YLI HOLDINGS BERHAD
Co. No. 367249-A

ANNUAL REPORT 2011

Diversification
& Expansion

OUR VISION

To be a pre-eminent group in providing products and services to the water industry, thus contributing effectively towards nation building.

OUR MISSION

By constantly enhancing our capabilities in manufacturing and services, we intend to be the leading player in the rapidly growing water and sewerage sectors within the Asian region. We will continue to look for opportunities to further enhance shareholders' value.

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir
- Non-Independent Non-Executive Chairman

Dato' Hj Samsuri Bin Rahmat
- Managing Director

Ali Sabri Bin Ahmad
- Executive Director

Independent Non-Executive Directors
Academician Datuk Prof Ir (Dr)
Hj Ahmad Zaidee Bin Laidin
Tuan Haji Ab Gani Bin Haron
Mohammad Khayat Bin Idris

BOARD COMMITTEES

Audit Committee

Tuan Haji Ab Gani Bin Haron
- Chairman
Academician Datuk Prof Ir (Dr)
Hj Ahmad Zaidee Bin Laidin
Mohammad Khayat Bin Idris

Remuneration Committee

Mohammad Khayat Bin Idris
- Chairman
Tuan Haji Ab Gani Bin Haron
Dato' Hj Samsuri Bin Rahmat

Nomination Committee

Academician Datuk Prof Ir (Dr)
Hj Ahmad Zaidee Bin Laidin
- Chairman
Tuan Haji Ab Gani Bin Haron
Mohammad Khayat Bin Idris

REGISTERED OFFICE

2579 Lorong Perusahaan 10
Prai Industrial Estate
13600 Prai
Penang, Malaysia
Tel: 04 3991819
Fax: 04 3999819

COMPANY SECRETARY

Molly Gunn Chit Geok
MAICSA 0673097

AUDITORS

PricewaterhouseCoopers
Chartered Accountants
16th Floor, Bangunan KWSP
Jalan Sultan Ahmad Shah
PO Box 856
10810 Penang, Malaysia

SHARE REGISTRAR

Plantation Agencies Sdn. Berhad
3rd Floor, Standard Chartered Bank Chambers
Lebuh Pantai, 10300 Penang
Tel: 04 2625333
Fax: 04 2622018

PRINCIPAL BANKERS

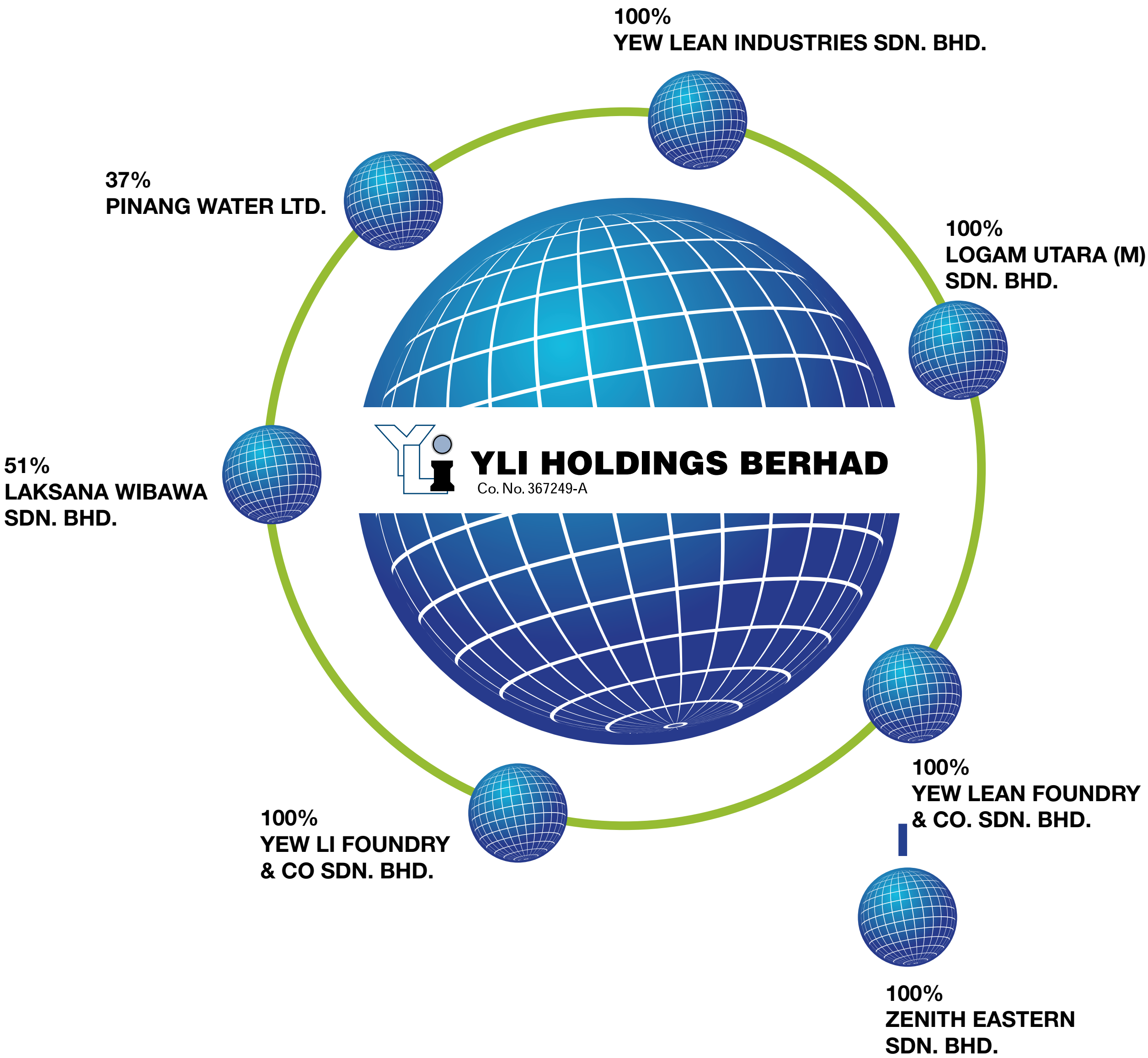
AmInvestment Bank Berhad
Citibank Berhad
EON Bank Berhad
Malayan Banking Berhad
United Overseas Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

The Main Market of
Bursa Malaysia Securities Berhad

Sector : Industrial Products
Stock Name: YLI
Stock Code : 7014

CORPORATE STRUCTURE



CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of YLI Holdings Berhad, it is my pleasure to present the Annual Report and audited Financial Statements of the Group for the financial year ended 31 March 2011. Despite the general perception that overall economic conditions have improved gradually, the Group continued to face most trying market conditions, due to the prevailing political landscape, the entrance of new market players following the removal of import tariff under the AFTA regime, lower margins for the Group's products due to higher and volatile production costs.

FINANCIAL PERFORMANCE

The year 2011 has seen a slow recovery in the global and local economy. Despite the general perception that local economic conditions have gradually improved with the multiplier effects of fiscal stimulus measures and various transformation programmes, namely the Government Transformation Programme ("GTP") and the Economic Transformation Programme ("ETP") undertaken by the Government, the business environment which the Group operates in has remained unfavourable due to various factors.

Group revenue of RM76.6 million was recorded, which represents a marginal decrease of 7.5% as compared to RM82.9 million recorded in the previous year. The lower revenue was mainly attributed to persistently weak local demand for the Group's products, as a result of the prevailing political landscape which has delayed the nationwide water sector restructuring. The market demand weakness is further compounded by entry of overseas competition as a result of the import tariff removal effective 1 January 2010 under the Asean Free Trade Area ("AFTA") regime. Meanwhile, overseas demand for the Group's products has been curtailed amidst the populists uprising in the Middle Eastern countries and the ongoing European Sovereign Debt crisis.

With the entry of overseas competitors in the local market, price competition amongst suppliers have become rather ferocious. On the other hand, the gradual removal of Government subsidies (e.g. removal of subsidies on industrial gas and electricity etc.) has inevitably exerted enormous inflationary pressure on the cost base of the Group's products. The eventual margin compression and the writing-off of the Group's intangible goodwill (of RM37.2 million arising from the acquisition of certain subsidiary) have resulted in a loss for the year of RM43.9 million, which compared unfavourably to a profit of RM2.0 million in the previous year. Despite our unwavering confidence in the said subsidiary, the intangible goodwill (in view of prevailing market weakness) has been written off in accordance with conservative accounting convention. Meanwhile, the Group's shareholders' funds declined to RM154.5 million as at 31 March 2011.

INDUSTRY OUTLOOK

Whilst the near-term outlook for the Group's business is expected to remain challenging in view of currently unfavourable market conditions, the Board of Directors firmly commits to the belief that improvement in the demand for the Group's products would inevitably materialize with the eventual recovery of the market conditions. Additionally, the current impasse in the water sector restructuring efforts of certain states would only be a temporary phenomenon given the Government's commitment to reduce Non-Revenue Water to 20% by year 2015.

Despite the adverse operating environment, the Group has continued to intensify its efforts to diversify its product range as well as its market reach. In its attempt to maintain its leadership position as the preferred supplier of high quality waterworks pipes in the region, the Group has also adopted various aggressive cost containment measures and ongoing research and development efforts to ensure the Group's products will fulfill the ever-changing market requirements.

CHAIRMAN'S STATEMENT (CONT'D)

CORPORATE GOVERNANCE

The Statement on Corporate Governance is set out on page 13 to page 17. The Board will also ensure the requirements of Bursa Malaysia listing requirements are strictly applied and adhered to by the Company.

CORPORATE SOCIAL RESPONSIBILITY

While we strive to increase shareholders' return through our core business of pipe manufacturing, we also recognize our responsibility to our employees, business associates and the communities within which we conduct our business as well as the environment we operate in.

Recognizing employees as the main driving force behind the business, the Group has always endeavored to safeguard the welfare of all its employees. The Group has a Safety Committee which ensures working conditions are in compliance with the Occupational Safety and Health Act 1994 (OSHA) requirements. Employees were also provided with necessary training on an ongoing basis to enable them to meet the ever-changing business requirements. The Group has also put in place grievance procedures to ensure any employee grievance would always be professionally resolved in compliance with the prevailing laws governing industrial relations.

The Group adheres strictly to all environmental laws and regulations. Production processes are continuously monitored and upgraded to ensure full compliance with changing environmental laws and regulations. The Group has also continuously sought alternative ways to further enhance environmental protection through more efficient use of energy and minimizing the production of industrial waste.

APPRECIATION

On behalf of the Board of Directors, I wish to express our appreciation to all our employees for their unwavering dedication, perseverance and contribution towards the growth of the Group. My heartfelt gratitude also goes to our valued clients and business associates for their continuous support. Last but not least, my sincere thanks to all our shareholders for their continued confidence in the Group.

Tan Sri Syed Mohd Yusof bin Tun Syed Nasir
Chairman

FINANCIAL CALENDAR

FINANCIAL YEAR END		31 March 2011
ANNUAL GENERAL MEETING		30 September 2011
ANNOUNCEMENT OF RESULTS		
	First Quarter	26 August 2010
	Second Quarter	24 November 2010
	Third Quarter	24 February 2011
	Fourth Quarter	30 May 2011
ANNUAL REPORT		
	Date of Issuance	8 September 2011

FINANCIAL TRACK RECORD

	FINANCIAL YEAR ENDED 31 MARCH				
	2011 RM'000	2010 RM'000	2009 RM'000	2008 RM'000	2007 RM'000
Revenue	**76,682**	82,924	125,633	99,142	123,601
Profit/(Loss) Before Taxation	**(43,309)**	2,924	8,049	12,667	19,406
Profit/(Loss) After Taxation Attributable to Shareholders	**(40,304)**	2,291	6,215	10,893	14,029
Shareholders' Funds	**154,483**	196,002	196,689	194,212	189,166
Total Assets Employed	**222,676**	263,051	300,044	210,913	205,272
Profit/(Loss) After Taxation as a Percentage of Shareholders' Funds	**(26.09)**	1.2	3.2	5.6	7.4
Basic Earnings/(Loss) Per Share (sen)	**(40.94)**	2.33	6.31	11.05	14.23
Diluted Earnings Per Share (sen)	**N/A**	N/A	N/A	N/A	N/A
Net Assets Per Share (RM)	**1.57**	1.99	2.00	1.97	1.92
No. of Shares in Issue (Net of Treasury Shares)	**98,439**	98,439	98,439	98,560	98,560

OUR PERFORMANCE

			2011 RM'000	2010 RM'000	% CHANGE
INCOME STATEMENT	Revenue		**76,682**	82,924	(7.52)
	Profit/(Loss) Before Taxation		**(43,309)**	2,924	*
	Profit/(Loss) After Taxation Attributable to Shareholders		**(40,304)**	2,291	*
BALANCE SHEET	Shareholders' Funds		**154,483**	196,002	(21.18)
	Total Assets Employed		**222,676**	263,051	(15.35)
RATIOS	Current Ratio	times	**2.90**	3.34	(13.17)
	Interest Coverage	times	*	2.06	*
	Return on Equity	%	*	1.17	*
	Return on Total Assets	%	*	0.87	*
	Financial Leverage Ratio	times	**0.26**	0.19	36.84
	Basic Earnings/(Loss)Per Share	sen	**(40.94)**	2.33	*
	Net Tangible Assets Per Share	RM	**1.57**	1.61	(2.48)
	31st March Closing Price	RM	**0.56**	0.74	(24.32)

** Not Applicable / Comparable.*

PROFILE OF DIRECTORS

TAN SRI SYED MOHD YUSOF TUN SYED NASIR
Malaysian, aged 63
Non-Independent Non-Executive Chairman

Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir is the Chairman and major shareholder of YLI Holdings Berhad. He was appointed to the Board of the Company on 15 August 2007.

After graduating with a Bachelor of Economics majoring in Accountancy, Tan Sri Syed Mohd Yusof started his career with Petronas. He served in various positions there, rising to Head of Northern Region before leaving Petronas to venture into business. He was formerly the Chairman of Southern Bank Berhad and Killinghall (Malaysia) Bhd, a former Director of Southern Finance Berhad and AM Trustee Berhad. Currently he sits on the Board of several private limited companies.

He is not related to any director and/or any major shareholder of the Group and does not have any conflict of interest with the Company. He has attended all four Board Meetings for the financial year ended 31 March 2011.

