar 2011	19-Oct-11 03-Nov-11

6) Nomination Committee

The Nomination Committee was established by the Board on 25th October 2004, comprising three Independent Non-Executive Directors.

The members are :

Chairman	: Hj. Ismail Bin Tunggak @ Hj. Ahmad (Independent Non-Executive Director)
Member	: Piong Yew Peng (Independent Non-Executive Director) (<i>appointed on 10th April 2012</i>) Anthony Na Hai Sir (Independent Non-Executive Director) Koh Ru Ching (Independent Non-Executive Director) (<i>resigned on 10th April 2012</i>)

The committee's key functions are to nominate and recommend candidates to the Board, to consider candidates for directorship proposed by the Directors or shareholders and to recommend membership of Board Committees. Its other responsibilities include the review of the structure, size and composition of the Board, including the ongoing effectiveness of the Board as a whole and the committees of the Board, and the contributions of each Director towards the effective functioning of the Board.

7) Remuneration Committee

The Remuneration Committee was established on 25th October 2004, comprising three Independent Non-Executive Directors. The committee's primary responsibility is to recommend to the Board, the remuneration of Directors (executive and non-executive) in all its forms, drawing on outside advice if necessary. Nevertheless, the determination of remuneration packages of Directors is a matter for the Board as whole and individuals are required to abstain from discussion of their own remuneration.

The members are:

Chairman	: Anthony Na Hai Sir (Independent Non-Executive Director)
Member	: Hj. Ismail Bin Tunggak @ Hj. Ahmad (Independent Non-Executive Director) Piong Yew Peng (Independent Non-Executive Director) (<i>appointed on 10th April 2012</i>) Koh Ru Ching (Independent Non-Executive Director) (<i>resigned on 10th April 2012</i>)

Statement of

Corporate Governance (cont'd)

DIRECTORS (cont'd)

8) Audit Committee

The Audit Committee was established on 22nd December 2003. The Board has on 25th April 2008, resolved to adopt the Revised Terms of Reference for the committee to carry out its responsibilities and functions. The Terms of Reference are disclosed in the Audit Committee Report herein.

DIRECTORS' REMUNERATION

The determination of remuneration packages of the Directors are matters for the Board as a whole. The remuneration of the Directors is determined at levels which enable the Company to attract and retain Directors with the relevant experience and expertise to govern the Group effectively.

The Board reviews the remuneration of the Directors annually upon recommendation from the Remuneration Committee whereby the respective Executive Directors are abstained from discussions and decisions on their own remuneration.

The details of the Directors' remuneration for the financial year under review are disclosed in Note 10 to the Financial Statement herein.

The Board has considered the Code's principles B III requiring the disclosure of details of the remuneration of each Director against the backdrop of compliance with a related disclosure required under the Main Market Listing Requirements of the BMSB, that is, the disclosure of an analysis of Directors' remuneration by application bands of RM50,000. The Board is of the view that the transparency and accountability aspects of corporate governance as applicable for Directors' Remuneration are adequately served by the "band disclosures" made.

POLICY ON ASSESSING THE INDEPENDENCE OF DIRECTORS

An independent director is a non-executive director who is not a member of management and who is free of any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the independent exercise of their judgement.

It is the Board's policy that in determining a director's independence the Board considers the relationships which may affect independence as follows:

When determining the independent status of a director the Board should consider whether the director:

- 1) is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- 2) is employed, or has previously been employed in an executive capacity by the Company or another group member, and there has not been a period of at least 3 years between ceasing such employment and serving on the Board;
- 3) has within the last 3 years been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
- 4) is a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or
- 5) has a material contractual relationship with the Company or another group member other than as a director. Family ties and cross directorships may be relevant in considering interests and relationships which may affect independence, and should be disclosed by the Board.

Statement of

Corporate Governance (cont'd)

POLICY ON ASSESSING THE INDEPENDENCE OF DIRECTORS (cont'd)

The tenure of an independent director should not exceed a cumulative term of nine years. Upon completion of the nine years, an independent director may continue to serve on the board subject to the director's re-designation as a non-independent director. The board must justify and seek shareholders' approval in the event it retains as an independent director, a person who has served in that capacity for more than nine years.

RELATIONSHIP WITH SHAREHOLDERS

The Board acknowledges the need for shareholders to be informed of all material business and corporate development affecting the Group. The timely release of quarterly and annual financial results of the Group and the issue of the Company annual report provide regular information on the state of affair of the Group. These, together with announcements to the BMSB, circulars to shareholders are the principal channels for dissemination of information to shareholders, investors and the public in general. Information on the Group is also available on the Company website: www.swscap.com.

Annual General Meeting presents the main venue for communication between the shareholders and the Company. Shareholders are encouraged to attend and participate at the meeting. Shareholders who are unable to attend are allowed to appoint proxies. Members of the Board as well as the external auditors of the Company are present to provide responses to questions from the shareholders during this meeting. The Board has appointed Mr. Piong Yew Peng as a Senior Independent Non-Executive Director to whom concerns may be conveyed.

ACCOUNTABILITY AND AUDIT

1) Financial Reporting

The Board is responsible to present a balanced, clear and comprehensive assessment of the Group's financial performance and prospects through the quarterly and annual financial statements to shareholders. The Board and the Audit Committee have to ensure that the financial statements are drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. The Board considers that in preparing the financial statements and announcements, the Group has used appropriate accounting policies and standards, consistently applied and supported by reasonable judgments and estimates.

2) Internal Control

The Board acknowledges its responsibility for establishing a sound system of internal control to safeguard shareholders' investment and the Group's assets, as well as to provide reasonable assurances on the reliability of the financial statements. In addition, equal priority is given to financial controls, operational and compliance controls as well as risk management. While the internal control system is devised to cater to the particular needs of the Group and the risk, such controls by their nature can only provide reasonable assurance but not absolute assurance against unintended material misstatement or loss.

The Group has in place an on-going process for identifying, evaluating, monitoring and managing the significant risks affecting the Group. The Board reviews the adequacy and integrity of the Group's system of internal controls on a continuous basis.

3) Relationship with Auditors

The Company maintains a transparent relationship with the auditors in seeking their professional advice and towards ensuring compliance with the accounting standards.

The Audit Committee met with the auditors without the presence of the Executive Directors twice during the current financial year.

Audit Committee

Report

The Audit Committee (“the Committee”) was established by the Board as the prime body to ensure a high standard of corporate responsibility, integrity and accountability to shareholders.

The Committee members, of whom all are Independent Non-Executive (and their respective designations) who have served during the current financial year are as follows:-

Member	Designation
Piong Yew Peng (appointed on 10th April 2012)	Chairman
Hj Ismail Bin Tunggak @ Hj Ahmad	Member
Anthony Na Hai Sir	Member
Koh Ru Ching (resigned on 10th April 2012)	Member

TERMS OF REFERENCE

1) Objectives

The principal objective of the Committee is to assist the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the Group. In addition, the Committee shall also oversee compliance with laws and regulations and observance of a proper code of conduct.

2) Composition

The member of the Committee shall be appointed by the Board from amongst the Directors and shall consist of not fewer than three members, of whom a majority shall be independent directors and all members shall be Non-Executive Directors.

All members of the Committee shall be financially literate and at least one member of the Committee must fulfill the Paragraph 15.09(1)(c) of the Main Market Listing Requirements of BMSB.

The members of the Committee shall elect a Chairman from amongst their number who shall be an Independent Director. No alternate director shall be appointed as a member of the Audit Committee. Any vacancy which affects the composition must be filled up within three months.

3) Authority

The Committee is authorized by the Board to investigate any activities within its terms of reference and shall have unlimited access to external auditors as well as the employees of the Group. All employees are directed to co-operate with any request made by the Committee.

The Committee shall have the authority to obtain independent legal or other professional advice as it considers necessary.

It shall also have the power to establish Sub-Audit Committee to carry out certain investigations on behalf of the Committee and such manner, as the Committee shall deem fit and necessary.

Audit Committee

Report

 (cont'd)

TERMS OF REFERENCE (cont'd)

4) Meetings

The Committee shall meet at least four times in a year, and such additional meetings as the Chairman shall decide in order to fulfill its duties. The agenda for the Committee meetings shall be circulated before each meeting to members of the Committee. Upon request of any of its members or the internal or external auditors, the Chairman of the Committee shall convene a meeting of the Committee.

The Chairman of the Committee should engage, on a continuous basis, with senior management and the external auditors in order to be kept informed of matters affecting the Company.

5) Quorum

The quorum for the Committee meeting shall consist of two members of whom the majority of the members present shall be Independent Directors.

6) Attendance at Meetings

The Company Secretary shall be the Secretary of the Committee and shall be responsible for the coordination of administrative details including sending out notice of meetings, preparing and keeping minutes of meetings. The minutes of the Committee meetings are to be extended to the Board.

The head of finance, a representative of the outsourced internal auditors and a representative of the external auditors shall normally attend meetings. The Committee may invite any person to be in attendance to assist in its deliberations. Other Board members may attend meetings upon the invitation of the Committee. The Committee shall meet with the external auditors without executive board members present at least twice a year.

7) Duties and activities

The duties and responsibilities of the Committee shall be as follows and will cover the Company and its subsidiaries:

- Review and assess the adequacy and effectiveness of the system of internal control and accounting control procedures by reviewing the external auditors' management letters and management response.
- Consider the appointment of external auditors, their terms of appointment and reference and any questions of resignation or dismissal.
- Review the adequacy of the scope, functions, competency, resources of the internal audit functions and that it has the necessary authority to carry out its work.
- Review the quarterly results and year-end financial statements prior the Board's approval, focusing particularly on :
 - (I) any changes in or implementation of major accounting policies and practices.
 - (II) significant adjustments and unusual events arising from the audit.
 - (III) the going-concern assumption.
 - (IV) compliance with accounting standards, Main Market Listing Requirements of BMSB and other legal requirements.

Audit Committee

Report (cont'd)

TERMS OF REFERENCE (cont'd)

7) Duties and activities (cont'd)

- Review any related party transactions and conflict of interests situation that may arise within the Group including any transaction, procedure or course of conduct that raises question of management integrity.
- Review with the external auditors the nature and scope of their audit plan, prior to the commencement of audit work.
- Discuss the problems and reservations arising from the interim and final audits and any matter the external auditors may wish to discuss.
- Review the assistance and co-operation given by the officers of the Group to the external auditors.
- Report promptly to BMSB if it is of the view that a matter reported by it to the Board not been satisfactorily resolved resulting in breach of the Main Market Listing Requirements of BMSB.
- Carry out any other functions as may be determined by the Board from time to time.

MEETING AND ATTENDANCE

The Committee held a total of four meetings during the financial year under review. The details of attendance are as follows:-

Member	Attendance
Piong Yew Peng (appointed on 10th April 2012)	2 of 2
Koh Ru Ching (resigned on 10th April 2012)	3 of 3
Hj Ismail Bin Tunggak @ Hj Ahmad	4 of 5
Anthony Na Hai Sir	5 of 5

Audit Committee

Report

 (cont'd)

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

The Board of Directors acknowledges that it is responsible for maintaining a sound system of internal controls which 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 to safeguard shareholders' investment and the Group's assets.

The Company has engaged an independent professional risk management company ("internal auditors") to assist the Company to strengthen its internal audit processes during the financial year. The internal auditors are engaged to provide independent assessments on the adequacy and effectiveness of the risk management, internal control and governance processes within the Group.

An overview of the Group's approach in maintaining a sound system of Internal Control is set out in the Statement on Internal Control on page 26 to 28 of the Annual Report.

SUMMARY OF ACTIVITIES FOR THE FINANCIAL YEAR

During the financial year under review, the activities of the Committee included the following:-

- Reviewed and discussed the memorandum of matters and issues raised by the external auditors and management's response to all pertinent issues and findings raised and noted by the external auditors during their audit of the financial statements, together with recommendations in respect of their findings.
- Reviewed the audit planning memorandum prepared by the external auditors covering audit objectives and approach, audit plan, key audit area and relevant technical pronouncements and accounting standards.
- Reviewed the interim unaudited and annual audited financial statements of the Group prior to recommending for approval by the Board.
- Reviewed and discussed the Audit Committee Report and Statement on Internal Control for inclusion in the annual report.
- Reviewed the internal audit report.
- Briefed the Board on any major issues discussed at the Committee meeting for further deliberation or decision as the case may be.
- Reviewed the related parties transactions that arose within the Company or the Group.
- Considered the nomination of external auditors for recommendation to the Board for re-appointment.

Statement on Internal Control

INTRODUCTION

The Board is committed to maintain a sound system of internal control to safeguard shareholders' investment and Group's assets. In compliance with Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (BMSB) and the Statement on Internal Control: Guidance for Directors of Public Listed Companies issued by the Institute of Internal Auditors Malaysia, the Board is pleased to provide the following statement, on the nature and scope on internal control of the Group for the financial year ended 31 August 2012.

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility for the adequacy and integrity of the Group's system of internal control including the review of its effectiveness and establishment of an appropriate control environment and framework. The internal control system covers risk management, financial, operational, management information systems and compliance with relevant laws, rules, directives and guidelines.

The responsibilities of the Board in relation to the system extend to all subsidiaries of the Group. The system of internal control is designed to ensure that the risks encountered by the Group's business in pursuit of its objectives are identified and managed at known and acceptable levels. However, due to the limitation that are inherent in any system of internal control, this system is designed to manage, rather than eliminate, the risk of failure and therefore can only provide reasonable and not absolute assurance against material misstatement, loss and fraud.

The Group continues to take measures of the adequacy and integrity of the system of internal control. The evaluation and management of significant risk are reviewed on a regular basis by the Audit Committee and the Board.

SYSTEM OF INTERNAL CONTROL

The Group maintains a system of internal control that serves to safeguard its assets; identify and manage risk; ensure compliance with statutory and regulatory requirements; and to ensure operational results are closely monitored and substantial variances are promptly explained.

Salient features of the internal control system framework are as follows:

- * Operating procedures that set out the policies, procedures and practices adopted by the Group are properly documented and communicated to staff member so as to ensure clear accountabilities. The effectiveness of internal control procedures are subject to continuous assessments, reviews and improvements.
- * The organisational structure is well defined; with clear line of responsibilities and delegation of authorities. Key responsibilities are properly segregated.
- * The Board meets regularly and is kept updated on the Group's activities and operations and significant changes in the business and external environment, if any, which may result in significant risks.
- * Financial results are reviewed quarterly by the Board and the Audit Committee.
- * Executive Directors and Head of Departments meet regularly to discuss operational, corporate, financial and key management issues.

Statement on Internal Control

(cont'd)

SYSTEM OF INTERNAL CONTROL (cont'd)

- * An effective reporting system, which provides for a documented and auditable trail of accountability to ensure timely generation of information for management review, has been put in place.
- * There are guidelines within the Group for hiring and termination of staff. Appointment of staff is based on the required level of qualification, experience and competency to fulfil their responsibilities. Training and development are provided for selected employees to enhance their competency in carrying out their responsibilities.
- * A formal employee appraisal to evaluate and measure employee's performance and their competency is performed at least once a year;

INTERNAL AUDIT FUNCTION

The internal audit function has the primary objective of carrying out reviews of the system of internal control to determine if the internal control procedures have been complied with as well as to make recommendations to strengthen the system of internal control so as to foster a strong management control environment.