PROFILE OF DIRECTORS (CONT'D)

DATO' HJ SAMSURI RAHMAT
Malaysian, aged 55
Managing Director
Non-Independent Executive Director

Dato' Hj Samsuri Rahmat was appointed as the Managing Director on 9 June 2008. He was formerly the Chief Operating Officer of the Company. He is a member of the Remuneration Committee of YLI Holdings Berhad. He graduated with a Bachelor of Science (Honors) degree in Evironmental Studies from University Putra Malaysia in 1980. He also holds a Master of Arts degree in Economics from Western Michigan University, the United States of America.

He has held various key positions in the Ministry of Science, Technology and Environment, Ministry of International Trade and Industry, Ministry of National and Rural Development, Socio-Economic Research Unit and Economic Planning Unit (both under the Prime Minister's Department) for sixteen years before joining the private sector in 1996. Prior to joining the Company, he was the Executive Vice Chairman and also Executive Director of TRIplc Berhad.

As the Managing Director, he is mainly responsible for the Group's strategic direction as well as its business and corporate development. He also sits on the Board of various subsidiaries of the YLI Group. He is not related to any director and/or any major shareholder of the Group and does not have any conflict of interest with the Company. He has attended all four Board Meetings for the financial year ended 31 March 2011.

ENCIK ALI SABRI AHMAD
Malaysian, aged 54
Non-Independent Executive Director

Encik Ali Sabri Ahmad was appointed as Executive Director on 9 June 2008. He graduated with a Diploma in Civil Engineering from Institut Teknologi Mara in 1980. He also holds a Bachelor of Science degree in Civil Engineering from the University of Glasgow, Scotland in 1986.

He has over twenty years of working experience in major construction projects ranging from civil infrastructure, building works, hospital, road works, elevated viaduct, hotel, residential and commercial developments. He has held various key positions in organizations involved in major construction and project management in Malaysia as well as abroad. Prior to joining the Company, he was the Construction Manager in Kumpulan Ikhtisas Projek (M) Sdn. Bhd. He also sits on the Board of various subsidiaries of the YLI Group.

He is not related to any director and/or any major shareholder of the Group and does not have any conflict of interest with the Company. He has attended all four Board Meetings for the financial year ended 31 March 2011.

TUAN HAJI AB GANI HARON
Malaysian, aged 59
Independent Non-Executive Director

Tuan Haji Ab Gani Haron was appointed to the Board on 9 June 2008. He is the Chairman of the Audit Committee and a member of Nomination Committee and Remuneration Committee of YLI Holdings Berhad.

He graduated with a Bachelor of Economics (Honors) degree from Universiti Malaya in 1976 and obtained his Diploma Perakaunan from Universiti Malaya in 1977. He is also a qualified member of Malaysian Institute of Accountants.

He has over thirty years of working experience in civil service. He started his career as an accountant in the Accountant General's office. He had since held various key positions in the Accountant General's office. He was the Deputy Accountant General (Operations) in the Accountant General's office until November 2007. He is the Chairman of Amanahraya Capital Sdn. Bhd. and sits on the Board of Century Software Holdings Berhad, Amanahraya Investment Bank Ltd., Amanahraya Trustees Berhad, Amanah Raya (Labuan) Limited, Amanahraya Capital Group Sdn. Bhd., Export-Import Bank of Malaysia Berhad and Al-Jewar Ltd. (Labuan).

He is not related to any director and/or any major shareholder of the Group and does not have any conflict of interest with the Company. He has attended three out of four Board Meetings for the financial year ended 31 March 2011.

ENCIK MOHAMMAD KHAYAT IDRIS
Malaysian, aged 58
Independent Non-Executive Director

Encik Mohammad Khayat Idris was appointed to the Board on 9 June 2008. He is the Chairman of the Remuneration Committee and the member of Audit Committee and Nomination Committee of YLI Holdings Berhad.

He graduated with a Bachelor of Engineering (Honors) degree from Universiti Teknologi Malaysia in 1977. He also holds a Master of Science degree in electrical power engineering from University of Strathclyde, United Kingdom.

He has over twenty five years of illustrious working experience in the academic profession. He joined Institut Teknologi Mara as a lecturer in Electrical Engineering Power in 1977 and had since held key positions within the organization. Prior to his appointment as a Director of YLI, he was the Deputy Director of Development in UiTM.

He is not related to any director and/or any major shareholder of the Group and does not have any conflict of interest with the Company. He has attended all four Board Meetings for the financial year ended 31 March 2011.

PROFILE OF DIRECTORS (CONT'D)

ACADEMICIAN DATUK PROF IR (DR) HJ AHMAD ZAIDEE LAIDIN
Malaysian, aged 68
Independent Non-Executive Director

Academician Datuk Prof Ir (Dr) Hj Ahmad Zaidee Laidin was appointed to the Board on 24 February 2009. He is the Chairman of the Nomination Committee and a member of Audit Committee of YLI Holdings Berhad.

He holds a Master in Science in Technological Economies (Management & Industrial Science), University of Stirling and is a registered Professional Engineer with the Board of Engineers Malaysia as well as a Chartered Electrical Engineer (U.K.).

Internationally, he is a member of the Institution of Electrical Engineers, and the Institute of Management Services, U.K. He is a Fellow of the Institution of Engineers, Malaysia, as well as Academy of Sciences Malaysia and is currently serving in the councils of both bodies. He was recently elected as a Senior Fellow of the Academy that entitled him to be called Academician.

He was awarded the Degree of Doctor of the University by University of Stirling, the Honorary Degree of Doctor of Technology by Oxford Brookes University, and the Honorary Doctor of Letters by the Manchester Metropolitan University as well as Honorary Professor of Napier University, United Kingdom. His latest achievement is the Honorary Doctorate in Electrical Engineering given by Universiti Teknologi MARA.

He is the Past President of the Federation of Engineering Institutions of Southeast Asia and the Pacific (FEISEAP) and a Past President of Institution of Engineers, Malaysia (IEM) as well as the Honorary Fellow of the ASEAN Federation of Engineering Organizations.

He is currently a Board member of Syarikat Mengurus Air Banjir & Terowong Sdn Bhd (SMART) and Chairman of ERINCO Sdn. Bhd.

Academically, he is a visiting Professor in Electrical Engineering to Universiti Malaysia Pahang, a Vice President of the Academy of Sciences Malaysia and a Board Member of Open University Malaysia and Meteor Learning Sdn. Bhd. He is also Chairman and Director of Malay Education and Development Research Institute, an NGO. He also serves on the Board of UNITEN.

He is not related to any director and/or any major shareholder of the Group and does not have any conflict of interest with the Company. He has attended all four Board Meetings for the financial year ended 31 March 2011.

STATEMENT ON CORPORATE GOVERNANCE

The Malaysian Code on Corporate Governance ("the Code") sets out principles and best practices on structures and processes that companies may use in their operations towards achieving the optimal governance framework.

The Board of Directors of YLI Holdings Berhad ("the Board") has always recognised the importance of adopting good corporate governance. The Board is committed to ensure that the highest standards of corporate governance are practised throughout the Group. The Board views this as a fundamental part of its responsibilities to protect and enhance shareholders' value and the performance of the Company.

The Board is pleased to report to shareholders on the manner the Group has applied the principles, and the extent of compliance with the best practices of good governance as set out in Part 1 and Part 2 respectively of the Code pursuant to paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (BMSB) throughout the year save where otherwise identified.

The statement below sets out how the Group has applied the principles and the extent of its compliance with the best practices throughout the financial year ended 31 March 2011.

THE BOARD OF DIRECTORS

The Board

The Board which is responsible for the control and proper management of the Company comprises members with a wide range of experience in fields such as accounting, marketing, financial and management operations, engineering, corporate planning, restructuring and construction. The Board has delegated specific responsibilities to three main committees namely the Audit, Remuneration and Nomination Committees, which operate within approved terms of reference. These Committees have the authority to examine particular issues and report to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however lies with the entire Board.

(i) Board Composition

The Group is led and controlled by an experienced Board, many of whom have intimate knowledge of the business and industry. The current Board consists of two Executive Directors and four Non-Executive Directors, of whom three are independent. The Independent Non-Executive Directors are free from any business or other relationship that could materially interfere with the exercise of their independent judgement. Together they play an important part in the process of deliberating and examining business strategies proposed by the Management, taking into account the long term interest of the Company, its shareholders, employees, customers and other stakeholders.

There is a clear division of responsibility between the Chairman and the Managing Director. The management of the Group's business and implementation of policies and day-to-day running of the business is delegated to the Executive Directors.

The Board considers that the current size of the Board is adequate and facilitates effective decision-making. The Nomination Committee has reviewed the present composition of the Board and the main existing committees and is satisfied that they have adequately carried out their functions within their scope of work.

(ii) Board meetings

The Board meets on a scheduled basis at least four times a year, with additional meetings convened as and when necessary. Besides Board meetings, the Board also exercises control on matters that require Board's approval through Directors' Circular Resolutions. Amongst others, key matters such as approval of annual and quarterly results, financial statements, dividend recommendations, major acquisitions and disposals, major capital expenditure, risk management policies, appointment of Directors are discussed and decided by the Board.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

THE BOARD OF DIRECTORS (CONTINUED)

(ii) Board meetings (continued)

During the financial year ended 31 March 2011, four (4) Board Meetings were held. The attendance record of each Director is as follows:-

	Board of Directors' Meeting		May '10	Aug '10	Nov '10	Feb '11		
	Directors	Position	Attendance				Total	%
1	Tan Sri Syed Mohd Yusof bin Tun Syed Nasir	Non-Executive Chairman	•	•	•	•	4/4	100
2	Dato' Hj Samsuri bin Rahmat	Managing Director	•	•	•	•	4/4	100
3	Ali Sabri bin Ahmad	Executive Director	•	•	•	•	4/4	100
4	Tuan Haji Ab Gani bin Haron	Director	x	•	•	•	3/4	75
5	Mohammad Khayat bin Idris	Director	•	•	•	•	4/4	100
6	Academician Datuk Prof Ir (Dr) Hj Ahmad Zaidee bin Laidin	Director	•	•	•	•	4/4	100
	Total number of meetings held:						4	

(iii) Supply of Information

All Directors are provided with an agenda and a set of Board papers issued in sufficient time prior to Board meetings to ensure that the Directors can appreciate the issues to be deliberated and to obtain further explanations, where necessary.

In addition, there is a schedule of matters reserved specifically for the Board's decision, including amongst others, the approval of annual and quarterly results, acquisitions and disposals of assets that are material to the Group, major investments, dividend recommendations, risk management policies, including key policies, procedures and authority limits.

In exercising their duties, the Directors have access to all information within the Company. All Directors have access to the advice and services of the Company Secretary and may obtain independent professional advice at the Company's expense in furtherance of their duties.

At Board meetings, the Management updates the Board on the business and market factors relevant to the Group.

(iv) Appointments to the Board

The present Nomination Committee comprises Academician Datuk Prof Ir (Dr) Hj Ahmad Zaidee bin Laidin (Independent Non-Executive Director) who is the Chairman, Tuan Haji Ab Gani bin Haron (Independent Non-Executive Director) and Encik Mohammad Khayat bin Idris (Independent Non-Executive Director).

The Nomination Committee assists the Board on the following functions:

(1) Recommends to the Board candidates for Directorships.
(2) Considers candidates proposed by the Managing Director or any Director.
(3) Recommends to the Board of Directors to fill the seats on Board committees.
(4) Reviews the Board structure, size and composition.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

THE BOARD OF DIRECTORS (CONTINUED)

(v) Re-election of Directors

In accordance with the Company's Articles of Association, all Directors shall retire from office once at least in each three years but shall be eligible for re-election.

(vi) Directors' Training

As required under the Main Market Listing Requirements of BMSB, all the Directors have attended the Directors' Mandatory Accreditation Programme ("MAP"). The Directors will continue to attend various professional programmes necessary to enhance their professionalism in the discharge of their duties.

During the financial year ended 31 March 2011, the Directors have evaluated their own training needs on a continuous basis and attended the following:-

Directors	Types of Training	Duration
Tan Sri Syed Mohd Yusof bin Tun Syed Nasir Dato' Hj Samsuri bin Rahmat Ali Sabri bin Ahmad Mohammad Khayat bin Idris Academician Datuk Prof Ir (Dr) Hj Ahmad Zaidee bin Laidin	In-house seminar on Managing Related Party Transactions and Common Pitfalls in Chapter 10 of Listing Requirements	½ day
Tuan Haji Ab Gani bin Haron	In-house seminar on Managing Related Party Transactions and Common Pitfalls in Chapter 10 of Listing Requirements	½ day
	The Oxford Strategies Leadership Programme - Oxford University, U.K.	6 days

DIRECTORS' REMUNERATION

(i) Remuneration Committee

The present Remuneration Committee comprises Encik Mohammad Khayat bin Idris (Chairman) who is an Independent Non-Executive Director, Dato' Samsuri bin Rahmat, (Managing Director) and Tuan Haji Ab Gani bin Haron (Independent Non-Executive Director).

(ii) Remuneration Policy

The Remuneration Committee recommends to the Board for approval the remuneration package of Executive Directors. The remuneration system takes into account individual performance, comparison of the Company's actual performance relative to other companies in the same sector and additional responsibilities of the Directors. The fees of the Directors are subject to shareholders' approval at the Annual General Meeting.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

DIRECTORS' REMUNERATION (CONTINUED)

(iii) Details of the Directors' remuneration

The aggregate remuneration of the Directors during the financial year ended 31 March 2011 is set out below:-

A. Aggregate Remuneration

	Executive Directors RM	Non-Executive Directors RM
Fees	84,000	24,000
Salaries	582,293	-
Bonus	34,560	-
Benefits in kind	38,158	183,172
Other benefits	93,158	484,000
Total	**832,169**	**691,172**

B. Band (RM)

Band (RM)	Executive Directors	Non-Executive Directors	Total
0 – 50,000	-	1	1
50,001 – 100,000	-	2	2
300,001 – 350,000	1	-	1
500,001 – 550,000	1	1	2

The Board feels that it is inappropriate to disclose the remuneration of individual Directors and has opted not to do so.

RELATIONS WITH SHAREHOLDERS AND INVESTORS

The Company keeps shareholders informed by announcements and timely release of quarterly financial results through the Bursa Malaysia LINK, press releases and annual reports. The Company also endeavours to meet requests for meetings from institutional investors and analysts for a better understanding on the Group's strategy and financial performance, all within the legal and regulatory framework in respect of the release of information.

Any queries and concerns regarding the Group may be conveyed to the following person:-

Tuan Haji Ab Gani Bin Haron, Senior Independent Non-Executive Director
Telephone number : 04-399 1819
Facsimile number : 04-399 9819
Email address : corporate@yli.com.my

Shareholders and members of the public are invited to access the Group's website at www.yli.com.my to obtain the latest information on the Group.

The Annual General Meeting ("AGM") is the principal forum for dialogue and interaction with individual shareholders and investors where they may seek clarifications on the Group's businesses. The notice of the AGM and the Annual Reports are sent to shareholders at least 21 days before the date of the meeting. The notice of the AGM is also published in a national newspaper and released to the BMSB for public dissemination. Members of the Board are present at the AGM to answer questions raised at the meeting.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

ACCOUNTABILITY AND AUDIT

(i) Financial Reporting

The Directors have a responsibility to present a true and fair assessment of the Groups' financial position and prospects primarily through the annual report to shareholders and quarterly financial statements to the BMSB.

The Audit Committee assists the Board in reviewing the information disclosed to ensure accuracy, adequacy and completeness of all annual and quarterly reports, audited or unaudited, and approved by the Board of Directors before releasing to the BMSB.

A statement by the Directors of their responsibilities in preparing the financial statements is set out on page 24 of this Annual Report.

(ii) Internal Control

The statement about the State of Internal Control as set out on pages 23 to 24 provides an overview of the state of internal controls within the Group.

(iii) Relationship with the External Auditors

The Board has established and maintains a close and transparent professional relationship with the external auditors of the Company. As disclosed on pages 19 to 22, the Audit Committee is the independent channel of communication for the external and internal auditors. It also reviews the activities of the internal audit function as well as the effectiveness of the system of internal control.

ADDITIONAL COMPLIANCE INFORMATION

During the financial year:

a) Utilisation of proceeds from corporate proposals
No proceeds were raised by the Company from any corporate proposal.

b) Share buybacks
(i) The Company did not purchase any of its own shares during the financial year ended 31 March 2011.

(ii) All shares previously purchased are retained as treasury shares and none of these shares were resold or cancelled during the financial year.

(iii) Details of shares retained as treasury shares during the financial year ended 31 March 2011 are as follows:

	No. of shares retained as Treasury Shares
As at 1 April 2010	121,000
Movements during the year	-
As at 31 March 2011	**121,000**

c) Options, warrants or convertible securities exercised
The Company has not issued any options, warrants or convertible securities.

d) American Depository Receipt (“ADR”) or Global Depository Receipt (“GDR”) programmes sponsored
The Company did not sponsor any American Depository Receipt (“ADR”) or Global Depository Receipt (“GDR”) programmes.

e) Sanctions and/or penalties imposed
There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the regulatory bodies.

f) Variations in actual results from those previously announced or released
The Company did not release any profit estimate, forecast or projection for the financial year. There is no variance between the results for the financial year and the unaudited results previously released by the Company.

g) Comparison of profit achieved with the profit guarantee
There was no profit guarantee given to the Company.

h) Material contracts
There were no material contracts of the Company and its subsidiaries involving Directors’ and major shareholders’ interests.

i) Recurrent Related Party Transactions of Revenue Nature (“RRPT”)
The Company did not enter into any RRPT.

Non-audit fees

For the financial year, the amount of non-audit fees incurred for services rendered to the Company or its subsidiaries by its external auditors or a firm or company affiliated to the said auditors was RM15,800.

Conviction for offences

None of the Directors has been convicted for offences within the past ten (10) years other than traffic offences, if any.

AUDIT COMMITTEE REPORT

Chairman

Tuan Haji Ab Gani bin Haron*
Independent Non-Executive Director

Members

Encik Mohammad Khayat bin Idris
Independent Non-Executive Director

Academician Datuk Prof Ir (Dr) Hj Ahmad Zaidee bin Laidin
Independent Non-Executive Director

* *Member of MIA*

Terms of Reference

1. MEMBERSHIP

1.1 The Committee shall be appointed by the Board of Directors amongst the Directors of the Company which fulfils the following requirements:-

(a) the Committee must be composed of no fewer than 3 members, a majority of whom must be independent directors;
(b) all members of the Audit Committee shall be non-executive directors and should be financially literate; and
(c) at least one member of the Committee:
  (i) must be a member of the Malaysian Institute of Accountants; or
  (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:
    (aa) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
    (bb) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.
  (iii) fulfils such other requirements as prescribed or approved by the Exchange.

1.2 The members of the Committee shall elect a Chairman from among themselves who shall be an independent director.

1.3 No alternate director should be appointed as a member of the Committee.

1.4 In the event of any vacancy in the Committee resulting in the non-compliance of the Listing Requirements of the Exchange pertaining to composition of audit committee, the Board of Directors shall within three months of that event fill the vacancy.

1.5 The terms of office and performance of the Committee and each of its members must be reviewed by the Board of Directors at least once every 3 years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

AUDIT COMMITTEE REPORT (CONTINUED)

2. MEETINGS

2.1 Frequency

2.1.1 Meetings shall be held not less than four times a year.

2.1.2 Upon the request of the external auditor, the Chairman of the Committee shall convene a meeting of the Committee to consider any matter the external auditor believes should be brought to the attention of the Directors or shareholders.

2.2 Quorum

2.2.1 A quorum shall consist of a majority of independent directors.

2.3 Secretary

2.3.1 The Company Secretary shall be the Secretary of the Committee or in his absence, another person authorised by the Chairman of the Committee.

2.4 Attendance

2.4.1 The Head of Finance, the Internal Auditor and a representative of the external auditor shall normally attend meetings.

2.4.2 Other Directors and employees may attend any particular meeting only at the Committee's invitation, specific to the relevant meeting.

2.4.3 The Committee should meet with the external auditors without any executive Board members present at least twice a year.

2.5 Reporting Procedure

2.5.1 The minutes of each meeting shall be circulated to all members of the Board.

2.6 Meeting Procedure

The Committee shall regulate its own procedure, in particular:-

(a) the calling of meetings;
(b) the notice to be given of such meetings;
(c) the voting and proceedings of such meetings;
(d) the keeping of minutes; and
(e) the custody, production and inspection of such minutes.

3. RIGHTS

3.1 The Committee in performing its duties shall in accordance with a procedure to be determined by the Board of Directors:

(a) have authority to investigate any matter within its terms of reference;
(b) have the resources which are required to perform its duties;
(c) have full and unrestricted access to any information pertaining to the Company;
(d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
(e) be able to obtain independent professional or other advice; and
(f) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of the other directors and employees of Company, whenever deemed necessary.

AUDIT COMMITTEE REPORT (CONTINUED)

4. FUNCTIONS

The Committee shall, amongst others, discharge the following functions:

4.1 To review:-

(a) the quarterly results and year-end financial statements, prior to the approval by the Board of Directors, focusing particularly on:-
  (i) the going concern assumption;
  (ii) changes in or implementation of major accounting policy changes;
  (iii) significant and unusual events; and
  (iv) compliance with accounting standards and other legal requirements.

(b) any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions on management integrity.

(c) with the external auditor:
  (i) the audit plan;
  (ii) his audit report;
  (iii) his management letter on internal control issues arising from his year end audit and management's response; and
  (iv) the assistance given by the Company's employees to the external auditor.

4.2 To monitor the management's risk management practices and procedures.

4.3 In respect of the appointment of external auditors:

(a) to review whether there is reason (supported by grounds) to believe that the external auditor is not suitable for reappointment;
(b) to consider the nomination of a person or persons as external auditors and the audit fee;
(c) to consider any questions of resignation or dismissal of external auditors.

4.4 In respect of the internal audit function:

(a) to review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work and that it reports directly to the Audit Committee;
(b) to review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
(c) to review any appraisal or assessment of the performance of members of the internal audit function;
(d) to approve any appointment or termination of senior staff members of the internal audit function; and
(e) to inform itself of any resignation of internal audit staff member and provide the resigning staff member an opportunity to submit his reasons for resigning.

4.5 To promptly report such matter to the Exchange if the Committee is of the view that the matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Listing Requirements.

4.6 To carry out such other functions as may be agreed to by the Committee and the Board of Directors.

AUDIT COMMITTEE REPORT (CONTINUED)

Details of attendance of members at Audit Committee Meetings

For the financial year ended 31 March 2011, four (4) Audit Committee meetings were held.

The attendance of each member is as set out below:

		May '10	Aug '10	Nov '10	Feb '11		
Committee Members	**Position**	**Attendance**				**Total**	**%**
Tuan Haji Ab Gani bin Haron	Chairman	x	•	•	•	3/4	75
Mohammad Khayat bin Idris	Member	•	•	•	•	4/4	100
Academician Datuk Prof Ir (Dr) Hj Ahmad Zaidee bin Laidin	Member	•	•	•	•	4/4	100

Activities of the Audit Committee

Based on duties specified in the Terms of Reference, the activities performed by the Audit Committee during the period under review included the following:

a. Reviewed the Group's unaudited quarterly results and announcements and audited year end financial statements, prior to recommending to the Board of Directors for approval.
b. Reviewed with the external auditors the audit plan, audit report and the audit approach.
c. Considered and recommended the reappointment and remuneration of the external auditors.
d. Reviewed and approved the internal auditors' annual audit plan, audit findings and reports and assessed their performance, adequacy of resources and approved their remuneration.
e. Reviewed and approved the risk management framework and assessed the adequacy of the internal control system.
f. Reviewed the Audit Committee report and Statement on Internal Control for inclusion in the Annual Report.
g. Reviewed the external auditors' management letter and management's response.
h. Held two meetings with external auditors without the presence of management.

Activities of the Internal Audit Department

The Group's internal audit function has been outsourced since June 2008. The expenses incurred for internal audit amounted to RM58,456 for the year ended 31 March 2011.

The Group's internal audit activities are mainly carried out in accordance with the annual audit plan that has been tabled to the Audit Committee for its review and approval and selected ad-hoc audits on management's requests. The audit plan uses a risk based approach and focuses on financial, operational, compliance with applicable laws and assesses the adequacy of internal controls as well as the effectiveness of risk management framework for key operating companies within the Group. The Internal Auditors report directly to the Audit Committee and assist the Audit Committee to monitor and manage risks and provide the Audit Committee with independent views on the effectiveness of the system of internal control after their reviews. The internal audit findings and recommendations of the Internal Auditors are reviewed quarterly by the Audit Committee and their recommendations for improvements on control and minutes of Audit Committee meetings are circulated to the Board.

STATEMENT ABOUT THE STATE OF INTERNAL CONTROL

Pursuant to Paragraph 15.26(b) of Bursa Securities Listing Requirements, the Board of Directors of YLI Holdings Berhad is pleased to provide the following statement on the state of internal control of the Group, which has been prepared in accordance with the *Statement on Internal Control: Guidance for Directors of Public Listed Companies ('Internal Control Guidance')* issued by the Institute of Internal Auditors Malaysia and adopted by Bursa Securities.

RESPONSIBILITY FOR RISK AND INTERNAL CONTROL

The Board recognises the importance of a structured risk management and a risk-based internal audit to establish and maintain a sound system of internal control. The Board affirms its overall responsibility for the Group's systems of internal control and for reviewing the adequacy and integrity of those systems. Because of the limitations that are inherent in any systems of internal control, those systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced, or potentially exposed to, by the Group in pursuing its business objectives. This process has been in place throughout the financial year and up to the date of approval of the annual report. The adequacy and effectiveness of this process have been continually reviewed by the Board and are in accordance with the Internal Control Guidance.

RISK MANAGEMENT

The Board and management practice proactive significant risks identification in the processes and activities of the Group, particularly any major proposed transactions, changes in nature of activities and/or operating environment, or venturing into new operating environment which may entail different risks, and put in place the appropriate risk response strategies and controls until those risks are managed to, and maintained at, a level acceptable to the Board.

INTERNAL AUDIT

The Board acknowledges the importance of the internal audit function and has engaged the services of an independent professional accounting and consulting firm, Messrs UHY to provide much of the assurance it requires regarding the effectiveness as well as the adequacy and integrity of the Group's systems of internal control.

The internal audit adopts a risk-based approach in developing its audit plan which addresses all the core auditable areas of the Group based on their risk profile. Scheduled internal audits are carried out by the internal auditors based on the audit plan presented to and approved by the Audit Committee. The audit focuses on areas with high risk and inadequate controls to ensure that an adequate action plan is in place to improve the controls. For those areas with high risk and adequate controls, the audit ascertains that the risks are effectively mitigated by the controls. On a quarterly basis or earlier as appropriate, the internal auditors report to the Audit Committee on areas for improvement and will subsequently follow up to determine the extent of their recommendations that have been implemented.

The Group's internal control system covered key operating companies within the Group but does not apply to its associated company, Pinang Water Ltd. as the Group does not exercise day to day absolute control over this entity.

STATEMENT ABOUT THE STATE OF INTERNAL CONTROL (CONTINUED)

INTERNAL CONTROL

Apart from risk management and internal audit, the Group has put in place the following key elements of internal control:

- An organization structure with well-defined scopes of responsibility, clear lines of accountability, and appropriate levels of delegated authority;
- A process of hierarchical reporting which provides for a documented and auditable trail of accountability;
- A set of documented internal policies and procedures which is subject to regular review and improvement;
- Regular and comprehensive information provided to management, covering financial and operational performance and key business indicators, for effective monitoring and decision making; and
- Regular visits to operating units by members of the Board and senior management.

Based on the internal auditors' report for the financial year ended 31 March 2011, there is a reasonable assurance that the Group's systems of internal control are generally adequate and appear to be working satisfactorily. A number of minor internal control weaknesses were identified during the financial period, all of which have been, or are being, addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

The Board continues to review and implement measures to strengthen the internal control environment of the Group.

This statement has been reviewed by the external auditors in compliance with Paragraph 15.23 of Bursa Securities Listing Requirements.

This statement is issued in accordance with a resolution of the Directors dated 25 May 2011.

DIRECTORS' RESPONSIBILITIES STATEMENT

IN RESPECT OF ANNUAL AUDITED ACCOUNTS

Under the Companies Act, 1965, the Directors are required to prepare financial statements for each financial year to give a true and fair view of the state of affairs of the Group and the Company. In preparing the financial statements, the Directors have:

- adopted and used accounting policies consistently in dealing with items which are considered material in relation thereto;
- made accounting estimates where applicable that are prudent, just and reasonable; and
- ensured that the Company has taken reasonable steps to deter and minimize fraud and other irregularities.

FINANCIAL STATEMENTS

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2011.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the financial year is that of investment holding. The principal activities of the Group consist of manufacturing and marketing of ductile iron pipes, steel pipes and fittings and waterworks related products for waterworks and sewerage industry. There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	GROUP RM	COMPANY RM
Loss for the financial year	43,969,935	43,045,742
Attributable to:		
Owners of the Company	40,303,874	43,045,742
Non-controlling interest	3,666,061	0
	43,969,935	43,045,742

DIVIDEND

Dividend proposed, declared or paid since 31 March 2010 is as follows:

	RM
In respect of the financial year ended 31 March 2010 as reported in the Directors' report of that financial year:	
- a first and final dividend of 1.0 sen, less tax at 25%, paid on 8 December 2010	738,293

The Directors do not recommend the payment of any dividend for the financial year ended 31 March 2011.