The Board is fully aware of the importance of the internal audit function and outsourced its internal audit function to an independent professional service provider ("Internal Auditors"). The Internal Auditors report directly to the Audit Committee and assist the Audit Committee in discharging its duties and responsibilities. The internal audit team provides an independent assessment on the adequacy and effectiveness of the Group's internal control system. The internal audit focuses on regular and systematic reviews of the financial systems and operational internal control, in anticipating potential risk exposures over key business processes.

The internal auditors adopt a risk-based approach by focusing on:

- reviewing identified high risk areas for compliance with control policies and procedures; identifying business risks which have not been appropriately addressed; and
- evaluating the adequacy and integrity of controls.

The internal auditors carry out audit assignment based on an audit plan that is reviewed and approved by the Audit Committee. The reports of the audits undertaken were forwarded to the Audit Committee for deliberation and approval.

The activities undertaken by the internal auditors during the financial years are as follow:

- Purchasing and Payables System
- Sales and Receivables System
- Inventory Management System
- Human Resource and Payroll System

Statement on Internal Control (cont'd)

INTERNAL AUDIT FUNCTION (cont'd)

The internal auditors have documented key findings from the internal audit carried out. They have discussed with key personnel on the recommendation for internal control improvement and provided the Audit Committee with independent and objective reports on the state of the internal control and recommendations for improvements of the various operating units within the Group.

The expenditure incurred for the internal audit function for the current financial year was RM22,260.

CONCLUSION

The Board is of the view that the system of internal control that had been implemented within the Group is sound and effective. The internal control procedures will be reviewed continuously in order to improve and strengthen the system to ensure ongoing adequacy, integrity and effectiveness so as to safeguard the Group's assets and shareholders' investments.

There were no material losses incurred during the financial year under review as a result of weaknesses in internal control. The management continues to take measures to strengthen the control environment.

This statement is made in accordance with a resolution of the Board of Directors.

REVIEW OF STATEMENT BY EXTERNAL AUDITOR

In accordance with the Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement on Internal Control and reported that nothing has come to their attention that causes them to believe that the contents of this Statement is inconsistent with their understanding of the actual processes carried out in the Group.

Other Disclosure Requirements

UTILISATION OF PROCEEDS

No proceeds were raised by the Company during the financial year.

SHARE BUYBACKS

The Company has not engaged in any share buybacks arrangement during the financial year.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

The Company has not granted any options, warrants or convertible securities to any parties to take up unissued shares in the Company during the financial year other than those disclosed in the Directors' Report.

AMERICAN DEPOSITORY RECEIPT (ADR) OR GLOBAL DEPOSITORY RECEIPT (GDR) PROGRAMME

The Company has **not sponsored** any ADR or GDR programme during the financial year.

SANCTIONS AND/ OR PENALTIES

There were no public sanctions and/or penalties imposed on the Company or its subsidiaries, Directors or management arising from any significant breach of rules/guidelines by the relevant regulatory bodies during the financial year.

NON-AUDIT FEES

There is no non-audit fees paid to the external auditors.

VARIATION IN RESULTS

There was no material variation between the audited results for the financial year and the unaudited results previously announced.

PROFIT GUARANTEE

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

Other Disclosure

Requirements (cont'd)

MATERIAL CONTRACTS

The Company has not entered into any material contracts with any Directors or substantial shareholders of the Company nor any persons connected to a Director or major shareholder of the Company during the financial year.

RECURRENT RELATED PARTY TRANSACTIONS

Details of the recurrent related party transactions undertaken by the Group during the financial year are disclosed in Note 28 of the Financial Statements herein.

COMPLIANCE WITH THE CODE

In the opinion of the Board, the Company is in compliance with the best practices as set out in the Code save for the details of the remuneration of each Director as stated in Statement of Corporate Governance. The Board will continue to promote and improve excellence in corporate conduct within the Company and the Group.

Statement of Corporate Social Responsibility

The Group recognizes the importance of fulfilling its corporate social responsibility towards the betterment of community, environment and workplace of its employees.

COMMUNITY

As an integral part of the communities in which we operate, the Group continues its effort in caring for the people in need, actively participating in and supporting different charity projects. During the year, the Group has contributed to various charity organizations around the towns which we have been operating in.

ENVIRONMENT

The Group is supportive of all efforts to reduce or dispose wastage properly and to optimize efficiency in our operations. Employees are encouraged to participate in environmental activities and to develop keen awareness in the areas of concern. The Group ensured compliance with all environment laws and regulations. It continues to work closely with regulators and industry partners in providing technical expertise and support to identify areas of improvement for resources and waste management in our ground operations and offices. Measures taken include recycling waste materials and usage of electrical instead of fuel consumed forklift.

WORKPLACE

The Group's success comes from people. The Group strives to ensure a creation of a safe and healthy working environment for its employees to work in. Our Occupational Safety and Health Committee are encouraged to invite qualified consultants or professionals to conduct testing and training to further improve the workplace and welfare of employees. The activities include regular fire drills training, health inspection and fire fighting equipment inspection.

Statement of Directors' Responsibility

The Directors are responsible for the preparation of financial statements for each financial year. They are reasonable for ensuring that these financial statements give a true and fair view of the state of affairs of the Group and the Company and the results and cash flow for the financial year then ended.

The financial statements are prepared in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia.

In preparing the financial statements, the Directors have selected appropriate accounting policies and applied them consistently.

They have general responsibilities for taking such steps as are reasonably available to them to safeguard the assets of the Group and the Company, to prevent and detect fraud and other irregularities.

The Group's success comes from people. The Group strives to ensure a creation of a safe and healthy working environment for its employees to work in. Our Occupational Safety and Health Committee are encouraged to invite qualified consultants or professionals to conduct testing and training to further improve the workplace and welfare of employees. The activities include regular fire drills training, health inspection and fire fighting equipment inspection.



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Directors'

Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 August 2012.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are described in Note 14 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

RESULTS

	Group RM	Company RM
Profit/(loss) net of tax	3,379,619	(3,638,404)
Profit/(loss) attributable to:		
Owners of the parent	3,133,144	(3,638,404)
Non-controlling interests	246,475	-
	3,379,619	(3,638,404)

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

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

DIVIDENDS

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

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Neo Tiam Hock
 Neo Chee Kiat
 Hj Ismail Bin Tunggak @ Hj Ahmad
 Anthony Na Hai Sir
 Koh Ru Ching (*resigned on 10 April 2012*)
 Piong Yew Peng (*appointed on 10 April 2012*)

Directors'

Report

 (cont'd)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefit included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with any 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, except as disclosed in Note 28 to the financial statements.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares of RM0.50 each			31.8.2012
	1.9.2011	Bought	Sold	
Direct interest -				
Neo Tiam Hock	11,336,896	-	-	11,336,896
Neo Chee Kiat	10,858,210	-	-	10,858,210
Indirect interest -				
Neo Tiam Hock	25,290,518	-	-	25,290,518
Neo Chee Kiat	12,969,000	-	-	12,969,000

Directors'

Report (cont'd)

DIRECTORS' INTERESTS (cont'd)

	1.9.2011	Number of warrants		31.8.2012
		Bought	Sold	
Direct interest -				
Neo Tiam Hock	431,149	-	-	431,149
Neo Chee Kiat	68	-	-	68
Indirect interest -				
Neo Tiam Hock	952	-	-	952

By virtue of their interest in shares in the Company, Neo Tiam Hock and Neo Chee Kiat are also deemed interested in shares in all the subsidiaries to the extent that the Company has an interest.

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

OTHER STATUTORY INFORMATION

- (a) 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:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) if necessary to write off any bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

Directors'

Report

 (cont'd)

OTHER STATUTORY INFORMATION (cont'd)

- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 20 Dec 2012.



Neo Tiam Hock



Neo Chee Kiat

Statement by Directors'

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

We, Neo Tiam Hock and Neo Chee Kiat, being two of the directors of SWS Capital Berhad (formerly known as UDS Capital Berhad), do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 10 to 73 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 August 2012 and of their financial performance and cash flows for the year then ended.

The information set out in Note 36 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

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



Neo Tiam Hock



Neo Chee Kiat

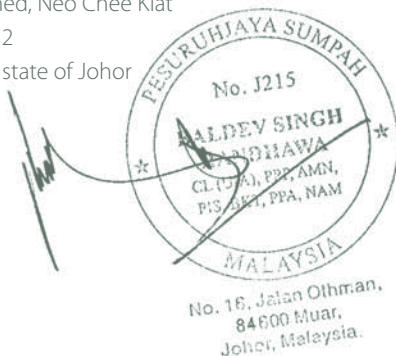
Statutory Declaration

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

I, Neo Chee Kiat, being the director primarily responsible for the financial management of SWS Capital Berhad (formerly known as UDS Capital Berhad), do solemnly and sincerely declare that the accompanying financial statements set out on pages 10 to 74 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed, Neo Chee Kiat
on 24 Dec 2012
at Muar in the state of Johor

Before me,




Neo Chee Kiat

Independent Auditors' Report

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of SWS Capital Berhad (formerly known as UDS Capital Berhad), which comprise the statements of financial position as at 31 August 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 year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 73.

Directors' responsibility for the financial statements

"The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine 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 judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Independent

Auditors' Report

 (cont'd)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (c) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

OTHER MATTERS

The supplementary information set out in Note 36 on page 74 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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



Ernst & Young
AF: 0039
Chartered Accountants

Melaka, Malaysia
Date: 20 Dec 2012



Lee Ah Too
2187/09/13(J)
Chartered Accountant

Statements of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2012

	Note	2012 RM	Group 2011 RM	2012 RM	Company 2011 RM
Revenue	4	112,254,913	89,181,722	345,283	226,000
Cost of sales	5	(96,314,484)	(75,412,625)	-	-
Gross profit		15,940,429	13,769,097	345,283	226,000
Other income	6	4,633,343	3,279,984	-	-
Other items of expense					
Administrative expenses		(10,099,133)	(8,710,962)	(375,557)	(288,746)
Selling and distribution expenses		(5,149,580)	(4,887,768)	-	-
Other expenses		(446,323)	(1,477,844)	(3,608,130)	(2,550,000)
Finance costs	7	(1,207,464)	(1,057,248)	-	-
Profit/(loss) before tax	8	3,671,272	915,259	(3,638,404)	(2,612,746)
Income tax expense	11	(291,653)	(230,928)	-	-
Profit/(loss) net of tax, representing total comprehensive income/(loss) for the year		3,379,619	684,331	(3,638,404)	(2,612,746)
Total comprehensive income/(loss) attributable to:					
Owners of the parent		3,133,144	589,401	(3,638,404)	(2,612,746)
Non-controlling interests		246,475	94,930	-	-
		3,379,619	684,331	(3,638,404)	(2,612,746)

Statements of

Comprehensive Income

 (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2012 (cont'd)

	Note	2012 RM	Group 2011 RM
Earnings per share attributable to owners of the parent (sen per share)			
Basic	12	2.5	0.5
Diluted	12	2.5	0.5

Statements of Financial Position

AS AT 31 AUGUST 2012

	Note	Group		Company	
		2012 RM	2011 RM	2012 RM	2011 RM
Assets					
Non-current assets					
Property, plant and equipment	13	38,473,495	43,662,755	-	-
Investment in subsidiaries	14	-	-	41,375,530	44,958,014
Investment properties	15	7,679,000	4,149,000	-	-
		46,152,495	47,811,755	41,375,530	44,958,014
Current assets					
Inventories	16	27,525,980	25,335,234	-	-
Trade and other receivables	17	18,920,132	14,213,452	1,000	1,000
Other current assets	18	3,334,493	920,601	12,000	-
Due from customers on contracts	19	-	690,217	-	-
Due from a subsidiary	20	-	-	704,953	704,953
Derivatives	21	5,495	48,770	-	-
Tax recoverable		927,580	992,945	77,526	43,298
Cash and bank balances	22	3,483,950	6,994,407	10,780	48,877
		54,197,630	49,195,626	806,259	798,128
Asset classified as held for sale	23	650,000	-	-	-
		54,847,630	49,195,626	806,259	798,128
Total assets		101,000,125	97,007,381	42,181,789	45,756,142
Equity and liabilities					
Current liabilities					
Loans and borrowings	24	24,958,871	25,751,688	-	-
Trade and other payables	25	12,581,217	11,455,420	25,19	43,142
Due to subsidiaries	20	-	-	82,000	-
Derivatives	21	5,230	-	-	-
		37,545,318	37,207,108	107,193	43,142
Net current assets		17,302,312	11,988,518	699,066	754,986

Statements of Financial Position (cont'd)

AS AT 31 AUGUST 2012 (cont'd)

	Note	Group		Company	
		2012 RM	2011 RM	2012 RM	2011 RM
Non-current liabilities					
Loans and borrowings	24	3,198,716	3,181,048	-	-
Deferred tax liabilities	26	340,660	63,413	-	-
		3,539,376	3,244,461	-	-
Total liabilities		41,084,694	40,451,569	107,193	43,142
Net assets		59,915,431	56,555,812	42,074,596	45,713,000
Equity attributable to owners of the parent					
Share capital	27	63,252,750	63,252,750	63,252,750	63,252,750
Share premium		12,494,536	12,494,536	12,494,536	12,494,536
Accumulated losses		(18,500,841)	(21,633,985)	(33,672,690)	(30,034,286)
Shareholders' equity		57,246,445	54,113,301	42,074,596	45,713,000
Non-controlling interests		2,668,986	2,442,511	-	-
Total equity		59,915,431	56,555,812	42,074,596	45,713,000
Total equity and liabilities		101,000,125	97,007,381	42,181,789	45,756,142

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2012

Group	Equity, total RM	Equity attributable to owners of the parent, total RM	- Attributable to owners of the parent -				Non- controlling interests RM
			Share capital RM	Share premium RM	Accumulated losses RM	Non-distributable-----	
2012							
Opening balance at 1 September 2011	56,555,812	54,113,301	63,252,750	12,494,536	(21,633,985)	2,442,511	
Total comprehensive income	3,379,619	3,133,144	-	-	3,133,144	246,475	
Transactions with owners							
Acquisition of non-controlling interest	(20,000)	-	-	-	-	(20,000)	
Closing balance at 31 August 2012	59,915,431	57,246,445	63,252,750	12,494,536	(18,500,841)	2,668,986	
2011							
Opening balance at 1 September 2010	55,871,481	53,556,578	63,252,750	12,494,536	(22,190,708)	2,314,903	
Total comprehensive income	684,331	589,401	-	-	589,401	94,930	
Transactions with owners							
Acquisition of non-controlling interest	-	(32,678)	-	-	(32,678)	32,678	
Closing balance at 31 August 2011	56,555,812	54,113,301	63,252,750	12,494,536	(21,633,985)	2,442,511	

Statements of Changes in Equity (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2012 (cont'd)

Company	Equity, total RM	-----Non-distributable-----		
		Share capital RM	Share premium RM	Accumulated losses RM
2012				
Opening balance at 1 September 2011	45,713,000	63,252,750	12,494,536	(30,034,286)
Total comprehensive loss	(3,638,404)	-	-	(3,638,404)
Closing balance at 31 August 2012	42,074,596	63,252,750	12,494,536	(33,672,690)
2011				
Opening balance at 1 September 2010	48,325,746	63,252,750	12,494,536	(27,421,540)
Total comprehensive loss	(2,612,746)	-	-	(2,612,746)
Closing balance at 31 August 2011	45,713,000	63,252,750	12,494,536	(30,034,286)

Statements of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2012

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Profit/(loss) before taxation	3,671,272	915,259	(3,638,404)	(2,612,746)
Adjustments for:				
Impairment loss on receivables	1,891,978	353,457	-	-
Impairment loss on investment in subsidiaries	-	-	3,476,484	2,550,000
Bad debts written off	-	400,000	-	-
Depreciation of property, plant and equipment	2,265,316	2,438,864	-	-
Impairment loss on property, plant and equipment	-	1,330,848	-	-
Inventories written off	283,462	-	-	-
Inventories written down	697,555	461,639	-	-
Interest expense	1,207,464	1,057,248	-	-
Property, plant and equipment written off	100,887	10,271	-	-
(Reversal)/provision for foreseeable loss	(400,000)	400,000	-	-
Reversal of impairment loss on receivables	(111,888)	(662,602)	-	-
Dividend income	-	-	(285,283)	-
Fair value adjustment on investment properties	(1,490,674)	(840,000)	-	-
Gain on disposal of property, plant and equipment	(1,515,263)	(464,260)	-	-
Unrealised foreign exchange loss	1,004	-	-	-
Interest income	(18,489)	(12,036)	-	-
Waiver of management fee	-	-	126,000	-
Net fair value loss/(gain) on derivatives	48,505	(92,580)	-	-
Total adjustments	2,959,857	4,380,849	3,317,201	2,550,000
Operating cash flows before changes in working capital	6,631,129	5,296,108	(321,203)	(62,746)

Statements of Cash Flows (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2012 (cont'd)

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Changes in working capital				
Increase in inventories	(3,171,763)	(6,268,685)	-	-
(Increase)/decrease in receivables	(6,087,774)	6,212,244	-	-
(Increase)/decrease in other current assets	(2,413,892)	3,240,133	(12,000)	-
Decrease in amount due from customers on contracts	690,217	437,584	-	-
Increase/(decrease) in payables	1,125,797	(2,323,333)	(17,949)	29,968
Total changes in working capital	(9,857,415)	1,297,943	(29,949)	29,968
Cash flows (used in)/from operations	(3,226,286)	6,594,051	(351,152)	(32,778)
Interest received	18,489	12,036	-	-
Interest paid	(1,207,464)	(1,057,248)	-	-
Income tax refund/(paid)	50,959	(51,315)	37,093	-
	(1,138,016)	(1,096,527)	37,093	-
Net cash flows (used in)/from operating activities	(4,364,302)	5,497,524	(314,059)	(32,778)
Investing activities				
Advances to subsidiaries	-	-	-	(45,192)
Advances from subsidiaries	-	-	82,000	-
Purchase of property, plant and equipment	(1,694,469)	(2,552,704)	-	-
Acquisition of non-controlling interest	(20,000)	-	(20,000)	-
Dividend received	-	-	213,962	-
Proceeds from disposal of property, plant and equipment	4,884,843	1,410,127	-	-
Net cash flows from/(used in) investing activities	3,170,374	(1,142,577)	275,962	(45,192)

Statements of Cash Flows

(cont'd)

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2012 (cont'd)

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Financing activities				
(Repayment)/drawdown of term loans	(656,416)	749,665	-	-
Decrease in short term borrowings	(2,579,540)	(4,605,201)	-	-
Repayment of obligations under finance lease	(663,266)	(426,484)	-	-
Net cash flows used in financing activities	(3,899,222)	(4,282,020)	-	-
Net (decrease)/increase in cash and cash equivalents	(5,093,150)	72,927	(38,097)	(77,970)
Cash and cash equivalents at beginning of the financial year	6,051,758	5,978,831	48,877	126,847
Cash and cash equivalents at end of the financial year (Note 22)	958,608	6,051,758	10,780	48,877

Notes to Financial Statements - 31 August 2012

1. CORPORATE INFORMATION

SWS Capital Berhad (formerly known as UDS Capital Berhad) ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia. It is listed on the Main Market of the Bursa Malaysia Securities Berhad. The principal place of business is located at Lot 4085, Kawasan Perindustrian Parit Jamil, 84150 Parit Jawa, Muar, Johor Darul Takzim.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are described in Note 14 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis Of Preparation

The financial statements of the Group and the Company have been prepared in accordance with Financial Reporting Standards ("FRS") and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS and Issues Committee ("IC") Interpretations as described fully in Note 2.2.

The financial statements of the Group and of the Company have been prepared on a historical basis and are presented in Ringgit Malaysia ("RM").

2.2 Changes In Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except that the Company adopted, where applicable, the following new and amended FRS and IC Interpretations which became mandatory at the beginning of the current financial year:

FRSs, Amendments to FRSs and Interpretations

Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters

Amendments to FRS 1: Additional Exemptions for First-time Adopters

Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions

Amendments to FRS 7: Improving Disclosures about Financial Instruments

IC Interpretation 4: Determining Whether an Arrangement contains a Lease

IC Interpretation 18: Transfer of Assets from Customers

IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments

Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement

Improvements to FRS issued in 2010

Notes to Financial Statements - 31 August 2012 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Changes In Accounting Policies (cont'd)

Technical Release (TR)

TR i - 4: Shariah Compliant Sale Contracts

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except for those discussed below:

Amendments to FRS 7: Improving Disclosures about Financial Instruments

The amended standard requires enhanced disclosure about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy (Level 1, Level 2 and Level 3), by class, for all financial instruments recognised at fair value. A reconciliation between the beginning and ending balance for Level 3 fair value measurements is required. Any significant transfers between levels of the fair value hierarchy and the reasons for those transfers need to be disclosed. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement and liquidity risk disclosures are not significantly impacted by the amendments and are presented in Note 30 and Note 31 (b) respectively.

2.3 Malaysian Financial Reporting Standards ("MFRS")

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework").

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

The Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 August 2013. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

The Group has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the consolidated financial performance and financial position as disclosed in the financial statements for the year ended 31 August 2012 could be different if prepared under the MFRS Framework.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 August 2013.

Notes to Financial Statements - 31 August 2012 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Basis Of Consolidation

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

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position.

The accounting policy for goodwill is set out in Note 2.9. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2.5 Transactions With Non-Controlling interest

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

Notes to Financial Statements - 31 August 2012 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.6 Foreign Currency

(a) Functional and presentation currency

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

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

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

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

2.7 Property, Plant And Equipment

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

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

Notes to Financial Statements - 31 August 2012 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.7 Property, Plant And Equipment (cont'd)

Freehold land has an unlimited useful life and therefore is not depreciated. Freehold land of the Group has not been revalued since there were first revalued in 1997. The directors have not adopted a policy of regular revaluation of such assets. As permitted under the transitional provisions of IAS 166 (Revised): Property, Plant and Equipment, these assets continue to be stated at their 1997 valuation less accumulated impairment losses. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

- Air conditioners: 10 years
- Computers: 5 years
- Electrical installation: 5 - 50 years
- Freehold and leasehold buildings: 50 years
- Furniture and fittings: 5 to 10 years
- Leasehold land: 84 - 97 years
- Motor vehicles: 5 years
- Office equipment: 10 years
- Plant, machinery and equipment: 5 - 10 years
- Renovation: 5 years
- Signboard: 10 years
- Worker quarter: 50 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

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

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

2.8 Investment Properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Company 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 fair value.

Notes to Financial Statements - 31 August 2012 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.8 Investment Properties (cont'd)

Investment properties are derecognised when either it has been disposed of 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 profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.7 up to the date of change in use.

2.9 Intangible Assets - Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

2.10 Impairment Of Non-Financial Assets

The Group assesses at each reporting date 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 costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

Notes to Financial Statements - 31 August 2012 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.10 Impairment Of Non-Financial Assets (cont'd)

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset 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.

Impairment losses are recognised in profit or loss in the period in which it arises.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment loss on goodwill is not reversed in a subsequent period.

2.11 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.12 Financial Assets

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

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

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

Notes to Financial Statements - 31 August 2012 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.12 Financial Assets (cont'd)

(a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

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

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market 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.

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

(c) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment 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.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

Notes to Financial Statements - 31 August 2012 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.12 Financial Assets (cont'd)

(d) Available-for-sale financial assets

Available-for-sale financial assets 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. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that 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. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

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

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

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

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

Notes to Financial Statements - 31 August 2012 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.13 Impairment of Financial Assets

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

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

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

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

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

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

2.14 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

Notes to Financial Statements - 31 August 2012 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in first-out basis.
- Finished goods and work-in-progress: costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

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

2.16 Provisions

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

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

2.17 Financial Liabilities

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

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

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

Notes to Financial Statements - 31 August 2012 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.17 Financial Liabilities (cont'd)

(b) Other financial liabilities

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

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

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

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

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

2.18 Borrowing Costs

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

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

2.19 Employee Benefits - Defined Contribution Plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

Notes to Financial Statements - 31 August 2012 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.20 Leases

a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. 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.

b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.22(e).

2.21 Discontinued Operation

A component of the Group is classified as a "discontinued operation" when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated major line of business or geographical area of operations. A component is deemed to be held for sale if its carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Notes to Financial Statements - 31 August 2012 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.22 Revenue

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

(a) Sale of goods

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

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Management fees

Management fees are recognised when services are rendered.

(d) Dividend income

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

(e) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2.23 Income Taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Notes to Financial Statements - 31 August 2012 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.23 Income Taxes (cont'd)

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Notes to Financial Statements - 31 August 2012 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.23 Income Taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

2.24 Segment Reporting

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

2.25 Share Capital And Share Issuance Expenses

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

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

Notes to Financial Statements - 31 August 2012 (cont'd)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Judgements Made In Applying Accounting Policies

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

Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both. Properties that are occupied by the Group are accounted for as owner-occupied rather than as investment properties.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portion could be sold separately (or leased out separately under a finance lease), the Group would account for the portion separately. If the portion could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

3.2 Key Sources Of Estimation On Uncertainty

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

(a) Useful lives of plant and machinery

The cost of plant and machinery is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery in a range of 5 to 10 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Impairment of investment in subsidiaries

The Group determines whether there is any indication of impairment to the cost of investment in subsidiaries annually. This requires an estimation of the value in use ("VIU") of the cash-generating units ("CGU") to which cost of investment in subsidiaries is allocated. Estimating a VIU amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of that cash flow. Further details are provided for in Note 14.

Notes to Financial Statements - 31 August 2012 (cont'd)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (cont'd)

3.2 Key Sources Of Estimation Uncertainty (cont'd)

(c) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences. Further details are provided for in Note 26.

(d) Inventories Obsolescence Review

Inventories are stated at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of committed sales prices.

Inventories are reviewed on a regular basis and the Group will make allowance for excess or obsolete inventories and write down to net realisable value based on primarily on historical trends and management estimates of expected and future product demand and related pricing.

Demand levels, exchange rates, technological advances and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group may be required to reduce the value of its inventories and additional allowance for slow moving inventories may be required. Further details are provided for in Note 16.

(e) Impairment Of Loans And Receivables

The Group assesses at each reporting date 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 reporting date is disclosed in Note 17.

Notes to Financial Statements - 31 August 2012 (cont'd)

4. REVENUE

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Management fee	-	-	60,000	226,000
Sales of goods	112,254,913	89,181,722	-	-
Dividend income	-	-	285,283	-
	112,254,913	89,181,722	345,283	226,000

5. COST OF SALES

Cost of sales of the Group representing cost of goods sold.

6. OTHER INCOME

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Reversal of impairment loss				
on receivables	111,888	662,602	-	-
Fair value adjustment on				
investment properties (Note 15)	1,490,674	840,000	-	-
Net foreign exchange gain	174,655	455,817	-	-
Gain on disposal of property				
plant and equipment	1,515,263	464,260	-	-
Insurance claimed	910	784	-	-
Interest income	18,489	12,036	-	-
Net fair value gain on derivatives	-	92,580	-	-
Reversal of provision for				
foreseeable loss	400,000	-	-	-
Rental income	550,950	341,167	-	-
Sundry income	370,514	410,738	-	-
	4,633,343	3,279,984	-	-

Notes to Financial Statements - 31 August 2012 (cont'd)

7. FINANCE COSTS

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Interest expense on:				
- Bankers' acceptances	811,285	757,372	-	-
- Bank overdrafts	145,883	88,721	-	-
- Obligations under finance lease	52,088	36,445	-	-
- Term loans	198,208	174,710	-	-
Total finance costs	1,207,464	1,057,248	-	-

8. PROFIT/(LOSS) BEFORE TAX

The following items have been included in arriving at profit/(loss) before tax from continuing operations:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Impairment loss on receivables (Note 17)	1,891,978	353,457	-	-
Impairment loss on investment in subsidiaries (Note 14)	-	-	3,476,484	2,550,000
Auditors' remuneration:				
- Statutory audits				
Current year	115,000	107,000	21,000	17,000
Under/(over)provision in prior years	1,900	(21,250)	-	-
- Other services	6,396	15,245	6,396	4,925

Notes to Financial Statements - 31 August 2012 (cont'd)

8. PROFIT/(LOSS) BEFORE TAX (cont'd)

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Bad debts written off	-	400,000	-	-
Depreciation of property, plant and equipment (Note 13)	2,265,316	2,438,864	-	-
Employee benefits expense (Note 9)	11,000,581	10,423,073	167,000	70,000
Net fair value loss on derivatives	48,505	-	-	-
Impairment loss on property, plant and equipment (Note 13)	-	1,330,848	-	-
Inventories written off	283,462	-	-	-
Inventories written down	697,555	461,639	-	-
Non-executive directors' emoluments (Note 10)	29,000	48,000	29,000	48,000
Property, plant and equipment written off	100,887	10,271	-	-
Provision for foreseeable loss	-	400,000	-	-
Waiver of management fee	-	-	126,000	-
Rental of:				
- factory	438,170	148,920	-	-
- hostel	125,900	136,760	-	-
- machinery	84,672	800	-	-
- premises	-	26,400	-	-

Notes to Financial Statements - 31 August 2012 (cont'd)

9. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Executive directors (Note 10)				
Executive directors of the Company	1,020,674	945,321	167,000	70,000
Executive directors of subsidiaries	541,640	412,003	-	-
	1,562,314	1,357,324	167,000	70,000
Other staffs				
Wages and salaries	8,396,216	8,214,467	-	-
Defined contribution plan	514,826	561,895	-	-
Other employee benefits	527,225	289,387	-	-
	9,438,267	9,065,749	-	-
	11,000,581	10,423,073	167,000	70,000