SHARE CAPITAL

The Company did not issue any new shares during the financial year.

TREASURY SHARES

The Company did not repurchase any of its issued share capital from the open market on Bursa Malaysia Securities Berhad ("Bursa Malaysia") during the financial year.

Details of the treasury shares are set out in Note 25 to the financial statements.

RESERVES AND PROVISIONS

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

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONTINUED)

DIRECTORS

The Directors who have held office during the period since the date of the last report are as follows:

Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir
Dato' Hj. Samsuri Bin Rahmat
Ali Sabri Bin Ahmad
Mohammad Khayat Bin Idris
Tuan Haji Ab Gani Bin Haron
Datuk Prof Ir Dr Hj Ahmad Zaidee Bin Laidin

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, particulars of interests of Directors who held office at the end of the financial year are as follows:

	NUMBER OF ORDINARY SHARES OF RM1 EACH			
	AS AT 1 APRIL 2010	BOUGHT	SOLD	AS AT 31 MARCH 2011
YLI Holdings Berhad				
Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir				
Direct	29,568,000	0	0	**29,568,000**

Other than as disclosed above, none of the other Directors held any interest in shares in the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in Note 10 to the financial statements.

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

OTHER STATUTORY INFORMATION

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:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their book values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

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

(a) which would render the amounts written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONTINUED)

OTHER STATUTORY INFORMATION (CONTINUED)

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

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

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

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

In the opinion of the Directors,

(a) the results of the Group's and the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except for the effects arising from the impairment loss on goodwill (Note 15), impairment loss on investment in subsidiaries (Note 16), and the change in accounting policies (Note 33); and

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

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution dated 21 June 2011.

TAN SRI SYED MOHD YUSOF BIN TUN SYED NASIR
DIRECTOR

DATO' HJ. SAMSURI BIN RAHMAT
DIRECTOR

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF YLI HOLDINGS BERHAD

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of YLI Holdings Berhad, which comprise the statements of financial position as at 31 March 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 31 to 77.

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 the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities 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 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 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 the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2011 and of their financial performance and cash flows for the financial year then ended.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF YLI HOLDINGS BERHAD (CONTINUED)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

(b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 16 to the financial statements.

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

(d) The auditors' reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 34 on page 78 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

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

PricewaterhouseCoopers
[No. AF:1146]
Chartered Accountants

Yee Wai Yin
[2081/08/12 (J)]
Chartered Accountant

Penang

21 June 2011

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	NOTE	GROUP 2011 RM	GROUP 2010 RM	COMPANY 2011 RM	COMPANY 2010 RM
Revenue	5	**76,681,532**	82,923,855	**1,257,041**	2,489,715
Cost of sales		**(69,653,650)**	(68,428,229)	**0**	0
Gross profit		**7,027,882**	14,495,626	**1,257,041**	2,489,715
Other operating income		**894,923**	681,331	**0**	0
Selling and distribution costs		**(4,219,387)**	(3,274,958)	**0**	0
Administrative expenses		**(43,810,513)**	(5,774,321)	**(44,195,748)**	(934,922)
Other operating expenses		**(547,872)**	(533,706)	**0**	0
Finance costs	7	**(2,820,763)**	(2,755,313)	**0**	0
Share of results of a jointly controlled entity	17	**166,940**	85,649	**0**	0
(Loss)/profit before taxation	8	**(43,308,790)**	2,924,308	**(42,938,707)**	1,554,793
Income tax expense	11	**(661,145)**	(911,958)	**(107,035)**	(287,070)
(Loss)/profit for the financial year		**(43,969,935)**	2,012,350	**(43,045,742)**	1,267,723
Other comprehensive loss for the financial year:					
Currency translation differences		**(477,030)**	(1,132,652)	**0**	0
Total comprehensive (loss)/income for the financial year		**(44,446,965)**	879,698	**(43,045,742)**	1,267,723
(Loss)/profit attributable to:					
Owners of the Company		**(40,303,874)**	2,291,072		
Non-controlling interest		**(3,666,061)**	(278,722)		
		(43,969,935)	2,012,350		
Total comprehensive (loss)/income attributable to:					
Owners of the Company		**(40,780,904)**	1,158,420		
Non-controlling interest		**(3,666,061)**	(278,722)		
		(44,446,965)	879,698		
(Loss)/earnings per share (sen)					
- basic	12	**(40.94)**	2.33		
- diluted	12	**NA***	NA*		
Dividend per share (sen)					
- proposed first and final dividend	13	**Nil**	1.0	**Nil**	1.0

* NA – Not applicable

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2011

		GROUP			COMPANY		
	NOTE	31.3.2011 RM	31.3.2010 RM	1.4.2009 RM RESTATED	31.3.2011 RM	31.3.2010 RM	1.4.2009 RM RESTATED
Non current assets							
Property, plant and equipment	14	**106,780,851**	112,850,059	119,108,254	**0**	0	0
Goodwill on consolidation	15	**0**	37,217,928	37,217,928	**0**	0	0
Subsidiary companies	16	**0**	0	0	**21,378,303**	64,492,615	64,492,615
Jointly controlled entity	17	**1,067,645**	1,377,735	2,424,738	**141**	141	141
Amounts due from subsidiary companies	16	**0**	0	0	**24,375,900**	34,030,749	39,437,409
Amount due from a jointly controlled entity	17	**8,064,928**	8,064,928	8,064,928	**8,064,928**	8,064,928	8,064,928
		115,913,424	159,510,650	166,815,848	**53,819,272**	106,588,433	111,995,093
Current assets							
Inventories	18	**26,446,018**	33,811,519	60,068,671	**0**	0	0
Receivables	19	**35,824,940**	33,475,300	47,601,876	**82,575**	63,932	58,000
Amount due from a jointly controlled entity	20	**75,535**	72,042	64,954	**0**	0	0
Tax recoverable		**811,687**	517,166	189,342	**452,153**	486,888	158,714
Deposits, cash and bank balances	21	**43,604,763**	35,664,339	25,303,568	**13,776,202**	4,548,232	75,450
		106,762,943	103,540,366	133,228,411	**14,310,930**	5,099,052	292,164
Less: Current liabilities							
Payables	22	**14,978,788**	12,909,202	30,251,643	**335,745**	108,993	130,758
Provision for taxation		**0**	338,380	196,035	**0**	0	0
Borrowings	23	**21,828,651**	17,709,519	42,765,518	**0**	0	0
		36,807,439	30,957,101	73,213,196	**335,745**	108,993	130,758
Net current assets		**69,955,504**	72,583,265	60,015,215	**13,975,185**	4,990,059	161,406
Less: Non current liability							
Deferred taxation	24	**7,842,195**	8,207,014	8,583,815	**0**	0	0
Borrowings	23	**17,943,570**	18,618,480	12,012,795	**0**	0	0
		160,083,163	205,268,421	206,234,453	**67,794,457**	111,578,492	112,156,499
Capital and reserves							
Share capital	25	**98,560,000**	98,560,000	98,560,000	**98,560,000**	98,560,000	98,560,000
Treasury shares	25	**(107,620)**	(107,620)	(107,620)	**(107,620)**	(107,620)	(107,620)
Share premium	26	**7,208,014**	7,208,014	7,208,014	**7,208,014**	7,208,014	7,208,014
Revaluation and other reserves	27	**960,927**	1,437,957	2,570,609	**0**	0	0
Retained earnings	28	**47,861,667**	88,903,834	88,458,492	**(37,865,937)**	5,918,098	6,496,105
Shareholders' equity		**154,482,988**	196,002,185	196,689,495	**67,794,457**	111,578,492	112,156,499
Non-controlling interest		**5,600,175**	9,266,236	9,544,958	**0**	0	0
Total equity		**160,083,163**	205,268,421	206,234,453	**67,794,457**	111,578,492	112,156,499

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

GROUP		ATTRIBUTABLE TO THE OWNERS OF THE COMPANY								
		ISSUED AND FULLY PAID ORDINARY SHARES OF RM1 EACH		NON-DISTRIBUTABLE			DISTRIBUTABLE			
	NOTE	NUMBER OF SHARES	NOMINAL VALUE RM	SHARE PREMIUM RM	TREASURY SHARES RM	REVALUATION AND OTHER RESERVES RM	RETAINED EARNINGS RM	TOTAL RM	NON-CONTROLLING INTEREST RM	TOTAL EQUITY RM
At 1 April 2009		98,560,000	98,560,000	7,208,014	(107,620)	2,570,609	88,458,492	196,689,495	9,544,958	206,234,453
Total comprehensive (loss)/income		0	0	0	0	(1,132,652)	2,291,072	1,158,420	(278,722)	879,698
		98,560,000	98,560,000	7,208,014	(107,620)	1,437,957	90,749,564	197,847,915	9,266,236	207,114,151
Dividend for the financial year ended - 31 March 2009		0	0	0	0	0	(1,845,730)	(1,845,730)	0	(1,845,730)
At 31 March 2010		98,560,000	98,560,000	7,208,014	(107,620)	1,437,957	88,903,834	196,002,185	9,266,236	205,268,421
At 1 April 2010		98,560,000	98,560,000	7,208,014	(107,620)	1,437,957	88,903,834	196,002,185	9,266,236	205,268,421
Total comprehensive Loss		0	0	0	0	(477,030)	(40,303,874)	(40,780,904)	(3,666,061)	(44,446,965)
		98,560,000	98,560,000	7,208,014	(107,620)	960,927	48,599,960	155,221,281	5,600,175	160,821,456
Dividend for the financial year ended - 31 March 2010	13	0	0	0	0	0	(738,293)	(738,293)	0	(738,293)
At 31 March 2011		**98,560,000**	**98,560,000**	**7,208,014**	**(107,620)**	**960,927**	**47,861,667**	**154,482,988**	**5,600,175**	**160,083,163**

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

COMPANY		ISSUED AND FULLY PAID ORDINARY SHARES OF RM1 EACH		NON-DISTRIBUTABLE		DISTRIBUTABLE	
	NOTE	NUMBER OF SHARES	NOMINAL VALUE RM	TREASURY SHARES RM	SHARE PREMIUM RM	RETAINED EARNINGS RM	TOTAL RM
At 1 April 2009		98,560,000	98,560,000	(107,620)	7,208,014	6,496,105	112,156,499
Total comprehensive income		0	0	0	0	1,267,723	1,267,723
		98,560,000	98,560,000	(107,620)	7,208,014	7,763,828	113,424,222
Dividend for the financial year ended - 31 March 2009		0	0	0	0	(1,845,730)	(1,845,730)
At 31 March 2010		98,560,000	98,560,000	(107,620)	7,208,014	5,918,098	111,578,492
At 1 April 2010		98,560,000	98,560,000	(107,620)	7,208,014	5,918,098	111,578,492
Total comprehensive loss		0	0	0	0	(43,045,742)	(43,045,742)
		98,560,000	98,560,000	(107,620)	7,208,014	(37,127,644)	68,532,750
Dividend for the financial year ended - 31 March 2010	13	0	0	0	0	(738,293)	(738,293)
At 31 March 2011		**98,560,000**	**98,560,000**	**(107,620)**	**7,208,014**	**(37,865,937)**	**67,794,457**

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	NOTE	GROUP 2011 RM	GROUP 2010 RM	COMPANY 2011 RM	COMPANY 2010 RM
Operating cash flows					
Cash receipts from customers		**71,786,981**	97,026,545	**0**	0
Cash paid to suppliers and employees		**(61,765,593)**	(61,809,995)	**(848,754)**	(956,687)
Cash flows generated from/(used in) operations		**10,021,388**	35,216,550	**(848,754)**	(956,687)
Dividends received from a subsidiary company		**0**	0	**738,293**	1,845,730
Tax paid		**(1,853,766)**	(1,483,867)	**0**	0
Tax refunded		**194,901**	9,629	**173,797**	0
Interest paid		**(891,589)**	(214,162)	**0**	0
Interest received		**935,713**	506,551	**248,078**	22,809
		(1,614,741)	(1,181,849)	**1,160,168**	1,868,539
Net operating cash flow		**8,406,647**	34,034,701	**311,414**	911,852
Investing cash flows					
Proceeds from disposal of property, plant and equipment		**146,000**	16,414	**0**	0
Purchase of property, plant and equipment (see note below)		**(409,849)**	(846,061)	**0**	0
Net investing cash flow		**(263,849)**	(829,647)	**0**	0
Financing cash flows					
Advances to a jointly controlled entity		**(3,493)**	(7,088)	**0**	0
Receipts from short-term borrowings		**8,358,823**	0	**0**	0
Repayment of short-term borrowings		**0**	(34,205,671)	**0**	0
Repayment of finance lease liabilities		**(180,870)**	(141,875)	**0**	0
Repayment of term loans		**(5,063,868)**	(4,291,832)	**0**	0
Receipts from term loans		**0**	19,724,022	**0**	0
Interest paid		**(2,574,810)**	(2,541,151)	**0**	0
Payment on behalf by subsidiary company		**0**	0	**234,849**	106,660
Repayment of advances by subsidiary companies		**0**	0	**9,420,000**	5,300,000
Deposits withdrawn for credit facilities		**10**	2,570,262	**0**	0
Dividend paid to shareholders		**(738,293)**	(1,845,730)	**(738,293)**	(1,845,730)
Net financing cash flow		**(202,501)**	(20,739,063)	**8,916,556**	3,560,930
Net change in cash and cash equivalents during the financial year		**7,940,297**	12,465,991	**9,227,970**	4,472,782
Cash and cash equivalents at the beginning of the financial year		**32,568,757**	20,102,766	**4,548,232**	75,450
Cash and cash equivalents at the end of the financial year	21	**40,509,054**	32,568,757	**13,776,202**	4,548,232

Note on purchase of property, plant and equipment:

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM739,849 (2010: RM846,061). The cash outflow in respect of property, plant and equipment acquired during the financial year is analysed as follows:

i) RM330,000 - included in finance lease liabilities
ii) RM409,849 - cash payments made during the financial year

All acquisitions of property, plant and equipment during the financial year ended 31 March 2010 were made on cash basis.

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

1 GENERAL INFORMATION

The principal activity of the Company during the financial year is that of investment holding. The principal activities of the Group consist of manufacturing and marketing of ductile iron pipes, steel pipes and fittings and waterworks related products for waterworks and sewerage industry. There have been no significant changes in the nature of these activities during the financial year.