Notes to Financial Statements - 31 August 2012 (cont'd)

10. DIRECTORS' REMUNERATION

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Directors of the Company				
Executive:				
- Fee	207,000	110,000	-	-
- Salaries and other emoluments	748,000	764,392	167,000	70,000
- Defined contribution plan	64,560	69,354	-	-
- Estimated monetary value of benefits-in-kind	196,213	180,442	-	-
- Other employee benefits	1,114	1,575	-	-
	1,216,887	1,125,763	167,000	70,000
Non-Executive:				
- Allowances	29,000	48,000	29,000	48,000
- Estimated monetary value of benefits-in-kind	5,500	-	-	-
	34,500	48,000	29,000	48,000
Directors of Subsidiaries				
Executive:				
- Fee	8,000	8,000	-	-
- Salaries and other emoluments	482,000	367,651	-	-
- Defined contribution plan	49,160	34,440	-	-
- Estimated monetary value of benefits-in-kind	63,043	39,826	-	-
- Other employee benefits	2,480	1,912	-	-
	604,683	451,829	-	-
Total excluding benefits-in-kind	1,591,314	1,405,324	196,000	118,000
Estimated monetary value of benefits-in-kind	264,756	220,268	-	-
Total including benefits-in-kind	1,856,070	1,625,592	196,000	118,000
Analysis of directors' remuneration:				
Executive directors, excluding benefits-in-kind (Note 9)	1,562,314	1,357,324	167,000	70,000
Non-executive directors (Note 8)	29,000	48,000	29,000	48,000
Total excluding benefits-in-kind	1,591,314	1,405,324	196,000	118,000

Notes to Financial Statements - 31 August 2012 (cont'd)

10. DIRECTORS' REMUNERATION (cont'd)

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

	Number of Directors	
	2012	2011
Executive directors:		
Below RM50,000	-	3
RM100,001 - RM150,000	-	-
RM200,001 - RM250,000	-	-
RM250,001 - RM300,000	-	-
RM300,001 - RM350,000	-	-
Above RM350,000	2	2
Non-Executive directors:		
Below RM50,000	4	4
	6	9

11. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the years ended 31 August 2012 and 2011 are:

	Group	
	2012 RM	2011 RM
Statement of comprehensive income:		
Current income tax	45,286	38,207
(Over)/underprovision in prior years	(30,880)	13,488
	14,406	51,695
Deferred income tax (Note 26):		
- Origination and reversal of temporary difference	273,386	180,452
- Under/(over) provision in prior years	3,861	(1,219)
	277,247	179,233
Income tax expense recognised in profit or loss	291,653	230,928

Notes to Financial Statements - 31 August 2012 (cont'd)

11. INCOME TAX EXPENSE (cont'd)

Reconciliation between tax expense and accounting profit/(loss)

The reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 August 2012 and 2011 are as follows:

	2012 RM	2011 RM
Group		
Profit before taxation	3,671,272	915,259
Taxation at Malaysian statutory tax rate of 25% (2011: 25%)	917,816	228,815
Tax effects of:		
- income not subject to income tax	(160,850)	(327,895)
- double deduction expenses	(599,638)	(45,250)
- non-deductible expenses	795,938	866,216
Adjustments:		
Deferred tax assets not recognised on unused tax losses	213,154	241,252
Deferred tax assets recognised on unused tax losses and unabsorbed capital allowances	(241,823)	-
Deferred tax assets recognised on export allowances	(50,213)	-
Utilisation of previously unrecognised unabsorbed capital allowances and reinvestment allowances	(555,712)	(744,479)
(Over)/underprovision in prior years		
- income tax	(30,880)	13,488
- deferred tax	3,861	(1,219)
Income tax expense recognised in profit or loss	291,653	230,928
Company		
Loss before taxation	(3,638,404)	(2,612,746)
Taxation at Malaysian statutory tax rate of 25% (2011: 25%)	(909,601)	(653,187)
Tax effects of non-deductible expenses	882,330	653,187
Adjustments:		
Deferred tax assets not recognised in respect of current year's unused tax losses	27,271	-
Income tax expense recognised in profit or loss	-	-

Notes to Financial Statements - 31 August 2012 (cont'd)

12. EARNING PER SHARE

Basic Earning Per Share

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

The following tables reflect the profit and share data used in the computation of basic earnings per share for the years ended 31 August:

	2012 RM	Group	2011 RM
Profit net of tax attributable to owners of the Company	3,133,144		589,401
Weighted average number of ordinary shares for the purpose of basic earnings per share	126,505,500		126,505,500
Basic earnings per share (sen)	2.5		0.5
Diluted earnings per share (sen)	2.5		0.5

The fully diluted earnings per share is the same as the basic earnings per ordinary share, as the effects of warrants are anti-dilutive.

Notes to Financial Statements - 31 August 2012 (cont'd)

13. PROPERTY, PLANT AND EQUIPMENT

Group	* Land and buildings RM	Plant, machinery and equipment RM	Motor vehicles RM	# Other assets RM	Total RM
Cost/Valuation					
At 1 September 2010					
Additions	40,845,634	13,515,628	8,086,850	5,077,528	67,525,640
Disposals	1,964,209	520,957	168,227	200,002	2,853,395
Written off	(526,051)	(279,325)	(2,678,787)	(112,674)	(3,596,837)
	-	(2,340)	-	(89,565)	(91,905)
At 31 August 2011 and 1 September 2011					
Additions	42,283,792	13,754,920	5,576,290	5,075,291	66,690,293
Disposals	71,475	1,876,826	1,120,146	167,402	3,235,849
Transfer to investment properties (Note 15)	(4,545,721)	(493,479)	(1,523,623)	(84,783)	(6,647,606)
Reclassification	(3,448,219)	-	-	-	(3,448,219)
Written off	81,640	-	-	(81,640)	-
	-	(166,707)	-	(40,176)	(206,883)
At 31 August 2012	34,442,967	14,971,560	5,172,813	5,036,094	59,623,434

Notes to Financial Statements - 31 August 2012 (cont'd)

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

	* Land and buildings RM	Plant, machinery and equipment RM	Motor vehicles RM	# Other assets RM	Total RM
Accumulated depreciation and impairment losses					
At 1 September 2010	5,228,074	7,686,144	6,621,976	2,454,236	21,990,430
Depreciation charge for the year (Note 8)	657,715	934,447	503,788	342,914	2,438,864
Disposals	(16,918)	(143,472)	(2,390,633)	(99,947)	(2,650,970)
Write-off	-	(2,317)	-	(79,317)	(81,634)
Impairment loss (Note 8)	1,330,848	-	-	-	1,330,848
At 31 August 2011 and 1 September 2011	7,199,719	8,474,802	4,735,131	2,617,886	23,027,538
Depreciation charge for the year (Note 8)	556,473	1,002,511	391,291	315,041	2,265,316
Disposals	(1,349,220)	(383,045)	(1,482,623)	(63,138)	(3,278,026)
Transfer to investment properties (Note 15)	(758,893)	-	-	-	(758,893)
Reclassification	4,626	-	-	(4,626)	-
Written off	-	(70,732)	-	(35,264)	(105,996)
At 31 August 2012	5,652,705	9,023,536	3,643,799	2,829,899	21,149,939
Net carrying amount:					
At 31 August 2012					
At cost	27,718,657	5,948,024	1,529,014	2,206,195	38,473,495
At valuation	1,071,605	-	-	-	-
At 31 August 2011	28,790,262	5,948,024	1,529,014	2,206,195	38,473,495
At cost	34,012,468	5,280,118	841,159	2,457,405	42,591,150
At valuation	1,071,605	-	-	-	1,071,605
	35,084,073	5,280,118	841,159	2,457,405	43,662,755

Other assets comprise office equipment, furniture and fittings, computers, air-conditioners and signboard.

Notes to Financial Statements - 31 August 2012 (cont'd)

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

* Land and Buildings

Cost/Valuation	Leasehold land	Freehold land	Leasehold buildings	Freehold buildings	Electrical installation	Renovation	Worker quarter	Total
	RM	RM	RM	RM	RM	RM	RM	RM
At 1 September 2010	2,490,005	9,753,202	10,606,747	16,378,150	770,681	568,438	278,411	40,845,634
Additions	-	1,877,095	-	43,839	24,275	19,000	-	1,964,209
Disposals	-	(3,000)	-	(520,000)	-	(3,051)	-	(526,051)
At 31 August 2011								
and 1 September 2011	2,490,005	11,627,297	10,606,747	15,901,989	794,956	584,387	278,411	42,283,792
Additions	-	-	20,500	31,000	-	19,975	-	71,475
Disposals	(284,079)	(2,853,910)	(1,170,811)	(55,200)	(64,261)	(117,460)	-	(4,545,721)
Transfer to investment property	(733,514)	-	(2,435,777)	-	(170,272)	(108,656)	-	(3,448,219)
Reclassification	-	-	-	81,640	-	-	-	81,640
At 31 August 2012	1,472,412	8,773,387	7,020,659	15,959,429	560,423	378,246	278,411	34,442,967

Notes to Financial Statements - 31 August 2012 (cont'd)

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

* Land and Buildings (cont'd)

	Leasehold land RM	Freehold land RM	Leasehold buildings RM	Freehold buildings RM	Electrical installation RM	Renovation RM	Worker quarter RM	Total RM
Accumulated depreciation and impairment losses								
At 1 September 2010	195,352	15,250	1,713,262	2,205,339	572,359	518,791	7,721	5,228,074
Depreciation charge for the year	27,513	-	210,184	326,827	66,274	21,349	5,568	657,715
Disposals	-	-	-	(13,867)	-	(3,051)	-	(16,918)
Impairment loss (Note 8)	-	1,312,770	-	18,078	-	-	-	1,330,848
At 31 August 2010 and 1 September 2011	222,865	1,328,020	1,923,446	2,536,377	638,633	537,089	13,289	7,199,719
Depreciation charge for the year	21,223	-	132,515	349,785	32,699	14,683	5,568	556,473
Disposals	(29,842)	(914,432)	(197,971)	(25,254)	(64,261)	(117,460)	-	(1,349,220)
Transfer to investment properties (Note 15)	(43,316)	-	(436,649)	-	(170,272)	(108,656)	-	(758,893)
Reclassification	-	-	-	4,626	-	-	-	4,626
At 31 August 2012	170,930	413,588	1,421,341	2,865,534	436,799	325,656	18,857	5,652,705

Notes to Financial Statements - 31 August 2012 (cont'd)

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

* Land and Buildings (cont'd)

	Leasehold land RM	Freehold land RM	Leasehold buildings RM	Freehold buildings RM	Electrical installation RM	Renovation RM	Worker quarter RM	Total RM
Net Carrying Amount								
At 31 August 2012								
At cost	1,301,482	7,288,194	5,599,318	13,093,895	123,624	52,590	259,554	27,718,657
At valuation	-	1,071,605	-	-	-	-	-	1,071,605
	1,301,482	8,359,799	5,599,318	13,093,895	123,624	52,590	259,554	28,790,262
At 31 August 2011								
At cost	2,267,140	9,227,672	8,683,301	13,365,612	156,323	47,298	265,122	34,012,468
At valuation	-	1,071,605	-	-	-	-	-	1,071,605
	2,267,140	10,299,277	8,683,301	13,365,612	156,323	47,298	265,122	35,084,073

Notes to Financial Statements - 31 August 2012 (cont'd)

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

	Company	
	2012 RM	2011 RM
Signboard		
At cost		
At beginning and end of year	10,797	10,797
Accumulated depreciation		
At beginning and end of the year	10,797	10,797
Net carrying amount		
At end of year	-	-

(a) Acquisitions of property, plant and equipment during the financial year were by the following means:

	Group	
	2012 RM	2011 RM
Cash outflows	1,694,469	2,552,704
Finance lease arrangements	1,541,380	300,691
	3,235,849	2,853,395

(b) Net carrying amount of property, plant and equipment held under finance lease arrangements are as follows:

	Group	
	2012 RM	2011 RM
Motor vehicles	1,415,083	631,052
Plant and machinery	1,037,403	-
	2,452,486	631,052

Notes to Financial Statements - 31 August 2012 (cont'd)

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

- (c) As disclosed in Note 24, net carrying amount of the property, plant and equipment pledged as securities for banking facilities granted to the Group are as follow:

	2012 RM	Group	2011 RM
Freehold buildings	12,134,402		13,317,285
Freehold land	7,585,096		5,347,003
Leasehold buildings	3,482,881		8,683,301
Leasehold land	925,915		2,267,140
	24,128,294		29,614,729

14. INVESTMENT IN SUBSIDIARIES

	2012 RM	Company	2011 RM
Unquoted shares, at cost			
At beginning of year	63,888,816		63,888,816
Additions during the year	20,000		-
Reversal of capital contribution	(126,000)		-
At end of year	63,782,816		63,888,816
Accumulated impairment losses			
At beginning of year	18,930,802		16,380,802
Addition (Note 8)	3,476,484		2,550,000
At end of year	22,407,286		18,930,802
Net carrying amount	41,375,530		44,958,014

Notes to Financial Statements - 31 August 2012 (cont'd)

14. INVESTMENT IN SUBSIDIARIES (cont'd)

Impairment loss on investment in subsidiaries

Impairment loss was recognised in the profit or loss in respect of loss making subsidiaries which generate minimal value in use for impairment test purposes.

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2012	2011
Subsidiaries of the Company				
Syarikat U.D. Trading Sdn. Bhd. ("UDT")	Malaysia	Dealing of furniture plywood, hardware, parts, equipment and construction materials	100.00	100.00
U.D. Industries Sdn. Bhd. ("UDI")	Malaysia	Staples, nails and polyethylene foam manufacturing	100.00	99.42
U.D. Panelform Sdn. Bhd. ("UDP")	Malaysia	Paper lamination	100.00	100.00
Sin Wee Seng Industries Sdn. Bhd. ("SWS")	Malaysia	Settee and sofa manufacturing	100.00	100.00
Poh Keong Industries Sdn. Bhd.	Malaysia	Furniture and parts manufacturing	51.00	51.00

Notes to Financial Statements - 31 August 2012 (cont'd)

14. INVESTMENT IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2012	2011
Subsidiary of UDP				
U.D. Wood Products Sdn. Bhd.	Malaysia	Veneer lamination	100.00	100.00
Subsidiaries of SWS				
Starlight Industry Sdn. Bhd.	Malaysia	Property investment	100.00	100.00
Oriena Industry Sdn. Bhd.	Malaysia	Property investment	100.00	100.00
SWS Homes (M) Sdn. Bhd.	Malaysia	Property investment	100.00	100.00
Subsidiary of UDT				
Syarikat U.D. Trading Corporation Sdn. Bhd.	Malaysia	Log houses manufacturing and construction	100.00	100.00

Acquisition of non-controlling interest

On 6 April 2012, the Group has acquired an additional 0.58% equity interest in UDI for a cash consideration of RM20,000. As a result of this acquisition, UDI became a wholly-owned subsidiary of the Group.

Notes to Financial Statements - 31 August 2012 (cont'd)

15. INVESTMENT PROPERTIES

	2012 RM	Group 2011 RM
At fair value		
At beginning of year	4,149,000	3,309,000
Transfer from property, plant and equipment (Note 13)	2,689,326	-
Fair value adjustments (Note 6)	1,490,674	840,000
Transfer to assets held for sales (Note 23)	(650,000)	-
	7,679,000	4,149,000
At fair value		
- Freehold land	1,767,000	2,017,000
- Freehold shophouse	700,000	450,000
- Freehold condominium	140,000	140,000
- Leasehold land and buildings	5,072,000	1,542,000
	7,679,000	4,149,000

- (a) Investment properties with carrying amount of RM7,110,000 (2011: RM3,037,000) are pledged for banking facilities granted to the Group as disclosed in Note 24.
- (b) Leasehold land with carrying amount of RM227,000 (2011: RM227,000) is yet to be transferred into the name of a subsidiary.
- (c) The strata title of a freehold condominium with a carrying value of RM140,000 (2011: RM140,000) has yet to be issued by the relevant authorities.
- (d) The fair value of the investment properties of the Group as at 31 August 2012 is determined by a valuation carried out by Messers. Colliers, Jordan Lee & Jaafar (M'cca) Sdn. Bhd. and Henry Butcher Malaysia (Muar) Sdn. Bhd., independent professional valuers, using comparison basis to reflect the market value. The valuers have relevant recognised professional qualification and have recent experience in valuing properties in the relevant locations.

Notes to Financial Statements - 31 August 2012 (cont'd)

16. INVENTORIES

	2012 RM	Group 2011 RM
At cost		
Raw materials	20,777,659	17,391,119
Work-in-progress	4,424,832	3,348,747
Finished goods	2,044,350	4,291,419
	27,246,841	25,031,285
At net realisable value		
Raw materials	279,139	-
Finished goods	-	303,949
	279,139	303,949
	27,525,980	25,335,234

The Group has written off and written down its inventories by RM283,462 (2011: Nil) and RM697,555 (2011: RM461,639) respectively.

Notes to Financial Statements - 31 August 2012 (cont'd)

17. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Trade receivables				
Third parties	17,773,919	13,268,394	-	-
Less: Allowance for impairment	(2,189,781)	(1,767,145)	-	-
	15,584,138	11,501,249	-	-
Other receivables				
Sundry receivables	3,279,742	3,704,776	1,000	1,000
Advances to workers	56,252	204,587	-	-
	3,335,994	3,909,363	1,000	1,000
Less: Allowance for impairment				
- Sundry receivables	-	(1,197,160)	-	-
	3,335,994	2,712,203	1,000	1,000
Total trade and other receivables	18,920,132	14,213,452	1,000	1,000
Add: Cash and bank balances (Note 22)	3,483,950	6,994,407	10,780	48,877
Total loans and receivables	22,404,082	21,207,859	11,780	49,877

(a) Trade receivables

The receivables are non-interest bearing and are generally ranges from 30 to 120 day (2011: 30 to 120 day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Notes to Financial Statements - 31 August 2012 (cont'd)

17. TRADE AND OTHER RECEIVABLES (cont'd)

(a) Trade receivables (cont'd)

Ageing analysis of trade receivables

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

	Group	
	2012	2011
	RM	RM
Neither past due nor impaired	8,472,603	6,821,168
1 to 30 days past due not impaired	3,057,184	2,294,372
31 to 60 days past due not impaired	2,332,212	1,311,408
61 to 90 days past due not impaired	1,021,921	311,891
91 to 120 days past due not impaired	251,278	185,386
More than 121 days past due not impaired	372,649	577,024
	7,035,244	4,680,081
Impaired	2,266,072	1,767,145
	17,773,919	13,268,394

Receivables that are neither past due nor impaired

Trade and other 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

The Group has trade receivables amounting to RM7,035,244 (2011: RM4,680,081) that are past due at the reporting date but not impaired. The directors are of the opinion that the receivables are collectible in view of long term business relationships with the customers. These receivables are unsecured in nature.

Notes to Financial Statements - 31 August 2012 (cont'd)

17. TRADE AND OTHER RECEIVABLES (cont'd)

(a) Trade receivables (cont'd)

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	2012 RM	Group 2011 RM
Trade receivable - nominal amounts	2,266,072	1,767,145
Less: Allowance for impairment	(2,189,781)	(1,767,145)
	76,291	-

Movement in allowance accounts:

	2012 RM	Group 2011 RM
At 1 September	1,767,145	1,676,290
Charge for the year (Note 8)	1,891,978	353,457
Reversal of impairment loss	(111,888)	(262,602)
Written off	(1,357,454)	-
At 31 August	2,189,781	1,767,145

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.

Notes to Financial Statements - 31 August 2012 (cont'd)

17. TRADE AND OTHER RECEIVABLES (cont'd)

(b) Other receivables

Movement in allowance accounts:

	2012 RM	Group 2011 RM
At 1 September	1,197,160	1,597,160
Written off	(1,197,160)	-
Reversal of impairment loss	-	(400,000)
At 31 August	-	1,197,160

18. OTHER CURRENTS ASSETS

	2012 RM	Group 2011 RM	2012 RM	Company 2011 RM
Prepaid operating expenses	1,309,118	317,359	12,000	-
Advances to raw material suppliers	1,440,420	328,298	-	-
Advances to sub-contractors	584,955	274,944	-	-
	3,334,493	920,601	12,000	-

19. AMOUNT DUE FROM CUSTOMERS ON CONTRACTS

	2012 RM	Group 2011 RM
Aggregate costs to-date	-	15,330,735
Less:		
Attributable losses	-	(825,509)
Provision for foreseeable losses	-	(400,000)
	-	14,105,226
Less: Progress billings	-	(13,415,009)
Total amount due from customers on contracts	-	690,217

Notes to Financial Statements - 31 August 2012 (cont'd)

20. DUE FROM/TO SUBSIDIARIES

Amounts due from/to subsidiaries are unsecured, interest free and repayable on demand.

21. DERIVATIVES

Group	Contract/ Notional Amount	2012		2011	
		Assets	Liabilities	Contract/ Notional Amount	Assets
Non-hedging derivatives:					
Current					
Forward currency					
contracts	3,432,105	5,495	(5,230)	5,331,260	48,770
Total held for trading					
financial assets/liabilities		5,495	(5,230)		48,770

The Group uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Forward currency contracts are used to hedge the Group's sales denominated in USD for which firm commitments existed at end of the reporting date, extending to February 2013 (2011: January 2012).

During the financial year, the Group recognised a loss of RM41,969 (2011: gain of RM92,580) arising from fair value changes of derivative liabilities. The fair value changes are attributable to changes in foreign exchange spot and forward rate.

The Group has disclosed the above derivatives as Level 3 in accordance with the fair value hierarchy as the inputs for the asset or liability are not based on observable market data (unobservable inputs).

Notes to Financial Statements - 31 August 2012 (cont'd)

22. CASH AND CASH EQUIVALENTS

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Cash on hand and at banks	3,047,780	6,553,371	10,780	48,877
Deposits with a licensed bank	436,170	441,036	-	-
Cash and bank balances	3,483,950	6,994,407	10,780	48,877
Less: Bank overdrafts (Note 24)	(2,525,342)	(942,649)	-	-
Cash and cash equivalents	958,608	6,051,758	10,780	48,877

All the fixed deposits of the Group are pledged for credit facilities granted to the Group as disclosed in Note 24 and are held in trust and in the name of certain directors of the Company.

The weighted average effective interest rates and average maturities of deposits at the reporting date were 3.70% (2011: 3.14%) per annum and 365 days (2011: 365 days) respectively.

23. ASSET CLASSIFIED AS HELD FOR SALE

As at 31 August 2012, asset held for sale is as follows:

	Group	
	2012 RM	2011 RM
At carrying amount		
Investment property	650,000	-

There is no liability directly associated with the above asset held for sale.

The Group has presented the above asset as held for sale as a subsidiary has entered into a sale and purchase agreement with third party in current year. The disposal is to complete within the next twelve months.

Notes to Financial Statements - 31 August 2012 (cont'd)

24. LOANS AND BORROWINGS

		2012 RM	Group 2011 RM
Current			
Unsecured:			
Bank overdrafts	On demand	455,739	-
Bankers' acceptances	2013	2,004,622	2,134,137
		2,460,361	2,134,137
Secured:			
Bank overdrafts	On demand	2,069,603	942,649
Bankers' acceptances	2013	19,235,993	21,686,018
Obligations under finance lease (Note 29 (b))	2013	540,431	312,279
Term loans:			
- RM loan at BLR + 0.8% p.a	2013	223,747	207,835
- RM loan at BFR p.a	2013	181,250	181,250
- RM loan at BLR + 0.3% p.a	2013	247,486	287,520
		22,498,510	23,617,551
		24,958,871	25,751,688
Non-current			
Secured:			
Obligations under finance lease (Note 29 (b))	2014-2017	907,722	257,760
Term loans:			
- RM loan at BLR + 0.8% p.a	2014-2017	712,207	935,898
- RM loan at BFR p.a	2014-2019	1,107,634	1,268,750
- RM loan at BLR + 0.3% p.a	2014-2015	471,153	718,640
		3,198,716	3,181,048
Total loans and borrowings		28,157,587	28,932,736

Notes to Financial Statements - 31 August 2012 (cont'd)

24. LOANS AND BORROWINGS (cont'd)

The remaining maturities of the loans and borrowings as at 31 August 2012 are as follows:

	2012 RM	Group 2011 RM
On demand or within 1 year	24,958,871	25,751,688
More than 1 year and less than 2 years	1,477,796	892,109
More than 2 years and less than 5 years	1,338,286	1,745,189
5 years or more	382,634	543,750
	28,157,587	28,932,736

Obligations under finance lease

These obligations are denominated in RM and the discount rate implicit in the leases is between 2.36% to 6.60% (2011: 2.42% to 4.20%) per annum.

Bank overdrafts

Bank overdrafts are denominated in RM, bear interest at range from BLR + 1.0% to BLR + 3.50% (2011: BLR + 1.25%) per annum.

Banker's acceptances

These are used to finance purchases of the Group denominated in USD and are short term in nature. The weighted average effective interest rate is 3.84% (2011: 3.36%) per annum.

The bank borrowings of the Group are secured by:

- (i) Debenture incorporating legal charges over the properties of certain subsidiaries as disclosed in Note 13 and 15, and floating charges over all the present and future assets of certain subsidiaries; and
- (ii) corporate guarantee by the Company.
- (iii) Fixed deposits as disclosed in Note 22.

Notes to Financial Statements - 31 August 2012 (cont'd)

25. TRADE AND OTHER PAYABLES

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Current				
Trade payables				
Third parties	9,034,499	8,213,091	-	-
	9,034,499	8,213,091	-	-
Other payables				
Sundry payables	2,409,428	2,230,238	1,193	11,642
Accrued operating expenses	1,137,290	1,012,091	24,000	31,500
	3,546,718	3,242,329	25,193	43,142
Total trade and other payables	12,581,217	11,455,420	25,193	43,142
Add: Loans and borrowings (Note 24)	28,157,587	28,932,736	-	-
Total financial liabilities carried at amortised cost	40,738,804	40,388,156	25,193	43,142

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 14 to 90 days (2011: 14 to 90 days) terms.

(b) Other payables

These amounts are non-interest bearing. Credit terms for other payables are negotiated on a case-by-case basis.

Notes to Financial Statements - 31 August 2012 (cont'd)

26. DEFERRED TAX LIABILITIES

	2012 RM	Group 2011 RM
At beginning of year	63,413	(115,820)
Recognised in profit or loss (Note 11)	277,247	179,233
At end of year	340,660	63,413

Presented after appropriate offsetting as follows:

	2012 RM	2011 RM
Deferred tax assets	-	(50,529)
Deferred tax liabilities	340,660	113,942
	340,660	63,413

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

Deferred tax liabilities/(assets) of the Group:

	Property, plant and equipment RM	Unused tax losses and unabsorbed capital allowances RM	Total RM
At 1 September 2010	108,618	(224,438)	(115,820)
Recognised in the profit or loss	5,324	173,909	179,233
At 31 August 2011	113,942	(50,529)	63,413
Recognised in the profit or loss	226,718	50,529	277,247
At 31 August 2012	340,660	-	340,660

Notes to Financial Statements - 31 August 2012 (cont'd)

26. DEFERRED TAX LIABILITIES (cont'd)

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

	Group	
	2012 RM	2011 RM
Unused tax losses	16,246,539	4,586,819
Unutilised reinvestment allowances	842,754	187,700
Unabsorbed capital allowances	2,415,537	346,153
Export allowances	2,491,322	650,499

At the reporting date, the Group has above unused tax losses that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability.

The availability of the unused tax losses and unabsorbed capital allowances for off-setting against future taxable profits of the respective subsidiaries of the Group are subject to no substantial changes in the shareholdings of these subsidiaries under Section 44(5A) and (5B) of the Income Tax Act, 1967 and guidelines issued by tax authority. Other temporary differences are available indefinitely for offset against future taxable profits of the respective subsidiaries.

27. SHARE CAPITAL

	Number of ordinary shares of RM0.50 each		Amount	
	2012 RM	2011 RM	2012 RM	2011 RM
Authorised	200,000,000	200,000,000	100,000,000	100,000,000
Issued and fully paid	126,605,500	126,605,500	63,252,750	63,252,750

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

Notes to Financial Statements - 31 August 2012 (cont'd)

27. SHARE CAPITAL (cont'd)

Warrants

The Company had issued 21,084,250 warrants which were listed on Bursa Malaysia Securities Berhad on 2 December 2005 in conjunction with the rights issue on the basis of one (1) warrant attached to one (1) rights share subscribed.

The warrants are constituted by a Deed Poll dated 8 September 2005 executed by the Company.

The main features of the warrants are as follows:

- (i) Each warrant entitles the registered holder during the exercise period to subscribe for one (1) new ordinary share at the exercise price of RM0.80 per share, subject to adjustment in accordance with the provisions of the Deed Poll.
- (ii) The warrants may be exercised at any time on or before the expiry date of ten (10) years from the issue date of the warrants on 2 December 2005. The warrants which are not exercised during the exercise period will thereafter become lapse and void.
- (iii) All the new ordinary shares in the Company to be issued upon the exercise of the warrants shall, on allotment and issue, rank pari passu in all respects with the existing ordinary shares of the Company except that they shall not be entitled to any dividends, that may be declared prior to the date of allotment and issue of the new shares, nor shall they be entitled to any distributions or entitlements for which the record date is prior to the date of exercise of the warrants.