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

The address of the registered office and principal place of business of the Company is as follows:

2579, Lorong Perusahaan 10
Prai Industrial Estate
13600 Prai
Penang

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

2.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders. The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its financial risks. The Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Financial risk management is carried out through risk reviews, internal control systems and adherence to Group's financial risk management policies. The Group operates within clearly defined guidelines and the Group's policy is not to engage in speculative transactions.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange 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 foreign exchange risk as a result of the foreign currency transactions entered into by subsidiary companies in currencies other than their functional currency. Foreign currency exchange exposure in non functional currencies of operating entities are kept to an acceptable level mainly through hedging of material foreign currency transaction exposures with derivative financial instruments such as forward foreign currency exchange contracts.

Based on the financial instruments held as at 31 March 2011, if RM ("Ringgit Malaysia") had weakened/strengthened by 5% against SGD ("Singapore Dollar") with all other variables held constant, loss after taxation for the financial year would have been lower/higher by approximately RM115,000, as a result of foreign exchange losses on translation of SGD-denominated trade and other receivables. The assumed movement in exchange rates of the RM against SGD for sensitivity analysis is based on RM/SGD exchange rate movements in the current financial year. The foreign exchange risk exposure of RM against other currencies on the financial instruments held as at 31 March 2011 is minimal.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONTINUED)

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

2.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Interest rate risk

The Group's revenue and operating cash flows are substantially independent of changes in market interest rates. Interest rate risk exposure arises from the Group's borrowings and deposits (Notes 23 and 21) and is managed through the use of fixed and floating rate instrument. The Group considers interest rate risk exposure for its deposits as minimal as it is short term in nature and are not held for speculative purposes.

At 31 March 2011, if interest rates on variable rate borrowings had been 100 basis points higher/lower with all other variables held constant, loss after taxation for the financial year would have been approximately RM300,000 higher/lower, mainly as a result of higher/lower interest expense on floating rate borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment and interest rate trend in the financial year 2011.

(iii) Price risk

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

The Group's exposure to price risk arises mainly from fluctuation in the prices of key raw materials. The Group manages its risk by implementing an ongoing system of price comparison against alternative materials.

(b) Credit risk

Credit risk arises when sales are made on deferred credit terms. Credit risk is managed through credit assessment and approvals, credit limits and monitoring procedures. Where appropriate, the Group obtained letter of credits, bank guarantees or alternatively advance payments from customers. The Group considers the risk of material loss in the event of non-performance by a financial counterpart to be unlikely.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is set out in Note 19. Deposits with banks and other financial institutions and derivatives that are neither past due nor impaired are mainly deposits placed 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 set out in Note 19 to the financial statements.

(c) Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents, which is deemed adequate by the management to meet its working capital requirements and to mitigate the effects of fluctuations in cash flows. Due to the dynamic nature of the underlying business, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONTINUED)

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

2.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total capital. Total capital is calculated as "equity" as shown in the statement of financial position plus total borrowings.

The gearing ratio as at 31 March 2011 was as follows:

	2011 RM
Total borrowings (Note 23)	**39,772,221**
Total equity	**160,083,163**
Total capital	**199,855,384**
Gearing ratio	**0.20**

2.3 Fair value estimation

The carrying value less accumulated impairment of receivables and payables are assumed to approximate their fair values due to their short-term nature.

3 BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRS"), the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the provisions of the Companies Act 1965.

The financial statements have been prepared under the historical cost convention except as disclosed in the summary of significant accounting policies in Note 4 to the financial statements.

The preparation of financial statements in conformity with FRS requires Directors to exercise its judgement in the process of applying the Group's and Company's accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results may ultimately differ from those estimates.

(a) Standards, amendments and improvements to published standards and interpretations that are applicable to the Group and Company and are effective

The new accounting standards, amendments and improvements to published standards and interpretations that are effective for the Group's and Company's financial year beginning on or after 1 April 2010 are as follows:

- FRS 7 "Financial Instruments: Disclosures" and the related Amendments
- FRS 8 "Operating Segments"
- FRS 101 (revised) "Presentation of Financial Statements"
- FRS 123 "Borrowing Costs"
- FRS 139 "Financial Instruments: Recognition and Measurement" and the related Amendments

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONTINUED)

3 BASIS OF PREPARATION (CONTINUED)

(a) Standards, amendments and improvements to published standards and interpretations that are applicable to the Group and Company and are effective (continued)

The new accounting standards, amendments and improvements to published standards and interpretations that are effective for the Group's and Company's financial year beginning on or after 1 April 2010 are as follows (continued):

- Amendment to FRS 1 "First-time Adoption of Financial Reporting Standards" and FRS 127 "Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate"
- Amendments to FRS 132 "Financial Instruments: Presentation" and FRS 101 (revised) "Presentation of Financial Statements" - Puttable financial instruments and obligations arising on liquidation
- Amendment to FRS 132 "Financial instruments: Presentation" - Classification of rights issues
- IC Interpretation 9 "Reassessment of Embedded Derivatives" and the related Amendments
- IC Interpretation 10 "Interim Financial Reporting and Impairment"
- IC Interpretation 11 "FRS 2 Group and Treasury Share Transactions"
- IC Interpretation 14 "FRS 119 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction"
- MASB's improvement projects covering amendments to the following standards:
  - FRS 107 "Statement of Cash Flows"
  - FRS 108 "Accounting Policies, Changes in Accounting Estimates and Errors"
  - FRS 110 "Events after the Reporting Period"
  - FRS 116 "Property, plant and equipment"
  - FRS 117 "Leases"
  - FRS 118 "Revenue"
  - FRS 119 "Employee Benefit"
  - FRS 123 "Borrowing Costs"
  - FRS 127 "Consolidated & Separate Financial Statements"
  - FRS 131 "Interests in Joint Ventures"
  - FRS 136 "Impairment of Assets"
  - FRS 138 "Intangible Assets"
  - FRS 139 "Financial Instruments: Recognition and Measurement"

The adoption of the above new and revised standards, amendments and improvements to published standards and IC interpretations did not have a significant financial impact on the Group and Company and did not result in substantial changes in the Group's and Company's policies except for FRS 7, FRS 101, FRS 139 and the Amendments to FRS 117.

The key requirements of FRS 7 and FRS 101 (revised) are as follows:

- FRS 7 "Financial Instruments: Disclosures" (effective from 1 January 2010) provides information to users of financial statements about an entity's exposure to risks and how the entity manages those risks. The improvement FRS 7 clarifies that entities must not present total interest income and expense as a net amount within finance costs on the face of the income statement.

- FRS 101 (revised) "Presentation of Financial Statements" (effective from 1 January 2010) affects the presentation of the component of the financial statements and does not change the recognition and measurement of specific transactions. It introduces Statement of Comprehensive Income to present non-owner changes in equity separately from owner changes in equity and changes the terms Balance Sheet and Cash Flow Statement into Statement of Financial Position and Statement of Cash Flows, respectively. Other changes include presentation of additional Statement of Financial Position as at the opening of comparative period when there is retrospective adjustment, restatement or reclassification, and disclosure of information that enables users to evaluate the Group's and Company's objectives, policies and processes for managing capital.

  The effects on the financial statements following the adoption of FRS 7 and FRS 101 are mainly on disclosures of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONTINUED)

3 BASIS OF PREPARATION (CONTINUED)

(a) Standards, amendments and improvements to published standards and interpretations that are applicable to the Group and Company and are effective (continued)

The new accounting standards, amendments and improvements to published standards and interpretations that are effective for the Group's and Company's financial year beginning on or after 1 April 2010 are as follows (continued):

The principal effects of the changes in accounting policies resulted from the adoption of FRS 139 and the amendments to FRS 117 are discussed below:

- FRS 139 "Financial Instruments: Recognition and Measurement" (effective from 1 January 2010) establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Hedge accounting is permitted under strict circumstances.

  FRS 139 has been prospectively applied by the Group and Company. Retrospective application is not permitted. Any adjustments to the previous carrying amount are recognised as adjustments to the balance of retained earnings or, if appropriate, another category of equity, at the beginning of the current financial year.

  The adoption of the FRS 139 does not have any significant financial impact on the Group and Company.

- Amendment to FRS 117 "Leases" (effective from 1 January 2010) clarifies that the default classification of the land element in a land and building lease is no longer an operating lease. As a result, leases of land should be classified as either finance or operating, using the general principles of FRS 117.

  The Group has reassessed and determined that all leasehold land of the Group which are in substance is finance leases and has reclassified the leasehold land to property, plant and equipment. The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendment (Note 33).

(b) Standards, amendments and improvements to published standards and interpretations to existing standards that are applicable to the Group and Company but not yet effective and have not been early adopted

The Group and Company will apply the following new standards, amendments and improvements to standards and interpretations when effective:

- The revised FRS 3 "Business combinations" (effective prospectively from 1 July 2010) continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through profit or loss. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

  The initial application of the above standard is not expected to have a material impact on the Group's financial statements.

- The revised FRS 124 "Related party disclosures" (effective from 1 January 2012) removes the exemption to disclose transactions between government-related entities and the government, and all other government-related entities. The following new disclosures are now required for government related entities:

  - The name of the government and the nature of their relationship;
  - The nature and amount of each individually significant transactions; and
  - The extent of any collectively significant transactions, qualitatively or quantitatively.

  The initial application of the above standard is not expected to have a material impact on the Group's and the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONTINUED)

3 BASIS OF PREPARATION (CONTINUED)

(b) Standards, amendments and improvements to published standards and interpretations to existing standards that are applicable to the Group and Company but not yet effective and have not been early adopted (continued)

The Group and Company will apply the following new standards, amendments and improvements to standards and interpretations when effective (continued):

- The revised FRS 127 “Consolidated and separate financial statements” (applies prospectively to transactions with non-controlling interests from 1 July 2010) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. When this standard is effective, all earnings and losses of the subsidiary are attributed to the parent and the non-controlling interest, even if the attribution of losses to the non-controlling interest results in a debit balance in the shareholders’ equity. Profit or loss attribution to non-controlling interests for prior years is not restated. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss.

  The initial application of the above standard is not expected to have a material impact on the Group’s financial statements.

- Amendment to FRS 2 “Share-based payment: Group cash-settled share-based payment transactions” (effective from 1 January 2011) clarifies that an entity that receives goods or services in a share-based payment arrangement must account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash. The amendments also incorporate guidance previously included in IC Interpretation 8 “Scope of FRS 2” and IC Interpretation 11 “FRS 2 – group and treasury share transactions”, which shall be withdrawn upon application of this amendment.

  The initial application of the above standard is not expected to have a material impact on the Group’s and the Company’s financial statements.

- Amendments to FRS 7 “Financial instruments: Disclosures” and FRS 1 “First-time adoption of financial reporting standards” (effective from 1 January 2011) requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy.

  The initial application of the above standard is not expected to have a material impact on the Group’s and the Company’s financial statements.

- IC Interpretation 4 “Determining whether an arrangement contains a lease” (effective from 1 January 2011) requires the Group and Company to identify any arrangement that does not take the legal form of a lease, but conveys a right to use an asset in return for a payment or series of payments. This interpretation provides guidance for determining whether such arrangements are, or contain, leases. The assessment is based on the substance of the arrangement and requires assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset. If the arrangement contains a lease, the requirements of FRS 117 “Leases” should be applied to the lease element of the arrangement.

  The initial application of the above standard is not expected to have a material impact on the Group’s and the Company’s financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONTINUED)

3 BASIS OF PREPARATION (CONTINUED)

(b) Standards, amendments and improvements to published standards and interpretations to existing standards that are applicable to the Group and Company but not yet effective and have not been early adopted (continued)

The Group and Company will apply the following new standards, amendments and improvements to standards and interpretations when effective (continued):

- IC Interpretation 12 "Service concession arrangements" (effective from 1 July 2010) applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. Depending on the contractual terms, this interpretation requires the operator to recognise a financial asset if it has an unconditional contractual right to receive cash or an intangible asset if it receives a right (license) to charge users of the public service. Some contractual terms may give rise to both a financial asset and an intangible asset.

  The initial application of the above standard is not expected to have a material impact on the Group's and the Company's financial statements.

- IC Interpretation 17 "Distribution of non-cash assets to owners" (effective from 1 July 2010) provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. FRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable.

  The initial application of the above standard is not expected to have a material impact on the Group's and the Company's financial statements.

- IC Interpretation 18 "Transfers of assets from customers" (effective prospectively for assets received on or after 1 January 2011) provides guidance where an entity receives from a customer an item of property, plant and equipment (or cash to acquire such an asset) that the entity must then use to connect the customer to a network or to provide the customer with services. Where the transferred item meets the definition of an asset, the asset is recognised as an item of property, plant and equipment at its fair value. Revenue is recognised for each separate service performed in accordance with the recognition criteria of FRS 118 "Revenue".

  The initial application of the above standard is not expected to have a material impact on the Group's and the Company's financial statements.

- IC Interpretation 19 "Extinguishing financial liabilities with equity instruments" (effective from 1 July 2011) provides clarification when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially. A gain or loss, being the difference between the carrying value of the financial liability and the fair value of the equity instruments issued, shall be recognised in profit or loss. Entities are no longer permitted to reclassify the carrying value of the existing financial liability into equity with no gain or loss recognised in profit or loss.

  The initial application of the above standard is not expected to have a material impact on the Group's and the Company's financial statements.

- Amendments to IC Interpretation 14 "FRS 119 - The limit on a defined benefit assets, minimum funding requirements and their interaction" (effective from 1 July 2011) permits an entity to recognise the prepayments of contributions as an asset, rather than an expense in circumstances when the entity is subject to a minimum funding requirement and makes an early payment of contributions to meet those requirements.

  The initial application of the above standard is not expected to have a material impact on the Group's and the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONTINUED)

3 BASIS OF PREPARATION (CONTINUED)

(b) Standards, amendments and improvements to published standards and interpretations to existing standards that are applicable to the Group and Company but not yet effective and have not been early adopted (continued)

The Group and Company will apply the following new standards, amendments and improvements to standards and interpretations when effective (continued):

Improvements to FRSs:

- FRS 2 (effective from 1 July 2010) clarifies that contributions of a business on formation of a joint venture and common control transactions are outside the scope of FRS 2.

  The initial application of the above standard is not expected to have a material impact on the Group's and the Company's financial statements.

- FRS 3 (effective from 1 January 2011)
  - Clarifies that the choice of measuring non-controlling interests at fair value or at the proportionate share of the acquiree's net assets applies only to instruments that represent present ownership interests and entitle their holders to a proportionate share of the net assets in the event of liquidation. All other components of non-controlling interest are measured at fair value unless another measurement basis is required by FRS.

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

  The initial application of the above standard is not expected to have a material impact on the Group's financial statements.

- FRS 5 "Non-current assets held for sale and discontinued operations" (effective from 1 July 2010) clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met.

  The initial application of the above standard is not expected to have a material impact on the Group's and the Company's financial statements.

- FRS 101 "Presentation of financial statements" (effective from 1 January 2011) clarifies that an entity shall present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

  The initial application of the above standard is not expected to have a material impact on the Group's and the Company's financial statements.

- FRS 138 "Intangible Assets" (effective from 1 July 2010) clarifies that a group of complementary intangible assets acquired in a business combination may be recognised as a single asset if each asset has similar useful lives.

  The initial application of the above standard is not expected to have a material impact on the Group's and the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONTINUED)

3 BASIS OF PREPARATION (CONTINUED)

(b) Standards, amendments and improvements to published standards and interpretations to existing standards that are applicable to the Group and Company but not yet effective and have not been early adopted (continued)

The Group and Company will apply the following new standards, amendments and improvements to standards and interpretations when effective (continued):

- IC Interpretation 9 (effective from 1 July 2010) clarifies that this interpretation does not apply to embedded derivatives in contracts acquired in a business combination, businesses under common control or the formation of a joint venture.

  The initial application of the above standard is not expected to have a material impact on the Group's and the Company's financial statements.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company, all its subsidiary companies and jointly controlled entity made up to 31 March 2011.

The subsidiary companies are consolidated using the merger method of accounting except for two subsidiary companies which are consolidated using the acquisition method of accounting in accordance with Malaysian Accounting Standard No. 2 "Accounting for Acquisitions and Mergers", the generally accepted accounting principles prevailing at that time.

The Group has taken advantage of the exemption provided by FRS 3 Business Combinations to apply this standard prospectively. Accordingly, business combinations entered into prior to 1 January 2006 have not been restated to comply with this standard.

Under the merger method of accounting, the results of subsidiary companies are presented as if the companies have been combined throughout the current and previous financial years. The difference between cost of acquisition over the nominal value of the share capital and reserves of the subsidiary companies is taken to merger reserve. Merger debit arising on consolidation is set off against the revaluation and other reserves of the Group.

Under the acquisition method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. The cost of an acquisition is measured as fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. See the accounting policy Note 4(c) on goodwill. If the cost of acquisition is less than the fair value of the identifiable net assets of the subsidiary acquired, the gain is recognised directly in profit or loss.

Non-controlling interest represents that portion of profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since that date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONTINUED)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(i) Subsidiaries (continued)

All intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated and unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies for subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceed and the Group's share of its net assets as of the date of disposal including the cumulative amount of any exchange differences that relate to the subsidiary is recognised in profit or loss attributable to parent.

(ii) Transactions with non-controlling interest

The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group. Accordingly, disposals resulted in gains or losses and purchases resulted in the recognition of goodwill, being the difference between consideration paid and the relevant share of the carrying value of net assets of the subsidiary acquired.

(iii) Jointly controlled entity

Jointly controlled entity are corporations, partnerships or other entities over which there is agreed control by the Group with one or more parties. The Group's interest in jointly controlled entity is accounted for in the consolidated financial statements by the equity method of accounting.

Equity accounting involves recognising the Group's share of the post acquisition results of jointly controlled entity in profit or loss and its share of post acquisition changes of the investee's reserves in other comprehensive income. The cumulative post acquisition movements are adjusted against the cost of the investment and include goodwill on acquisition (net of accumulated amortisation).

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that results from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, if a loss on the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, the loss is recognised immediately.

Where necessary, in applying the equity method, adjustments have been made to the financial statements of jointly controlled entity to ensure consistency of accounting policies with those of the Group.

(b) Property, plant and equipment

Property, plant and equipment are initially stated at cost. Land and buildings are subsequently stated at valuation in 1994 and subsequent additions are stated at cost less subsequent amortisation/depreciation and any impairment losses. The cost of other property, plant and equipment comprises their purchase costs and any incidental costs of acquisition. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Cost also include borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying assets (refer to accounting policy Note 4(n) on borrowing cost). All other property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when 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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONTINUED)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Property, plant and equipment (continued)

The freehold land and buildings have not been revalued since 1994. In respect of assets carried at previously revalued amounts, the Directors have adopted the transitional provisions in International Accounting Standard No. 16 (Revised): Property, Plant and Equipment as allowed for by the Malaysian Accounting Standards Board to retain the carrying amounts of these freehold land and buildings on the basis of their previous revaluation subject to the continuing application of current depreciation policy.

When an asset's carrying amount is increased as a result of a revaluation, the increase is recognised in other comprehensive income as a revaluation surplus reserve. When the asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in profit or loss. However, the decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus reserve of that asset.

Freehold land is not depreciated as it has an infinite life. Leasehold lands are depreciated on the straight-line basis to write off the cost of the lands, or their revalued amounts over their lease terms. Depreciation on other property, plant and equipment is calculated so as to write off the cost or valuation to their residual values on the reducing balance basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose are as follows:

	%
Leasehold land	1.0 – 2.2
Flats	2.0
Buildings	2.0
Plant, machinery, tools and equipment	5.0 – 33.3
Motor vehicles	20.0
Furniture and fittings	5.0 – 20.0
Office equipment and air conditioners	10.0 – 33.3
Renovation	10.0

Depreciation on capital work in progress commences when the asset is ready for its intended use.

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 4(d)).

Gains and losses on disposals are determined by comparing the net disposal proceeds with the carrying amounts and difference is charged or credited to profit or loss. On disposal of the revalued assets, amounts in revaluation reserve relating to those assets are transferred to retained earnings.

(c) Goodwill on consolidation

Goodwill represents the excess of the cost of acquisition of subsidiaries and jointly controlled entity over the fair value of the Group's share of the identifiable net assets at the date of acquisition.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose, identified according to operating segment.

Goodwill on acquisitions of jointly controlled entity occurring on or after 1 January 1995 is included in investments in jointly controlled entity. Such goodwill is tested for impairment as part of the overall balance.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONTINUED)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Impairment of non-financial asset

Property, plant and equipment and other non-current assets, are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows.

The impairment loss is charged to the profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Any subsequent increase in recoverable amount is recognised in the profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.

(e) Financial assets

The Group and Company has changed its accounting policy for recognition and measurement of financial assets upon adoption of FRS 139 "Financial instruments: Recognition and Measurement" on 1 April 2010.

(i) Classification

The Group and Company classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

<u>Financial assets at fair value through profit or loss</u>

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

<u>Loans and receivables</u>

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group and Company's loans and receivables comprise trade and other receivables, amounts due from related companies and cash and cash equivalents in the statements of financial position.

(ii) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group and Company commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed to profit or loss.

(iii) Subsequent measurement – gains and losses

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables financial assets are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss, including the effects of currency translation, interest and dividend income are recognised in profit or loss in the period of which the changes arise.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONTINUED)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial assets (continued)

(iv) Subsequent measurement – Impairment of financial assets

Assets carried at amortised cost

The Group and Company assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If 'loans and receivables' has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group and Company may measure impairment on the basis of an instrument's fair value using an observable market price.

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 (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

(v) Derecognition

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group and Company has transferred substantially all risks and rewards of ownership.

(f) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(g) Financial guarantee contracts

Financial guarantee contracts are contracts that require the Group or Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with FRS 137 "Provisions, contingent liabilities and contingent assets" and the amount initially recognised less cumulative amortisation, where appropriate.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONTINUED)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial guarantee contracts (continued)

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where financial guarantees in relation to loans or payables of subsidiaries are provided by the Company for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of investment in subsidiaries.

(h) Leases

(i) Finance leases

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

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

Property, plant and equipment acquired under finance leases are depreciated over the estimated useful lives of the assets in accordance with policy stated in Note 4(b).

(ii) Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on the straight line basis over the period of the respective leases.

Change in accounting policy
Following the adoption of the improvement to FRS 117 “Leases”, leasehold land in which the Group has substantially all the risks and rewards incidental to ownership has been reclassified retrospectively from operating lease to finance lease. Previously, leasehold land was classified as an operating lease unless title is expected to pass to the lessee at the end of the lease term. Refer to Note 33 for the impact of this change in accounting policy.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. Raw material is stated at cost of purchase, plus the cost of bringing the inventories to their present location and condition. The cost of work in progress and finished goods comprises raw materials, direct labour, other direct costs and an appropriate proportion of production overheads (based on normal operating capacity) but exclude borrowing costs.

Where necessary, allowance is made for obsolete, slow moving or defective inventories.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONTINUED)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively. Current income tax expense is determined according to the income tax laws of each jurisdiction in which the Group and Company operates and include all taxes based upon the taxable profits.

Deferred taxation is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for income tax purposes and their carrying amounts in the financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not accounted for. Deferred tax liability arising from initial recognition of goodwill is not accounted for. Deferred tax is determined using income tax rates (and tax laws) that have been enacted or substantively enacted by the statements of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences, carry forward unused tax losses and unutilised reinvestment allowances to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unutilised reinvestment allowances can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiary companies and jointly controlled entity, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(k) Share capital

(i) Classification

Ordinary shares are classified as equity.

(ii) Dividends to shareholders of the Company

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the statements of financial position date. A dividend proposed or declared after the statements of financial position date, but before the financial statements are authorised for issue will not be recognised as a liability at the end of the reporting period until it has been approved by the shareholders at the Company's annual general meeting.

(iii) Purchase of own shares

Where the Company purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental external costs, net of tax, is deducted from capital and reserves attributable to equity holders of the Company as treasury shares and presented as a deduction from equity until they are cancelled, reissued or disposed of.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONTINUED)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Share capital (continued)

(iii) Purchase of own shares (continued)

No gain or loss is recognized in the Profit or loss on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

Where such shares are cancelled, the issued share capital is reduced by the nominal value of the cancelled shares. The amount by which the Company's issued share capital is diminished on cancellation of shares is transferred to a capital redemption reserve account.

(l) Foreign currencies

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transaction dates. At the end of the reporting period, foreign currency monetary assets and liabilities are translated into Ringgit Malaysia at the rates of exchange ruling at that date. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the Profit or loss.

All foreign exchange gains and losses are presented in profit or loss within 'other operating income' or 'other operating expenses'.

(iii) Group companies

The results and financial position of the Group's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each statements of financial position presented are translated at the closing rate at the date of that statements of financial position;

(b) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(c) all resulting exchange differences are taken to the exchange fluctuation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is disposed of, such exchange differences are taken to the Profit or loss as part of the gain or loss on disposal.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONTINUED)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services, in the ordinary course of the Group and Company's activities. Revenue is shown net of sales tax, trade discounts and allowances after eliminating sales within the Group. Revenue is recognised when it is probable that the future economic benefits associated with the transaction will flow to the entity and the amount of the revenue can be measured reliably as follows:

(i) Sale of goods

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.

(ii) Dividend income

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

(iii) Interest income

Interest income is recognised on an accrual basis determined by the principal outstanding and the rate applicable.

(iv) Rental income

Rental income is recognised on an accrual basis in accordance with the substance of the rental agreement.

(n) Borrowings and borrowings cost

Borrowings are recognised initially at fair value, net of transaction costs incurred.

Borrowings are subsequently carried at amortised cost; any difference between inital recognised amount and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method, except for borrowing costs incurred for the construction of any qualifying asset.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(o) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand and deposits held at call with banks.

(p) Employee benefits

(i) Short term employee benefits

Wages, salaries, annual leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group and Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONTINUED)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Employee benefits (continued)

(ii) Defined contribution plan

A defined contribution plan is a pension plan under which the Group and Company pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior financial years.

Subsidiary companies incorporated in Malaysia contribute to the Employees Provident Fund of Malaysia, the national defined contribution. The Group and Company's contributions to the defined contribution plan are charged to the Profit or loss in the period to which they relate. Once the contributions have been paid, these companies have no further payment obligations.

(q) Advances to subsidiary companies and a jointly controlled entity

Advances to subsidiary companies and a jointly controlled entity which are non trade in nature, unsecured, interest free and do not have a fixed term of repayments are treated as a long term source of capital to the subsidiaries and jointly controlled entity. The initial value of the advances is accounted for as contributions and recognised as part of the cost of investment in subsidiaries and jointly controlled entity.

(r) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(s) Provisions

Provisions are recognised when:

- the Group and Company has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- a reliable estimate of the amount can be made.

Provisions are not recognised for future operating losses. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

(t) Contingent assets and liabilities

The Group and Company does not recognise contingent assets and liabilities, but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts. A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and Company. The Group and Company does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONTINUED)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

Change of accounting policy

The Group has adopted FRS 8 "Operating segments" from 1 April 2010. FRS 8 replaces FRS 114 "Segment reporting" and is applied retrospectively. The adoption of FRS 8 has resulted in an increase in the number of reportable segments presented. Comparatives have been restated. There has been no impact on the measurement of the Group's assets and liabilities.

(v) Critical accounting estimates and assumptions

Estimates and judgments are continually evaluated by Directors and management based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group and Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 4(c). The recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 15).

(ii) Income taxes

There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and Company recognises liabilities for tax matters based on estimates of whether additional taxes will be due. If the final outcome of these tax matters results in a difference in the amounts initially recognised, such differences will impact the income tax and/or deferred tax provisions in the financial period in which such determination is made.

(iii) Depreciation of property, plant and equipment

Property, plant and equipment, other than leasehold land, are depreciated on a reducing balance basis to write off their cost to their residual values over their estimated useful lives. Property, plant and equipment are depreciated at rates ranging from 1.0% to 33.3% per annum (Note 4b). Changes in the expected level of usage, physical wear and tear and technological development could impact the economic useful life and the residual values of these assets, therefore future depreciation charges could be revised.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONTINUED)

5 REVENUE

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Sales of goods	**76,360,296**	82,762,416	**0**	0
Sales of materials	**48,585**	132,698	**0**	0
Interest income from licensed banks	**272,651**	28,741	**272,651**	28,741
Dividend income from a subsidiary company	**0**	0	**984,390**	2,460,974
	76,681,532	82,923,855	**1,257,041**	2,489,715

6 SIGNIFICANT RELATED PARTY TRANSACTIONS

In relation to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions

(i) Significant transactions with related parties during the financial year are as follows:

	COMPANY	
	2011 RM	2010 RM
Gross dividend income from a subsidiary company:		
- Yew Lean Foundry & Co. Sdn. Bhd.	**984,390**	2,460,974
Repayment of advances from subsidiary companies:		
- Yew Lean Foundry & Co. Sdn. Bhd.	**9,420,000**	5,300,000
- Expenses paid on behalf by Yew Lean Foundry & Co. Sdn. Bhd.	**234,849**	106,660

The above transactions were based on terms and prices as agreed between the Company and other related parties.