The summary of movements of warrants are as follows:

Date of issue	Exercise price per warrant RM	Number of warrants		
		1.9.2011	31.8.2012	
		Bought/Sold/ Exercised		
2.12.2005	0.80	21,084,250	-	21,084,250

28. RELATED PARTY TRANSACTIONS

(a) Sale and purchase of goods and services

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

Subsidiaries:

- (i) Syarikat U.D. Trading Sdn. Bhd. ("UDT")
- (ii) Sin Wee Seng Industries Sdn.Bhd. ("SWSI")
- (iii) Poh Keong Industries Sdn. Bhd. ("PKI")

Notes to Financial Statements - 31 August 2012 (cont'd)

28. RELATED PARTY TRANSACTIONS (cont'd)

(a) Sale and purchase of goods and services (cont'd)

Company in which certain directors have interests:

- (i) Nate Auto Trading
(A firm in which Anthony Na Hai Sir, is a sole proprietor)
- (ii) Dee Sin Agency
(A firm in which Gan Poh Keong, a director of PKI, is sole proprietor)
- (iii) Envision Enterprise
(A firm in which Gan Poh Keong, a director of PKI, is sole proprietor)

	2012 RM	Group	2011 RM
Transactions with company in which certain directors have interests:			
Purchase of property, plant and equipment from			
- Nate Auto Trading	-		56,546
Purchase of raw materials from			
- Envision Enterprise	146,928		-
Upkeep of motor vehicles			
- Nate Auto Trading	112,544		-
Foreign workers' expenses paid/payable to			
- Dee Sin Agency	131,372		73,390
Transactions with directors of PKI:			
Rental of factory paid/payable to			
- Lee Geok Kim	94,920		94,920
Foreign workers' expenses paid/payable to			
- Gan Poh Keong	-		9,270

Notes to Financial Statements - 31 August 2012 (cont'd)

28. RELATED PARTY TRANSACTIONS (cont'd)

(a) Sale and purchase of goods and services (cont'd)

	Group	
	2012 RM	2011 RM
Transactions with subsidiaries:		
Management fee received from:		
- PKI	60,000	126,000
- UDT	-	100,000
Dividend income received from:		
- UDT	117,283	-
- SWSI	168,000	-

(b) Compensation of key management personnel

"The remunerations of directors and other members of the key management during the year were as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Compensation paid/payable to key management personnel				
- Short term employee benefits	1,628,757	1,521,798	196,000	118,000
- Post-employment benefits	113,720	103,794	-	-
	1,742,477	1,625,592	196,000	118,000

Notes to Financial Statements - 31 August 2012 (cont'd)

29. COMMITMENTS

(a) Capital Commitments

Capital expenditure as at the reporting date is as follows:

	2012 RM	Group 2011 RM
In respect of capital expenditure:		
- Approved and contracted for	-	375,000

(b) Finance Lease Commitments

	2012 RM	Group 2011 RM
Minimum lease payments:		
Not later than 1 year	610,667	336,575
Later than 1 year and not later than 2 years	464,629	212,564
Later than 2 years and not later than 5 years	515,812	63,322
	1,591,108	612,461
Less : Amounts representing finance charges	(142,955)	(42,422)
Present value of minimum lease payments	1,448,153	570,039
Present value of payments:		
Not later than 1 year	540,431	312,279
Later than 1 year and not later than 2 years	419,634	199,592
Later than 2 years and not later than 5 years	488,088	58,168
Present value of minimum lease payments	1,448,153	570,039
Less: Amount due within 12 months (Note 24)	(540,431)	(312,279)
Amount due after 12 months (Note 24)	907,722	257,760

Notes to Financial Statements - 31 August 2012 (cont'd)

30. FAIR VALUE OF FINANCIAL INSTRUMENTS

Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation 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
Trade and other receivables (current)	17
Trade and other payables (current)	25
Loans and borrowings (current)	24

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 on or near the reporting date.

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

The fair values of current loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

The fair value of forward exchange contracts is based on the quotations obtained from the counterparty bankers. These quotes are tested for reasonableness by testing the contract forward price for the residual maturity of the contracts.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The following sections provide details regarding the Group and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

a) Credit risk

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

Notes to Financial Statements - 31 August 2012 (cont'd)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

a) Credit risk (cont'd)

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position, with positive fair values. The Group and the Company do not hold any collateral or other enhancement over their balances.

Credit risk concentration profile

At the reporting date, the Group has significant concentration of credit risk that may arise from exposure to 1 (2011: 1) trade debtor which is located in Germany (2011: Malaysia) accounted for 10% (2011: 13%) of Group's trade receivables. The directors believe that this will not create significant concentration of credit risk for the Group in view of the length of relationship and the Group works closely with its customers to provide customer satisfaction through timely delivery and the provision of high quality products and services at competitive cost.

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 17. Derivatives financial instruments and fixed deposits with licensed banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 17.

b) Liquidity risk

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

The Group and the Company manage its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group and the Company maintain sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group and the Company strive to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group and the Company raise committed funding from financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

Notes to Financial Statements - 31 August 2012 (cont'd)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

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

	On demand or within one year RM	One to five years RM	One to five years RM	Total RM
At 31 August 2012				
Group				
Financial liabilities:				
Trade and other payables	12,581,217	-	-	12,581,217
Loans and borrowings	25,145,907	3,120,339	465,680	28,731,926
Total undiscounted financial liabilities	37,727,124	3,120,339	465,680	41,313,143
Company				
Financial liabilities:				
Trade and other payables, excluding financial guarantees*	25,193	-	-	25,193
Total undiscounted financial liabilities	25,193	-	-	25,193
At 31 August 2011				
Group				
Financial liabilities:				
Trade and other payables	11,455,420	-	-	11,455,420
Loans and borrowings	26,143,527	3,617,591	-	29,761,118
Total undiscounted financial liabilities	37,598,947	3,617,591	-	41,216,538
Company				
Financial liabilities:				
Trade and other payables, excluding financial guarantees*	43,142	-	-	43,142
Total undiscounted financial liabilities	43,142	-	-	43,142

* At the reporting date, the counterparties to the financial guarantees do not have a right to demand cash as the defaults have not occurred. Accordingly, financial guarantees under the scope of FRS 139 are not included in the above maturity profile analysis.

Notes to Financial Statements - 31 August 2012 (cont'd)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

c) Interest rate risk

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

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis point lower/higher, with all other variables held constant, the Group's profit before tax would have been RM51,862 (2011: RM70,979) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

d) Foreign currency risk

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

The Group is exposed to transactional currency risk primarily respective through sales and purchases that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily United States Dollars ("USD") and Euro Dollar ("EURO"). Such transactions are kept to an acceptable level.

The net unhedged financial assets of the Group that are not denominated in their functional currencies are as follows:

	2012 RM	2011 RM
United States Dollars	2,426,545	2,855,352
Euro Dollar	2,388,142	-

Notes to Financial Statements - 31 August 2012 (cont'd)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

d) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD and EURO exchange rates at the reporting date against the functional currency of the Group, assuming all other variables remain unchanged. Material foreign currency transactions exposures are hedged, mainly with the derivative financial instruments such as forward foreign exchange contracts.

		2012 RM	2011 RM
		Profit before tax	
USD/RM	- strengthened 5% (2011: 5%)	144,491	82,771
	- weakened 5% (2011: 5%)	(144,491)	(82,771)
EURO/RM	- strengthened 5% (2011: 5%)	117,991	-
	- weakened 5% (2011: 5%)	(117,991)	-

32. CAPITAL MANAGEMENT

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

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

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances.

Notes to Financial Statements - 31 August 2012 (cont'd)

32. CAPITAL MANAGEMENT (cont'd)

	Note	Group		Company	
		2012 RM	2011 RM	2012 RM	2011 RM
Loans and borrowings	24	28,157,587	28,932,736	-	-
Trade and other payables	25	12,581,217	11,455,420	25,193	43,142
Less: - Cash and bank balances	22	(3,483,950)	(6,994,407)	(10,780)	(48,877)
Net debt		37,254,854	33,393,749	14,413	(5,735)
<i>Total capital</i>		57,246,445	54,113,301	42,074,596	45,713,000
Capital and net debt		94,501,299	87,507,050	42,089,009	45,707,265
Gearing ratio		39%	38%	0.03%	*

* Zero gearing as the company's cash and bank balances exceeded the net debt.

33. SEGMENT INFORMATION

The Group operates principally within the business of design, manufacture and sale of leather upholstery and wooden furniture products in Malaysia. Accordingly, information by operating segments on the Group's operations as required by FRS 8 is not presented.

Geographical information

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

	2012 RM	2011 RM
Asia Pacific	27,647,958	25,904,037
Australia	1,538,085	4,105,567
Europe	37,135,624	24,510,315
Malaysia	37,836,437	27,111,237
Middle East	4,823,216	3,765,651
Others	3,273,593	3,784,915
	112,254,913	89,181,722

Notes to Financial Statements - 31 August 2012 (cont'd)

33. SEGMENT INFORMATION (cont'd)

Information about a major customer

Revenue from one major customer amount to RM16,754,032 (2011: RM14,680,270), arising from sales by the leather upholstery and wooden furniture products segment.

34. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current financial year's presentation. The comparative figures have been audited by a firm of chartered accountants other than Ernst & Young.

35. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 August 2012 were authorised for issue in accordance with a resolution of the directors on 20 December 2012.

Supplementary Information

36. SUPPLEMENTARY INFORMATION - BREAKDOWN OF REALISED AND UNREALISED ACCUMULATED LOSSES

The breakdown of the accumulated losses of the Group and of the Company into realised and unrealised losses is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Total accumulated losses of the Company and its subsidiaries				
- Realised	(19,607,882)	(21,663,152)	(33,672,690)	(30,034,286)
- Unrealised	1,107,041	29,167	-	-
	(18,500,841)	(21,633,985)	(33,672,690)	(30,034,286)

List of Material Properties - 31 August 2012

The Group's policy on revaluation of landed properties is as stated in Note 3(e) and 3(g) to the Financial Statements.

Address / Location	Description	Land Area	Existing Use	Tenure/ Age of Building	Net Book Value RM'000	Date of Revaluation / Acquisition
Lot PTD 4085, Kawasan Perindustrian Parit Jamil, 84150 Parit Jawa, Muar, Johor.	Industrial land with single-storey factory and detached double-storey office	1.6840 hectares	Sofas manufacturing facilities	Freehold/ 10 years	7,183	29.01.99 (Date of Acquisition)
Lot 1789, GM1142, Mukim of Sungai Raya, District of Muar, Johor.	Industrial land with single-storey factory and detached double-storey office	1.9400 hectares	Furniture manufacturing facilities	Freehold/ 6 years	4,583	24.11.04 (Date of acquisition)
Lot 8800, Batu 8, Jalan Perindustrian 5, Kawasan Perindustrian Bukit Bakri, Bukit Bakri, 84200 Muar, Johor.	Industrial land with single-storey factory and office block	8,217.00 sq. m	Office cum warehouse	99 years leasehold expiring in 29-12-2094 / 9 years	4,430	13.07.01 (Date of Acquisition)
Lot PTD 4084, Kawasan Perindustrian Parit Jamil, 84150 Parit Jawa, Muar, Johor.	Industrial land with single-storey factory	1.6840 hectares	Sofas manufacturing facilities	Freehold/ 6 years	4,283	20.06.02 (Date of Acquisition)
Lot 8784, Batu 8, Jalan Perindustrian 5 Kawasan Perindustrian Bukit Bakri, Muar, Johor.	Industrial land with single-storey factory	5,501.58 sq. m	Furniture manufacturing facilities	99 years leasehold expiring in 29-12- 2094 / 9 years	3,126	07.06.02 (Date of Acquisition)

List of Material Properties - 31 August 2012 (cont'd)

The Group's policy on revaluation of landed properties is as stated in Note 3(e) and 3(g) to the Financial Statements. (cont'd)

Address / Location	Description	Land Area	Existing Use	Tenure/ Age of Building	Net Book Value RM'000	Date of Revaluation / Acquisition
Lot 8791, Batu 8, Jalan Perindustrian 5, Kawasan Perindustrian Bukit Bakri, Bukit Bakri, 84200 Muar, Johor.	Industrial land with 2 adjoining blocks of factory building with a three-storey office block	10,055.78 sq. m	Office with furniture manufacturing facilities	99 years leasehold expiring in 29-12-2094 / 15 years	2,586	31.05.00 (Date of Acquisition)
Lot PTD 4086, Kawasan Perindustrian Parit Jamil, 84150 Parit Jawa, Muar, Johor.	Industrial land	1.6840 hectares	Vacant	Freehold / 2 years	1,877	20.04.11 (Date of Acquisition)
Lot 8792, Batu 8, Jalan Perindustrian 5, Kawasan Perindustrian Bukit Bakri, Bukit Bakri, 84200 Muar, Johor.	Industrial land with single-storey detached factory	2,321.00 sq. m	Warehouse	99 years Leasehold expiring in 29-12-2094 / 8 years	1,310	24.06.02 (Date of Acquisition)
Lot No 1794, GM348 Mukim of Sungai Raya, District of Muar, Johor.	Industrial land	1.0117 hectares	Rented	Freehold	1,125	13.09.95 (Date of Acquisition)
No 18, Jalan Seroja 39, Taman Johor Jaya, 81100 Johor Bahru, Johor.	Double storey terrace warehouse cum office	990.90 sq. m	Warehouse cum office	Freehold/ 18 years	1,156	07.05.00 (Date of Acquisition)

Analysis of Shareholdings

31 December 2012

Distribution schedule of shareholdings as at 31 December 2012

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100 shares	14	0.78	468	0.00
100 to 1,000 shares	250	13.97	221,146	0.17
1,001 to 10,000 shares	931	52.04	4,772,240	3.77
10,001 to 100,000 shares	496	27.73	17,162,087	13.57
100,001 to less than 5% of issued shares	95	5.31	73,790,559	58.33
5% and above of issued shares	3	0.17	30,559,000	24.16
TOTAL	1,789	100.00	126,505,500	100.00

Thirty (30) largest securities account holders as at 31 December 2012

Name of Shareholders	No. of Shares Held	% of Issued Share Capital
1 N.E.O RESOURCES SDN. BHD.	12,959,000	10.24
2 MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NEO TIAM HOCK	8,800,000	6.96
3 MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NEO CHEE KIAT	8,800,000	6.96
4 BO ENG CHEE	6,073,000	4.80
5 LAU TECK POH	5,757,000	4.55
6 SOH GOK LIAN	4,398,400	3.48
7 TAN HUI TING	4,000,000	3.16
8 CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KING TAI @ TAN KHOON HAI (471821)	3,361,700	2.66

Analysis of Shareholdings

31 December 2012 (cont'd)

Thirty (30) largest securities account holders as at 31 December 2012 (cont'd)