(ii) Key management personnel compensation

The key management remuneration includes fees, salary, bonuses and other emoluments (including benefits-in-kind) computed based on the cost incurred by the Group and the Company, and where the Group and the Company did not incur any costs, the value of the benefits. The key management remuneration is as follows:

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Salaries and other short term employee benefits	**1,433,183**	1,326,897	**692,972**	656,738
Defined contribution retirement plan	**90,158**	81,284	**0**	0
	1,523,341	1,408,181	**692,972**	656,738

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONTINUED)

7 FINANCE COSTS

	GROUP	
	2011 RM	2010 RM
Interest expense on:		
- bank overdraft	**(229,760)**	(208,129)
- term loans	**(2,096,556)**	(1,616,526)
- other short term borrowings	**(494,447)**	(930,658)
	(2,820,763)	(2,755,313)

8 (LOSS)/PROFIT BEFORE TAXATION

(i) Expenses by nature

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Changes in inventories	**(7,365,501)**	(26,257,152)	**0**	0
Purchases of raw materials	**(37,992,303)**	(20,028,161)	**0**	0
Purchases of finished goods	**(3,396,285)**	(241,635)	**0**	0
Auditors' remuneration:				
- statutory audit	**(90,000)**	(84,800)	**(35,000)**	(35,000)
- other audit related services	**(3,800)**	(3,800)	**(3,800)**	(3,800)
Depreciation of property, plant and equipment (Note 14)	**(6,614,087)**	(7,094,694)	**0**	0
Rental				
- land and building	**(75,174)**	(127,013)	**0**	0
- others	**(207,469)**	(69,530)	**0**	0
Property, plant and equipment written off	**(27,905)**	(8,074)	**0**	0
Loss on disposal of property, plant and equipment	**(28,108)**	(74)	**0**	0
Unrealised foreign exchange loss	**0**	(198,666)	**0**	0
Realised foreign exchange loss	**(59,151)**	0	**0**	0
Employee benefits cost (Note 9)	**(9,857,827)**	(10,152,860)	**0**	0
Directors' fee (Note 10)	**(108,000)**	(108,000)	**(58,000)**	(58,000)
Non-Executive Directors' other benefits (Note 10)	**(484,000)**	(480,014)	**(484,000)**	(480,014)
Utilities	**(4,461,385)**	(4,477,692)	**0**	0
Repairs and maintenance	**(1,303,732)**	(1,352,217)	**0**	0
Transportation	**(2,651,928)**	(2,605,616)	**0**	0
Insurance	**(272,880)**	(423,536)	**0**	0
Product consumables	**(1,030,391)**	(999,603)	**0**	0
Professional fees	**(293,554)**	(114,605)	**(179,950)**	(77,750)
Goodwill impairment	**(37,217,928)**	0	**0**	0
Impairment of investment in subsidiaries	**0**	0	**(43,114,312)**	0
Impairment loss on trade receivables	**(2,504,121)**	0	**0**	0

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONTINUED)

8 (LOSS)/PROFIT BEFORE TAXATION (CONTINUED)

(ii) The following amounts have been credited in arriving at (loss)/profit before taxation:

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Interest income from licensed banks	**960,288**	542,608	**272,651**	28,741
Gain on disposal of property, plant and equipment	**0**	14,926	**0**	0
Realised foreign exchange gain	**0**	80,879	**0**	0
Unrealised foreign exchange gain	**134,574**	0	**0**	0
Insurance claim received	**51,063**	0	**0**	0

9 EMPLOYEE BENEFITS COST

Employee benefits cost (excluding Directors' fees) are analysed as follows:

	GROUP	
	2011 RM	2010 RM
Wages, salaries and bonuses	**7,693,307**	8,018,559
Defined contribution plan	**921,076**	958,919
Other employee benefits	**1,243,444**	1,175,382
	9,857,827	10,152,860

10 DIRECTORS' REMUNERATION

The Directors of the Company in office during the financial year are as follows:

Non-Executive Directors

Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir
Mohammad Khayat Bin Idris
Tuan Haji Ab Gani Bin Haron
Datuk Prof Ir (Dr) Hj Ahmad Zaidee Bin Laidin

Executive Directors

Dato' Hj. Samsuri Bin Rahmat
Ali Sabri Bin Ahmad

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONTINUED)

10 DIRECTORS' REMUNERATION (CONTINUED)

The aggregate amounts of emoluments received/receivable by Directors of the Company during the financial year are as follows:

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Non-Executive Directors				
- fees	**24,000**	24,000	**24,000**	24,000
- other benefits	**484,000**	480,014	**484,000**	480,014
- estimated money value of benefits-in-kind	**183,172**	150,924	**150,972**	118,724
	691,172	654,938	**658,972**	622,738
Executive Directors:				
- fees	**84,000**	84,000	**34,000**	34,000
- salaries and bonuses	**616,853**	556,459	**0**	0
- defined contribution plan	**90,158**	81,284	**0**	0
- other employee benefits	**3,000**	0	**0**	0
- estimated money value of benefits-in-kind	**38,158**	31,500	**0**	0
	832,169	753,243	**34,000**	34,000
	1,523,341	1,408,181	**692,972**	656,738

11 INCOME TAX EXPENSE

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Malaysian taxation:				
- current taxation	**(975,020)**	(1,468,919)	**(111,756)**	(424,684)
- deferred taxation (Note 24)	**351,449**	375,993	**0**	0
	(623,571)	(1,092,926)	**(111,756)**	(424,684)
(Under)/over accrual in prior financial year:				
- current taxation	**(50,944)**	180,160	**4,721**	137,614
- deferred taxation (Note 24)	**13,370**	808	**0**	0
	(661,145)	(911,958)	**(107,035)**	(287,070)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONTINUED)

11 INCOME TAX EXPENSE (CONTINUED)

The explanation of the relationship between income tax expense and (loss)/profit from ordinary activities before taxation is as follows:

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
(Loss)/profit before taxation	**(43,308,790)**	2,924,308	**(42,938,707)**	1,554,793
Tax calculated at the Malaysian income tax rate of 25%	**10,827,198**	(731,077)	**10,734,677**	(388,698)
Tax effects of:				
Share of results of jointly controlled Entity	**41,735**	21,412	**0**	0
Expenses not deductible for income tax purposes	**(10,795,898)**	(294,888)	**(10,862,183)**	(35,986)
Expenses allowable for double deductions for income tax purposes	**9,828**	8,031	**0**	0
Income not subject to tax	**20,839**	5,974	**15,750**	0
Utilisation of reinvestment allowances	**0**	143,058	**0**	0
Current financial year's tax loss not recognised	**(733)**	(8,105)	**0**	0
Utilisation of previously unrecognised deductible temporary differences	**(3,040)**	457,622	**0**	0
Temporary differences not recognised	**(723,500)**	(694,953)	**0**	0
(Under)/over accrual in prior financial year:				
- current taxation	**(50,944)**	180,160	**4,721**	137,614
- deferred taxation	**13,370**	808	**0**	0
	(661,145)	(911,958)	**(107,035)**	(287,070)

The Group has, subject to confirmation by the Inland Revenue Board, unused tax losses of approximately RM21,132,000 (2010: RM18,237,000) and unabsorbed capital allowance of approximately RM6,487,000 (2010: RM6,316,000) of which the related tax benefit of RM5,283,000 (2010: RM4,559,000) and RM1,622,000 (2010: RM1,579,000) respectively have not been recognised in the financial statements.

12 (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share of the Group is calculated by dividing the net (loss)/profit after taxation attributable to equity holders of the Company for the financial year by the weighted average number of ordinary shares outstanding during the financial year.

	2011	2010
Net (loss)/profit after taxation attributable to equity holders of the Company (RM)	**(40,303,874)**	2,291,072
Weighted average number of ordinary shares outstanding during the financial year	**98,439,000**	98,439,000
Basic (loss)/earnings per share (sen)	**(40.94)**	2.33

The diluted (loss)/earnings per share is adjusted for the effects of all dilutive potential ordinary shares. There is no dilutive potential ordinary share as at end of the financial year (2010: nil).

13 DIVIDEND PER SHARE

In respect of the financial year ended 31 March 2010, a first and final dividend of 1.0 sen per ordinary share less income tax at 25%, amounting to RM738,293 was paid.

The Directors do not recommend the payment of any dividend for the financial year ended 31 March 2011.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONTINUED)

14 PROPERTY, PLANT AND EQUIPMENT

The details of property, plant and equipment are as follows:

GROUP ONLY 2011 AT COST/VALUATION	LAND AND BUILDINGS RM AT COST/ VALUATION	PLANT, MACHINERY, TOOLS AND EQUIPMENT RM AT COST	MOTOR VEHICLES RM AT COST	FURNITURE AND FITTINGS RM AT COST	OFFICE EQUIPMENT AND AIR CONDITIONERS RM AT COST	CAPITAL WORK IN PROGRESS RM AT COST	TOTAL RM AT COST/ VALUATION
At 1 April 2010	66,799,865	112,653,554	4,905,628	715,306	1,890,745	12,627,431	199,592,529
Additions	2,947	192,342	526,297	0	18,263	0	739,849
Disposals	0	0	(978,877)	0	0	0	(978,877)
Write off	(42,305)	0	0	0	0	0	(42,305)
At 31 March 2011	**66,760,507**	**112,845,896**	**4,453,048**	**715,306**	**1,909,008**	**12,627,431**	**199,311,196**
Accumulated depreciation							
At 1 April 2010	14,530,599	67,156,347	3,328,153	293,689	1,433,682	0	86,742,470
Charge for the financial year	1,134,344	4,902,475	463,341	24,864	89,063	0	6,614,087
Disposals	0	0	(811,812)	0	0	0	(811,812)
Write off	(14,400)	0	0	0	0	0	(14,400)
At 31 March 2011	15,650,543	72,058,822	2,979,682	318,553	1,522,745	0	92,530,345
Net book value							
31 March 2011	**51,109,964**	**40,787,074**	**1,473,366**	**396,753**	**386,263**	**12,627,431**	**106,780,851**

GROUP ONLY 2010 AT COST/VALUATION	LAND AND BUILDINGS RM AT COST/ VALUATION	PLANT, MACHINERY, TOOLS AND EQUIPMENT RM AT COST	MOTOR VEHICLES RM AT COST	FURNITURE AND FITTINGS RM AT COST	OFFICE EQUIPMENT AND AIR CONDITIONERS RM AT COST	CAPITAL WORK IN PROGRESS RM AT COST	TOTAL RM AT COST/ VALUATION
At 1 April 2009	44,771,014	112,155,037	5,178,651	696,467	1,867,026	12,537,004	177,205,199
Effect of adopting FRS 117	21,826,291	0	0	0	0	0	21,826,291
At 1 April 2009, restated	66,597,305	112,155,037	5,178,651	696,467	1,867,026	12,537,004	199,031,490
Additions	202,560	501,317	0	18,839	32,918	90,427	846,061
Disposals	0	(2,800)	(269,060)	0	0	0	(271,860)
Write off	0	0	(3,963)	0	(9,199)	0	(13,162)
At 31 March 2010	66,799,865	112,653,554	4,905,628	715,306	1,890,745	12,627,431	199,592,529
Accumulated depreciation							
At 1 April 2009	9,839,172	61,853,056	3,097,058	266,046	1,324,560	0	76,379,892
Effect of adopting FRS 117	3,543,344	0	0	0	0	0	3,543,344
At 1 April 2009, restated	13,382,516	61,853,056	3,097,058	266,046	1,324,560	0	79,923,236
Charge for the financial year	1,148,083	5,304,603	500,816	27,643	113,549	0	7,094,694
Disposals	0	(1,312)	(269,060)	0	0	0	(270,372)
Write off	0	0	(661)	0	(4,427)	0	(5,088)
At 31 March 2010	14,530,599	67,156,347	3,328,153	293,689	1,433,682	0	86,742,470
Net book value							
31 March 2010	52,269,266	45,497,207	1,577,475	421,617	457,063	12,627,431	112,850,059

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONTINUED)

14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group's land and buildings comprise of:

2011	AT 1 APRIL RM	ADDITIONS RM	DISPOSALS RM	AT 31 MARCH RM
Cost / valuation				
Building on leasehold land, at valuation	4,066,634	0	0	**4,066,634**
Freehold land and buildings, at cost	4,625,999	0	0	**4,625,999**
Long term leasehold flats, at cost	188,200	0	0	**188,200**
Buildings on leasehold land, at cost	33,573,032	0	0	**33,573,032**
Renovation, at cost	2,519,709	2,947	(42,305)	**2,480,351**
Leasehold land, at cost	10,886,242	0	0	**10,886,242**
Leasehold land, at valuation	10,940,049	0	0	**10,940,049**
Total	66,799,865	2,947	(42,305)	**66,760,507**

2011	AT 1 APRIL RM	DEPRECIATION CHARGE FOR THE FINANCIAL YEAR RM	DISPOSALS RM	AT 31 MARCH RM
Accumulated depreciation				
Building on leasehold land, at valuation	1,004,159	44,199	0	**1,048,358**
Freehold land and buildings, at cost	171,219	14,008	0	**185,227**
Long term leasehold flats, at cost	46,944	2,825	0	**49,769**
Buildings on leasehold land, at cost	7,009,964	635,261	0	**7,645,225**
Renovation, at cost	2,353,739	36,820	(14,400)	**2,376,159**
Leasehold land, at cost	2,423,046	239,493	0	**2,662,539**
Leasehold land, at valuation	1,521,528	161,738	0	**1,683,266**
Total	14,530,599	1,134,344	(14,400)	**15,650,543**

2010	AT 1 APRIL RM	EFFECT OF ADOPTING FRS 117 RM	AT 1 APRIL, RESTATED RM	ADDITIONS RM	DISPOSALS RM	AT 31 MARCH RM
Cost / valuation						
Building on leasehold land, at valuation	4,066,634	0	4,066,634	0	0	4,066,634
Freehold land and buildings, at cost	4,535,409	0	4,535,409	90,590	0	4,625,999
Long term leasehold flats, at cost	188,200	0	188,200	0	0	188,200
Buildings on leasehold land, at cost	33,484,412	0	33,484,412	88,620	0	33,573,032
Renovation, at cost	2,496,359	0	2,496,359	23,350	0	2,519,709
Leasehold land, at cost	0	10,886,242	10,886,242	0	0	10,886,242
Leasehold land, at valuation	0	10,940,049	10,940,049	0	0	10,940,049
Total	44,771,014	21,826,291	66,597,305	202,560	0	66,799,865

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONTINUED)

14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group's land and buildings comprise of (continued):

2010	AT 1 APRIL RM	EFFECT OF ADOPTING FRS 117 RM	AT 1 APRIL, RESTATED RM	DEPRECIATION CHARGE FOR THE FINANCIAL YEAR RM	DISPOSALS RM	AT 31 MARCH RM
Accumulated depreciation						
Building on leasehold land, at valuation	959,058	0	959,058	45,101	0	1,004,159
Freehold land and buildings, at cost	156,920	0	156,920	14,299	0	171,219
Long term leasehold flats, at cost	44,061	0	44,061	2,883	0	46,944
Buildings on leasehold land, at cost	6,364,810	0	6,364,810	645,154	0	7,009,964
Renovation, at cost	2,314,323	0	2,314,323	39,416	0	2,353,739
Leasehold land, at cost	0	2,183,554	2,183,554	239,492	0	2,423,046
Leasehold land, at valuation	0	1,359,790	1,359,790	161,738	0	1,521,528
Total	9,839,172	3,543,344	13,382,516	1,148,083	0	14,530,599

	2011 RM	2010 RM
Net book value		
Building on leasehold land, at valuation	**3,018,276**	3,062,475
Freehold land and buildings, at cost	**4,440,772**	4,454,780
Long term leasehold flats, at cost	**138,431**	141,256
Buildings on leasehold land, at cost	**25,927,807**	26,563,068
Renovation, at cost	**104,192**	165,970
Leasehold land, at cost	**8,223,703**	8,463,196
Leasehold land, at valuation	**9,256,783**	9,418,521
	51,109,964	52,269,266

The Group's freehold land and building on leasehold land were last revalued in 1994, 1996 and 2008 by independent qualified valuers, Henry Butcher, Lim & Long (North) Sdn. Bhd. and TD Aziz Sdn. Bhd. respectively, using the open market value basis.