Name of Shareholders	No. of Shares Held	% of Issued Share Capital
9 TAN BOON HAI	3,342,000	2.64
10 TAN HUI LUN	3,339,419	2.64
11 PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PHNUAH FARN FARN (E-BMM)	2,601,400	2.06
12 NEO TIAM HOCK	2,536,896	2.01
13 NEO CHEE KIAT	2,058,210	1.63
14 HASSAN GANY BIN SULTHAN	1,968,600	1.56
15 CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PHNUAH FARN FARN (474003)	1,880,174	1.49
16 KOH LOW @ KOH KIM TOON	1,724,050	1.36
17 PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KING TAI @ TAN KHOON HAI (E-BMM)	1,551,500	1.23
18 PHNUAH FARN FARN	1,405,385	1.11
19 LEO HUA MOI	1,246,350	0.99
20 ORCHID CITY SDN. BHD.	1,188,304	0.94
21 CHAN MEI CHENG	1,186,000	0.94
22 AWAN TRAVEL SDN. BHD.	1,110,600	0.88
23 PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAN MEI CHENG (E-BMM)	1,085,550	0.86

Analysis of Shareholdings

31 December 2012 (cont'd)

Thirty (30) largest securities account holders as at 31 December 2012 (cont'd)

Name of Shareholders	No. of Shares Held	% of Issued Share Capital
24 CHONG GEENG LING	1,000,000	0.79
25 THE KULIM-BALING ROAD TRANSPORT COMPANY, SDN.BHD.	1,000,000	0.79
26 AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR TAN KING TAI @ TAN KHOON HAI (SMART)	920,700	0.73
27 CHUA LEE SENG	887,368	0.70
28 KOH LOW @ KOH KIM TOON	780,218	0.62
29 NEO CHEE HOW	739,154	0.58
30 NEO CHEE HSIAN	724,154	0.57
TOTAL	88,425,132	69.93

Analysis of Warrants

Holdings - 31 December 2012

Distribution schedule of warrant holdings as at 31 December 2012

Size of Warrants Holdings	No. of Warrant Holders	% of Warrant Holders	No. of Warrants	% of Issued Warrants
Less than 100 warrants	36	5.69	1,886	0.01
100 to 1,000 warrants	200	31.65	90,310	0.43
1,001 to 10,000 warrants	200	31.65	1,084,878	5.14
10,001 to 100,000 warrants	156	24.68	6,074,795	28.81
100,001 to less than 5% of issued warrants	38	6.01	11,494,181	54.52
5% and above of issued warrants	2	0.32	2,338,200	11.09
TOTAL	632	100.00	21,084,250	100.00

Thirty (30) largest securities account holders as at 31 December 2012

Name of Shareholders	No. of Warrants	% of Issued Warrants
1 PHNUAH FARN FARN	1,251,600	5.94
2 HASSAN GANY BIN SULTHAN	1,086,600	5.15
3 KOH LOW @ KOH KIM TOON	952,655	4.52
4 CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR TAN KING TAI @ TAN KHOON HAI (MP0218)	913,129	4.33
5 FRANCIS CHAI KIM LUNG	900,000	4.27
6 ORCHID CITY SDN. BHD.	600,034	2.85
7 RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD YAP KOK KEONG (T-1441016)	580,000	2.75
8 HDM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAI YAM KOOI (M01)	546,400	2.59

Analysis of Warrants

Holdings - 31 December 2012 (cont'd)

Thirty (30) largest securities account holders as at 31 December 2012

Name of Shareholders	No. of Warrants	% of Issued Warrants
9 PHNUAH FARN FARN	514,214	2.44
10 INTER-PACIFIC EQUITY NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TENG HOCK HENG	465,000	2.21
11 NEO TIAM HOCK	431,149	2.04
12 KU KOK KIT	400,000	1.90
13 CHAN LEE YUEN	344,000	1.63
14 KOH SOO @ KOH KIM CHIU	342,900	1.63
15 KU KOK KIT	321,600	1.53
16 TEOH ENG HOE	300,000	1.42
17 TEO KIM SOON	285,000	1.35
18 CHAN MEI CHENG	280,075	1.33
19 INTER-PACIFIC EQUITY NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KOON SENG	250,000	1.19
20 PERN HOCK SENG	230,000	1.09
21 SEE TIAN CHWAN	200,200	0.95
22 LIEW YUEH MING	194,600	0.92
23 ECML NOMINEES (TEMPATAN) SDN. BHD PLEDGED SECURITIES ACCOUNT FOR TING BEE TOO (009)	185,025	0.88

Analysis of Warrants

Holdings - 31 December 2012 (cont'd)

Thirty (30) largest securities account holders as at 31 December 2012

Name of Shareholders	No. of Warrants	% of Issued Warrants
24 RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD ANG LIAN HUAY (T-1441041)	179,800	0.85
25 TEE GEOK CHONG	170,000	0.81
26 LEE ENG MIN	158,700	0.75
27 CHONG KOK SOO	150,000	0.71
28 SOO MAUN CHING	150,000	0.71
29 TAI WENG FEY	140,000	0.66
30 HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BOON KIM YU (CCTS)	136,300	0.65
TOTAL	12,658,981	60.05

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirteenth (13th) Annual General Meeting of SWS Capital Berhad (formerly known as UDS Capital Berhad) will be held at PTD 4085, Kawasan Perindustrian Parit Jamil, 84150 Parit Jawa, Muar, Johor Darul Takzim on Thursday, 21 February 2013 at 11.30 a. m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 August 2012 together with the Reports of Directors and Auditors thereon (Please refer to Note A).
2. To re-elect Mr Neo Chee Kiat, the Director who retires in accordance with Article 91 of the Articles of Association of the Company. **(Ordinary Resolution 1)**
3. To re-elect Mr Piong Yew Peng, the Director who retires in accordance with Article 96 of the Articles of Association of the Company. **(Ordinary Resolution 2)**
4. To approve the payment of Directors' fees for the financial year ended 31 August 2012. **(Ordinary Resolution 3)**
5. To approve the re-appointment of retiring Auditors, Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 4)**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions with or without any modifications as resolutions:-

6. **Authority to Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965** **(Ordinary Resolution 5)**

"THAT pursuant to Section 132D of the Companies Act, 1965, and subject to the approvals of the relevant Governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued share capital of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued FURTHER THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

Notice of Annual General Meeting (cont'd)

7. **Proposed Amendments to the Articles of Association of the Company** **(Special Resolution 1)**

"THAT the proposed amendments to the Company's Articles of Association ("Proposed Amendments") as set out in the Appendix 1 attached to the 2012 Annual Report be and are hereby approved AND THAT the Directors and/or the Secretary of the Company be and are hereby authorised to take all steps as are necessary and expedite in order to implement, finalise and give full effect to the Proposed Amendments."

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

By order of the Board

PANG KAH MAN (MIA 18831)

Company Secretary

Muar, Johor Darul Takzim

30 January 2013

Notes:

- (A) *This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders and hence, is not put forward for voting.*
1. *Only depositors whose names appear in the Record of Depositors as at 14 February 2013 shall be regarded as members and be entitled to attend, speak and vote at the Meeting.*
 2. *A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote on a show of hands or on a poll in his stead. There shall be no restriction as to the qualification of the proxy and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
 3. *Where a member of the Company is an Exempt Authorised Nominee 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.*
 4. *To be valid, the proxy form duly completed must be deposited at the Registered Office of the Company at No. 7, (1st Floor), Jalan Pesta 1/1, Taman Dr Ismail 1, Jalan Bakri, 84000 Muar, Johor Darul Takzim not less than forty-eight (48) hours before the time for holding the meeting provided that in the event the member(s) duly executes the proxy form but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, provided always that the rest of the proxy, other than the particulars of the proxy have been duly completed by the member(s).*
 5. *Where a member appoints two or more proxies, the appointment shall be invalid unless the member specifies the proportions of his holding to be represented by each proxy.*
 6. *The instrument appointing a proxy in the case of any individual shall be signed by the appointor or his attorney duly authorised in writing and in the case of a corporation under its common seal or under the hand of an officer or attorney duly authorised.*

Explanatory Notes on Special Business:

7. **Ordinary Resolution no. 5**
Authority to Allot and Issue Shares pursuant to Section 132D of the Companies Act, 1965
 - (a) *The proposed Ordinary Resolution no. 5, if passed, will empower the Directors of the Company to issue and allot shares in the Company from time to time and for such purpose as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company in general meeting, expire at the next Annual General Meeting of the Company.*
 - (b) *This is the renewal of the mandate obtained from the members on the last Annual General Meeting ("the previous mandate") which will lapse at the conclusion of the Thirteenth Annual General Meeting. As at the date of this Notice, the previous mandate was not utilised and accordingly no proceeds were raised. The renewed mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.*

Notice of Annual General Meeting (cont'd)

Notes: (cont'd)**8 Special Resolution no. 1
Proposed Amendments to the Articles of Association of the Company**

The proposed Special Resolution no. 1 is intended to streamline the Company's Articles of Association to be aligned with the recent amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which took effect on 3 January 2012. Further details on the Proposed Amendments are provided in the Appendix 1 of 2012 Annual Report.

Statement Accompanying Notice of Annual General Meeting

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

DETAILS OF INDIVIDUAL WHO IS STANDING FOR ELECTION AS A DIRECTOR

No individual is seeking election as a Director at the Thirteenth Annual General Meeting of the Company.

Appendix 1

Details of the Proposed Amendments to the Articles of Association of SWS Capital Berhad (Formerly Known as UDS Capital Berhad)

The proposed deletions, alterations, modifications, variations and additions to the Articles of Association of the Company ("Proposed Amendments") are as follows:

No.	Existing Articles	Proposed Amended/New Articles	
1	To amend and insert the following new definitions in the existing Article 2 - Interpretation	Company	<u>SWS Capital Berhad (Company No.: 502246-P) including any further change to its name.</u>
		Depository	Bursa Malaysia Depository Sdn Bhd <u>(165570-W) including any further change to its name.</u>
		Directors	The Directors for the time being of the Company <u>or a quorum of the Directors present at a board meeting and includes their respective alternates.</u>
		Dividend	Includes <u>monies, treasury securities and</u> bonus <u>issue of Securities.</u>
		Exchange	Bursa Malaysia Securities Berhad <u>(635998-W) including any further change to its name.</u>
		<u>Exempt Authorised Nominee</u>	<u>An authorised nominee defined under the Central Depositories Act which is exempted from compliance with provisions of subsection 25A(1) of the Central Depositories Act.</u>
		Listing Requirements	The <u>Main Market</u> Listing Requirements of the Exchange including any amendment <u>to the Listing Requirements</u> that may be made from time to time.
		"Member" or "Members"	Any person(s) for the time being holding Shares in the Company and whose name appears in the Register of Members (except the Malaysia Central Depository Nominees Sdn Bhd) <u>unless otherwise expressed to the contrary, including includes a Depositor whose name appears on the Record of Depositors, shall be treated as if he were a member pursuant to section 35 of the Central Depositories Act but excludes the Depository in its capacity as a bare trustee.</u>

Appendix 1 (cont'd)

No.	Existing Articles	Proposed Amended/New Articles
1	To amend and insert the following new definitions in the existing Article 2 – Interpretation (cont'd)	
	<u>Proxy</u>	<u>Includes attorney duly constituted under a power of attorney.</u>
	<u>Relevant Regulations</u>	<u>All relevant rules, regulations, guidelines, directives, practice note, guidance notes passed or issued by any relevant authority for the time being in force applying to or affecting the Company and/or these Articles which shall include where applicable, the act, the Central Depositories Act, the Listing Requirements, the Rules and the legislation, rules, regulations, guidelines, directives, practice notes, guidance notes and other requirements of such other stock exchange in respect of which the Securities of the Company are listed or traded or the Foreign Depository, as the case may be.</u>
	Rules	The Rules of the Central Depository <u>and any appendices thereto they may be amended from time to time.</u>
	Secretary	Includes (subject to the provisions of the Act) and assistant or Deputy Secretary and any person(s) appointed by the Directors to perform any of the duties of the Secretary <u>of the Company for the time being and shall include any person or persons entitle to perform the duties of a secretary either temporary or otherwise.</u>
	Securities	<u>Shall have the meaning given Securities as defined in Section 2 of the Securities Commission Act 1993 Capital Markets and Services Act 2007.</u>
	<u>Securities Laws</u>	<u>The Capital Markets and Services Act 2007; and Central Depositories Act or any statutory modification, amendment or re-enactment thereof for the time being in force.</u>
	<u>Share</u>	<u>Share includes a preference or deferred as well as ordinary share and any security which carries any power of voting with respect to the management of the Company or such other corporation issuing or creating the same.</u>

Appendix 1 (cont'd)

No.	Existing Articles	Proposed Amended/New Articles
2	To amend the existing Article 3A – Allotment of Shares	<p>Article 3A</p> <p>Subject to the provisions of the Act, the Central Depositories Act and the Rules, the Company shall allot and/or issue sSecurities, dispatch notices of allotment to the successful allottees and make an application for the quotation of such sSecurities within the following prescribed periods, or such other period as may be prescribed by the Exchange:</p> <p>(a) In respect of right issue, within eight (8) Market Days after the final applications closing date for rights issue;</p> <p>(b) In respect of any issuance of shares pursuant to an employees share option scheme, within eight (8) Market Days after the date of receipt of a notice of the exercise of the an employee share option duly accompanied by the requisite payment; and</p> <p>(c) In respect of any issuance of shares pursuant to an exercise of a right or a conversion, within eight (8) Market Days after the date of receipt of a subscription form duly accompanied by the requisite payment in respect of an exercise of a right or a conversion; and</p> <p>(d) <u>In respect of bonus issue, within eight (8) Market Days of the Books Closing Date for a bonus issue.</u></p>
3	To amend the existing Article 17 – Information on shareholdings	<p>Article 17</p> <p>(1) The Company may by notice in writing, require any Member of the Company, within such reasonable time as is specified in the notice:-</p> <p>(a) to inform the Company whether he holds any voting shares in the Company as Beneficial Owner, Authorised Nominee or as trustee; and</p> <p>(b) if he holds them as Authorised Nominee trustee or trustee Authorised Nominee to indicate so far as he can, the persons for whom he holds them by name and by other particulars sufficient to enable those persons to be identified and the nature of their interest.</p> <p>(2) <u>The Company may by notice in writing require a Member of the Company to inform it, within such reasonable time as is specified in the notice, whether any of the voting rights carried by any voting shares in the Company held by him, are the subject of any agreement or arrangement under which another person is entitled to control his exercise to those rights and, if so, to give particulars of the agreement and the parties to it.</u></p>

Appendix 1 (cont'd)

No.	Existing Articles	Proposed Amended/New Articles
4	To amend the existing Article 25 - Transfer of securities	<p>Article 25</p> <p>The transfer of any securities or class of securities of the Company, shall be by way of book entry by the Central Depository in accordance with the Rules and, notwithstanding Section 103 and 104 of the Act, but subject to Section 107C (2) of the Act, and any exemption that may from compliance with Section 107C (1) of the Act, the Company shall be precluded from registering and effecting any transfer of such securities.</p> <p><u>The instrument of transfer of any share shall be executed by or on behalf of the transferor and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered into the Register and/or the Record of Depositors as the case may be in respect thereof.</u></p>
5	To amend the existing Article 26 - Fixing of books closing date	<p>Article 26</p> <p>Subject to <u>Rules and Listing Requirements the provisions of the Act, the Central Depositories Act and the Rules</u>, the <u>registration of transfers of any securities</u> may be suspended at such times and for such periods as the Directors may from time to time determine <u>but not exceeding in the whole, thirty (30) days in any year</u>. Ten (10) market days' notice, or such other period as may from time to time be specified by the Exchange governing the Register concerned, of intention to close the Register <u>and the reason thereof</u> shall be given to the Exchange <u>and published in a daily newspaper circulating in Malaysia. At least (3) Markets Days prior notice shall be given to the Depository to prepare the appropriate Record of Depositors. Such notice shall state the Books Closing Date which shall not be less than eight (8) Market Days from the date of notification to the Exchange.</u></p>
6	To amend the existing Article 33 - Transmission of shares from foreign register	<p>Article 33</p> <p>(1) Where:</p> <p>(a) The <u>s</u>Securities of the Company are listed on another stock exchange <u>other than Bursa Malaysia Berhad</u>; and</p> <p>(b) the Company is exempted from compliance with section 14 of the Securities Industry (Central Depositories) Act 1991 or section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules of the Depository in respect of such <u>s</u>Securities,</p> <p>the Company shall, upon request of a securities holder, permit a transmission of <u>s</u>Securities held by such <u>securities</u> holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the other stock exchange, to the register of holders maintained by the registrar of the Company in Malaysia and vice versa provided that shall be no change in the ownership of such Securities.</p>

Appendix 1 (cont'd)

No.	Existing Articles	Proposed Amended/New Articles
6	To amend the existing Article 33 – Transmission of shares from foreign register (cont'd)	<p>Article 33</p> <p>(2) <u>The procedures for the transmission of the Securities between Bursa Malaysia Securities Berhad and any other stock exchange and for deposition and withdrawal of any Securities held under scripless system shall be determined by the Directors from time to time in accordance with the Relevant Regulations.</u></p>
7	To amend the existing Article 49 – Alteration of capital	<p>Article 49</p> <p>The Company may be ordinary resolution:</p> <p>(a) <u>increase the share capital by such sum to be divided into shares of such amount as the resolution shall prescribe; or</u></p> <p>(b)(a) consolidate and divide its capital into shares of a larger amount than its existing shares; or</p> <p>(c) (b) sub-divide its existing shares, or any of them, into shares of a smaller amount than is fixed by the Memorandum of Association subject, nevertheless, to the provisions of Section 62(1)(d) of the Act; or</p> <p>(d) (c) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.</p> <p>The resolutions whereby any share is sub-divided may determine that as between the holders of the shares resulting from such sub-division one or more of such shares may have some preference or special privilege or advantage as to dividend, capital, voting or otherwise, over or may have such deferred rights or may be subject to such restrictions as compared with the other or others as the Company has power to attach to unissued or new shares.</p>
8	To insert new Article 49A – Share Buy-Back	<p>Article 49A</p> <p><u>Subject to and in accordance with the provisions of the Act and the Listing Requirements and/or the Relevant Regulations and such other relevant law, regulation or guideline for the time being in force, the Company is allowed and shall have power, to the fullest extent permitted, to purchase any of its own shares and other securities and thereafter, the Directors may resolve and shall have the fullest power to deal with such purchased shares or other</u></p>

Appendix 1 (cont'd)

No.	Existing Articles	Proposed Amended/New Articles
8	To insert new Article 49A – Share Buy-Back (cont'd)	Article 49A (cont'd) <u>Securities in accordance with the provisions of the Act and the Listing Requirements and/or the Relevant Regulations and such other relevant law, regulation or guideline.</u>
9	To amend the existing Article 61 – Chairman of general meeting	Article 61 The Chairman of the Board of Directors shall preside as chairman at every general meeting, but if at any meeting such officer is not present within fifteen (15) minutes after the time appointed for holding the same, or shall be unwilling to act as chairman, the Members present shall choose some Director, or if no Director be present, or if all the Directors present decline to take the chair, one of themselves to be chairman of the meeting. <u>The election of the chairman shall be by a show of hands.</u>
10	To amend the existing Article 67 – Member's right to appoint proxy	Article 67 Subject to any special conditions or restrictions as to vote upon which any shares may be issued or may for the time being be held, on a show of hands a holder of ordinary shares or preference shares who is personally present or a Member's representative or proxy or attorney and entitled to vote shall be entitled one (1) vote, and on poll a holder of ordinary shares or preference shares who is personally and entitled to vote or a Member's representative or proxy or attorney and entitled to vote shall have vote for every share held by the Member. A proxy shall be entitled to vote on a show of hands on any question at any general meeting. In every notice calling a meeting there shall appear with reasonable prominence a statement that a Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him <u>at the meeting. There shall be no restriction as to the qualification of the proxy.</u> Where a Member of the Company is an Authorised Nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the Securities Account. <u>A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.</u>
11	To amend the existing Article 70 – Entitlement to vote	Article 70 Subject to the Article 55 of these presents, a holder of ordinary shares or preference shares shall be entitled to be present and to vote on a show of hands on any question either personally or by proxy, or as proxy for another Member at any general meeting, or upon a poll <u>and to vote either</u>

Appendix 1 (cont'd)

No.	Existing Articles	Proposed Amended/New Articles
11	To amend the existing Article 70 – Entitlement to vote (cont'd)	<p>Article 70 (cont'd)</p> <p>personally or by proxy and to be reckoned in a quorum in respect of any fully paid-up shares and of any shares upon which calls due and payable to the Company shall have been paid. No shareholder shall be entitled so to vote or to be recognised in a quorum in respect of any shares upon which any call or other sum so due and payable shall be unpaid.</p>
12	To delete the existing Article 72 – Poll in writing in entirety	<p>Article 72 <u>On a poll, votes may be given either personally or by proxy.</u></p>
13	To amend Article 73 – Instrument of appointment	<p>Article 73</p> <p>(1) 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 Seal or under the hand of an officer or attorney duly authorised <u>or in some other manner approved by the Directors. The Directors may but shall not be bound to require evidence of the authority of any such attorney or officer.</u> A proxy need not be a Member of the Company <u>and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.</u></p> <p>(2) <u>Where a Member is an Exempt Authorised Nominee which holds 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.</u></p>
14	To amend the existing Article 77 – Validity of proxy	<p>Article 77</p> <p>Unless otherwise directed by the Chairman, a voter given in accordance with the terms of an instrument of proxy shall be treated as valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Company at the office or such other place as specified in the instrument appointing a proxy before the commencement of the meeting or adjourned meeting at which the proxy is used. <u>No instrument appointing a proxy shall be valid after the expiry of twelve (12) months from its date.</u></p>

Appendix 1 (cont'd)

No.	Existing Articles	Proposed Amended/New Articles
15	To amend 82 – Borrowing powers	<p>Article 82</p> <p>(1) The Directors may exercise all the powers of the Company to borrow or secure money, and to mortgage or charge the its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock, and other securities, whether outright or as a security for any debt, liability or obligation of the Company <u>or its subsidiaries as they shall think fit</u> or as permitted by the Listing Requirements.</p> <p>(2) <u>The Directors shall not borrow any money or mortgage or charge any of the Company's or the subsidiaries' undertaking, property or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.</u></p> <p>(3) <u>The Directors may borrow or raise any such money as aforesaid upon or by the issue or sale of any bonds, debentures, debenture stock, or securities, and upon such terms as to time of repayment, rate of interest, price of issue or sale; payment of premium or bonus upon redemption or repayment or upon any other terms as they may think proper.</u></p>
16	To amend 113 – Resolution in writing valid and effectual in certain circumstances	<p>Article 113</p> <p>A resolution in writing signed by a majority of the Directors for the time being or their alternates not being less than two Directors shall be valid and effectual as if it had been passed by a meeting of Directors duly convened and held, <u>provided that where a Director is not so present but has an alternate who is so present, then such resolution must also be signed by such alternate.</u> Any such resolution may consist of several documents in like form each signed by one or more Directors <u>of their alternates, The expression "in writing" or "signed" include approval be legible confirmed transmission by facsimile, telex, cable, telegram, or other forms of electronic communications.</u></p>
17	To insert new Article as Article 128A	<p>Article 128A</p> <p>(a) <u>A Depositor must provide his bank account information to receive cash dividends for the Company via electronic transfer by submitting, through an authorized depository agent or its foreign equivalent, a duly completed prescribed form together with the relevant supporting documents in the manner prescribed by the Depository.</u></p>

Appendix 1 (cont'd)

No.	Existing Articles	Proposed Amended/New Articles
17	To insert new Article as Article 128A (cont'd)	<p>Article 128A (cont'd)</p> <p>(b) <u>By complying with sub-Article 128(A)(a) above :-</u></p> <p>(i) <u>the Depositor irrevocably consents to receiving all cash dividends that may accrue to the Depositor in respect of the Depositor's Deposited Securities via electronic transfer; and</u></p> <p>(ii) <u>the Depositor irrevocably consents to the disclosure by the Depository the Company or their respective agents to any person of the Depositor's bank account information or such other information, as may be necessary or expedient to facilitate the payment of cash dividends that may accrue to the Depositor via electronic transfer or for any other purpose in connection with the payment of cash dividends via electronic transfer.</u></p>
18	To amend 137 – Members to have copies of accounts	<p>Article 137</p> <p><u>A printed copy of annual audited accounts (including every document required by law to be annexed thereto) which is to be laid before the Company in general meeting, together with a copy of Directors' and Auditor's Reports either in printed form or in CD-ROM form or in such other form of electronic media, shall before the date of the meeting be delivered or sent by post to every Member described in the Register and/or the Record of Depositors and every holder of debentures, where applicable, of the Company. —</u></p> <p><u>The Directors shall from time to time in accordance with Section 169 of the Act cause to be prepared and laid before the Company in a general meeting, such profit and loss accounts, balance sheets and reports as are referred to in the Section 169 of the Act and the Listing Requirements.</u></p> <p><u>An annual report which is to be laid before the Company in a general meeting (including every document required by law to be annexed thereto) together with a copy of the Auditors' and the Directors' Report relating thereto, shall not exceed six (6) months from the close of the financial year and the said annual report shall be sent to every Member and every holder of debenture of the Company not less than twenty-one (21) days before that date of the said meeting.</u></p>

Appendix 1 (cont'd)

No.	Existing Articles	Proposed Amended/New Articles
18	To amend 137 – Members to have copies of accounts (cont'd)	Article 137 (cont'd) <u>A copy of each such documents may be sent in printed form or in compact disc read-only memory format or digital video disc read-only format or in any other format through which images, data, information or other material may be viewed whether electronically or digitally or (including other documents required by law to be annexed thereto) shall together with the notice of the annual general meeting howsoever subject to compliance of the Listing Requirements and any other relevant authorities shall be sent to every Member of, and to every holder of debentures of the Company, under the provisions of the Act or of these Articles.</u> <u>In the event that the annual report is sent in compact disc read-only memory format or digital video disc read-only format or in such other form of electronic media and a member requires a printed form of such document, the Company shall send such document to the member within four (4) market days from the date of receipt of the member's request.</u> <u>Notwithstanding the above, the annual audited accounts together with the Directors' and Auditors' Reports shall be filed with the Exchange for public release within four (4) months after the expiry of its financial year.</u> <u>The requisite number of copies of each such document as may be required by the Exchange upon which the Company's shares may be listed, shall at the same time be likewise sent to the Exchange provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy, free of charge on application at the Company's Office.</u>
19	To insert new Article as Article 144A – Dividend in respect of deceased, bankruptcy or insolvent Member	Article 144A <u>In consequence of the death, bankruptcy or insolvency, the authorised persons or legal personal representative of the deceased Member or executors or administrators of the Members whose names registered in the Record of Depositors, may give effectual receipts for all dividends and payments on account of dividends in respect of such Shares.</u>



SWS CAPITAL BERHAD (FORMERLY KNOWN AS UDS CAPITAL BERHAD)

(Company No. 502246 - P)

(Incorporated in Malaysia under the Companies Act, 1965)

Proxy Form

No. of ordinary shares held

I/We, _____
(Full Name in Block Letters)

of _____
(Full Address)

being a *Member/Members of the above named company hereby appoint the Chairman of the meeting/*appoint

(Full Name in Block Letters)

of _____
(Full Address)

or failing him / her, _____
(Full Name in Block Letters)

of _____
(Full Address)

as *my/our proxy/proxies to attend and vote for *me/us and on *my/our behalf at the Thirteenth (13th) Annual General Meeting of the Company, to be held at PTD 4085, Kawasan Perindustrian Parit Jamil, 84150 Parit Jawa, Muar, Johor Darul Takzim, on Thursday, 21 February 2013 at 11.30 a.m. and at every adjournment thereof to vote as indicated below:

No.	Ordinary Resolutions	For	Against
1	To re-elect Mr Neo Chee Kiat as Director.		
2	To re-elect Mr Piong Yew Peng as Director.		
3	To approve the payment of Directors' fees.		
4	To approve the re-appointment of retiring Auditors, Messrs Ernst & Young as Auditors.		
5	To renew authority for Directors to issue shares pursuant to Section 132D of the Companies Act, 1965.		
	Special Resolution		
1	To approve the proposed amendments to the Articles of Association.		

(Please indicate with an "X" in the space provided above on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/ her discretion.)

Number of Shares Held _____

The proportions of *my/our holding to be represented by *any/our *proxy/proxies are as follows:

	Percentage
First Named Proxy	
Second Named Proxy	
Total	100%

In case of a vote taken by a show of hands, the First Proxy shall vote on *my/our behalf.

As witness *my/our hand this _____ day of _____, 2013

.....
Signature of Shareholder(s) or Common Seal

Notes:

Notes:

1. Only depositors whose names appear in the Record of Depositors as at 14 February 2013 shall be regarded as members and be entitled to attend, speak and vote at the Meeting.
2. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote on a show of hands or on a poll in his stead. There shall be no restriction as to the qualification of the proxy and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
3. Where a member of the Company is an Exempt Authorised Nominee 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.
4. To be valid, the proxy form duly completed must be deposited at the Registered Office of the Company at No. 7, (1st Floor), Jalan Pesta 1/1, Taman Dr Ismail 1, Jalan Bakri, 84000 Muar, Johor Darul Takzim not less than forty-eight (48) hours before the time for holding the meeting provided that in the event the member(s) duly executes the proxy form but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, provided always that the rest of the proxy, other than the particulars of the proxy have been duly completed by the member(s).
5. Where a member appoints two or more proxies, the appointment shall be invalid unless the member specifies the proportions of his holding to be represented by each proxy.
6. The instrument appointing a proxy in the case of any individual shall be signed by the appointor or his attorney duly authorised in writing and in the case of a corporation under its common seal or under the hand of an officer or attorney duly authorised.



SWS CAPITAL BERHAD

(Company No. 502246 - P)

The Secretary
No. 7 (1st Floor), Jalan Pesta 1/1,
Taman Tun Dr Ismail 1, Jalan Bakri,
84000 Muar, Johor Darul Ta'zim

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