Subsequent additions are stated at cost.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONTINUED)

14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(i) Valuation

Analysis of leasehold land and building on leasehold land that is stated at valuation:

	GROUP		
	2011 RM	2010 RM	2009 RM
Valuation in 1994, 1998 & 2008 on the Open Market Value basis	**15,006,683**	15,006,683	15,006,683
Net book value	**12,275,059**	12,480,996	12,687,836
Net book value - had the above been carried at historical cost	**5,541,696**	5,642,392	5,743,278

(ii) Assets acquired under finance lease arrangements

Included in motor vehicles of the Group is the net book value of RM663,269 (2010: RM446,348) acquired under finance lease arrangements.

(iii) Net book value of asset pledged as security for borrowings of a subsidiary (Note 24).

Factory building with a net book value of RM13,092,647 (2010: RM13,436,767) and leasehold land with a net book value of RM5,986,208 (2010:RM6,057,472) are pledged as security for borrowings of a subsidiary company.

15 GOODWILL ON CONSOLIDATION

Goodwill on consolidation arose from acquisition of a subsidiary company in the financial year 2009.

	GROUP	
	2011 RM	2010 RM
Cost	**37,217,928**	37,217,928
Impairment charge	**(37,217,928)**	0
Net book value	**0**	37,217,928

Goodwill is allocated to the Group's cash-generating units ("CGU") identified according to business segment.

The recoverable amount of a CGU was determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period and incorporating a terminal value after the fifth year. The growth rate during the financial budget period does not exceed the long term average growth rate for the components business in which the CGU operates.

Key assumptions used for value-in-use calculations:

	%
Gross margin[1]	8
Growth rate[2]	5.5
Discount rate[3]	11.16

[1] Budgeted gross margin
[2] 5.5% growth rate is used during the financial budget period and zero growth in the terminal value computation
[3] Pre-tax discount rate applied to the cash flow projections

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONTINUED)

15 GOODWILL ON CONSOLIDATION (CONTINUED)

These assumptions have been used for analysis of the CGU. Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rate used is based on expected growth rates for sales. The discount rate used is pre-tax and reflect specific risks relating to the relevant segments.

The impairment charge of RM37,217,928 (2010: nil) is included within "Administrative expenses" in the statement of comprehensive income. The impairment charge has arisen mainly from lower forecasted revenue of the subsidiary company due to uncertainty over revenue to be derived from the domestic market, especially in the Klang Valley, that has resulted in the recoverable amount of the subsidiary lower than its carrying amount.

16 SUBSIDIARY COMPANIES

	COMPANY	
	2011 RM	2010 RM
Unquoted shares, at cost	**64,492,615**	64,492,615
Impairment charge	**(43,114,312)**	0
Net book value	**21,378,303**	64,492,615
Amount due from subsidiary companies (non-trade):		
- Yew Lean Foundry & Co. Sdn. Bhd.	**24,060,900**	33,715,749
- Yew Li Foundry & Co. Sdn. Bhd.	**315,000**	315,000
	24,375,900	34,030,749

The amount due from subsidiary companies are primarily interest free non-trade advances with no fixed repayment terms and denominated in Ringgit Malaysia. Repayment is however not expected within the next twelve months as it is the intention of the Company to treat this amount as a long term source of capital to the subsidiary companies. The initial value of the advances is accounted for as contributions and recognised as part of the cost of investment in a subsidiary.

Details of the subsidiary companies are as follows:

NAME OF COMPANY	COUNTRY OF INCORPORATION	HELD BY THE COMPANY		HELD BY SUBSIDIARY COMPANIES		PRINCIPAL ACTIVITIES
		2011 %	2010 %	2011 %	2010 %	
Yew Lean Foundry & Co. Sdn. Bhd.	Malaysia	**100**	100	**0**	0	Manufacturing and marketing of ductile iron pipes and fittings and other related products.
Yew Li Foundry & Co. Sdn. Bhd.	Malaysia	**100**	100	**0**	0	Manufacturing and marketing of cast iron fittings, saddles and manhole covers and fabrication of pipes.
Logam Utara (M) Sdn. Bhd.	Malaysia	**100**	100	**0**	0	Manufacturing and coating of LUSAN ™ (Rilsan) on couplings, tapping sleeves, water tanks and marketing of specialised imported products for water works.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONTINUED)

16 SUBSIDIARY COMPANIES (CONTINUED)

Details of the subsidiary companies are as follows (continued):

NAME OF COMPANY	COUNTRY OF INCORPORATION	HELD BY THE COMPANY 2011 %	HELD BY THE COMPANY 2010 %	HELD BY SUBSIDIARY COMPANIES 2011 %	HELD BY SUBSIDIARY COMPANIES 2010 %	PRINCIPAL ACTIVITIES
Zenith Eastern (M) Sdn. Bhd.	Malaysia	**0**	0	**100**	100	Property investment holding.
Yew Lean Industries Sdn. Bhd.	Malaysia	**100**	100	**0**	0	Marketing and distribution of pipes and fittings to waterworks and others.
Laksana Wibawa Sdn. Bhd.*	Malaysia	**51**	51	**0**	0	Manufacturing and trading of steel pipes and related products.

* Audited by firms other than PricewaterhouseCoopers, Malaysia.

17 JOINTLY CONTROLLED ENTITY

	2011 RM	2010 RM
Group		
Share of net assets of the jointly controlled entity	**1,067,645**	1,377,735
Amount due from a jointly controlled entity	**8,064,928**	8,064,928
Company		
Unquoted shares, at cost	**141**	141
Amount due from a jointly controlled entity	**8,064,928**	8,064,928

The amount due from jointly controlled entity are primarily interest free non-trade advances with no fixed repayment terms and denominated in Ringgit Malaysia. Repayment is however not expected within the next twelve months as it is the intention of the Group and Company to treat this amount as a long term source of capital to the jointly controlled entity. The initial value of the advances is accounted for as contributions and recognised as part of the cost of investment in a jointly controlled entity.

Details of the jointly controlled entity are as follows:

NAME OF COMPANY	COUNTRY OF INCORPORATION	HELD BY THE COMPANY 2011 %	HELD BY THE COMPANY 2010 %	PRINCIPAL ACTIVITIES
Pinang Water Limited*	Labuan, Malaysia	**37**	37	Investment holding, provision of consulting services in water management, trading of water treatment equipment, water treatment, management and supply of treated water.

* Audited by firms other than PricewaterhouseCoopers, Malaysia.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONTINUED)

17 JOINTLY CONTROLLED ENTITY (CONTINUED)

The Group's share of the assets and liabilities of the jointly controlled entity is as follows:

	2011 RM	2010 RM
Non current assets	**8,783,335**	9,383,757
Current assets	**1,186,157**	1,077,292
Current liabilities	**(279,840)**	(8,630,643)
Non current liabilities	**(8,622,007)**	(452,671)
Net assets	**1,067,645**	1,377,735

The Company has also given a corporate guarantee to a bank on behalf of the jointly controlled entity (Note 29) as follows:

	2011 RM	2010 RM
In respect of purchase of property, plant and equipment	**1,119,000**	1,207,310

The Group's share of the revenue, cost of sales, other income and expenses of the jointly controlled entity is as follows:

	2011 RM	2010 RM
Revenue	**873,320**	902,006
Cost of sales	**(678,586)**	(659,061)
Gross profit	**194,734**	242,945
Other income	**163,087**	10,959
Expenses excluding taxation	**(183,481)**	(160,855)
Profit before taxation	**174,340**	93,049
Income tax expense	**(7,400)**	(7,400)
Profit after taxation	**166,940**	85,649

18 INVENTORIES

	GROUP	
	2011 RM	2010 RM
Raw materials	**4,262,124**	3,510,571
Work in progress	**855,167**	810,229
Finished goods	**21,328,727**	29,490,719
	26,446,018	33,811,519

The cost of inventories recognised as an expense and included in "cost of sales" amounted to RM48,754,089 (2010: RM46,526,948).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONTINUED)

19 RECEIVABLES

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Trade receivables	**37,292,042**	32,427,960	**0**	0
Less: Provision for impairment of trade receivables	**2,504,121**	0	**0**	0
	34,787,921	32,427,960	**0**	0
Other receivables	**374,266**	359,629	**55,000**	55,000
Deposits	**661,333**	602,383	**27,575**	8,932
Prepayments	**1,420**	85,328	**0**	0
	35,824,940	33,475,300	**82,575**	63,932

The currency exposure profile of trade, other receivables and deposits are as follows:

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Ringgit Malaysia	**33,137,756**	31,957,510	**82,575**	63,932
US Dollar	**343,407**	0	**0**	0
Brunei Dollar	**4,376**	4,243	**0**	0
Singapore Dollar	**2,306,447**	1,348,184	**0**	0
Pound Sterling	**0**	80,035	**0**	0
Sri Lanka Rupee	**31,534**	0	**0**	0
	35,823,520	33,389,972	**82,575**	63,932

The carrying values of trade receivables, other receivables and deposits approximate their fair values at the end of the reporting period as these amounts are expected to be recovered within the next 12 months.

The credit term of the receivables range from 30 days to 120 days (2010: 30 days to 120 days).

As at 31 March 2011, approximately 47% (2010: 46%) of the trade receivables balance of the Group relate to four major customers. The Group's historical record in the collection of trade receivables falls within the recorded allowances. Due to these factors, the Directors believe that no credit risk needs to be additionally allowed for beyond the allowance for doubtful debts (if any) already made by the Group.

The ageing analysis of the Group's and Company's trade, other receivables and deposits at the end of the reporting period are as follows:

	GROUP RM	COMPANY RM
Neither past due nor impaired	19,831,529	82,575
Less than 30 days past due not impaired	3,692,388	0
31 to 60 days past due not impaired	2,059,590	0
61 to 90 days past due not impaired	1,011,732	0
91 to 120 days past due not impaired	105,036	0
More than 121 days past due not impaired	9,123,245	0
	15,991,991	82,575
Impaired	2,504,121	0
	38,327,641	82,575

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONTINUED)

19 RECEIVABLES (CONTINUED)

Neither past due nor impaired

Trade, other receivables and deposits that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and Company. None of the Group's and Company's trade, other receivables and deposits that are neither past due nor impaired have been renegotiated during the financial year.

Past due not impaired

The Group and Company have trade receivables amounting to RM15,991,991 that are past due at the reporting date but not impaired. These past due but not impaired receivables are unsecured in nature and relate to customers for whom there is no history of default.

Impaired

As at 31 March 2011, trade receivables of RM2,504,121 were impaired and fully provided for. The individually impaired receivables are either receivables which are in unexpectedly difficult economic situations or currently under litigation and hence the recoverability is uncertain.

Movement of the Group's provision for impairment of trade receivables are as follows:

	2011 RM	2010 RM
At 1 April 2010/2009	**0**	0
Impairment losses charge to profit or loss for the year	**2,504,121**	0
At 31 March	**2,504,121**	0

20 AMOUNT DUE FROM A JOINTLY CONTROLLED ENTITY

The amount due from a jointly controlled entity to a subsidiary company of the Group is denominated in Ringgit Malaysia and interest free with no fixed term of repayment. The amount is neither past due nor impaired.

21 DEPOSITS, CASH AND BANK BALANCES/CASH AND CASH EQUIVALENTS

		GROUP		COMPANY	
	NOTE	2011 RM	2010 RM	2011 RM	2010 RM
Deposits with licensed banks		**36,000,000**	30,800,000	**13,500,000**	4,500,000
Cash and bank balances		**7,604,763**	4,864,339	**276,202**	48,232
		43,604,763	35,664,339	**13,776,202**	4,548,232
Bank overdraft	23	**(2,992,708)**	(2,992,571)	**0**	0
Deposits charged for credit facilities		**(103,001)**	(103,011)	**0**	0
Cash and cash equivalents		**40,509,054**	32,568,757	**13,776,202**	4,548,232

Effective interest rates of the deposits with licensed banks at the end of the financial year are as follows:

	2011 % PER ANNUM	2010 % PER ANNUM
Group	**2.85 - 3.20**	2.05 - 2.35
Company	**3.00**	2.20 - 2.25

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONTINUED)

21 DEPOSITS, CASH AND BANK BALANCES/CASH AND CASH EQUIVALENTS (CONTINUED)

Weighted average maturity days of the fixed deposits with licensed banks at the end of the financial year is as follows:

	2011 DAYS	2010 DAYS
Group	**24**	9
Company	**8**	9

The foreign currency profile of deposits, cash and bank balances is as follows:

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Singapore Dollar	**1,280,860**	1,210,400	**0**	0
Ringgit Malaysia	**41,798,184**	33,976,307	**13,776,202**	4,548,232
US Dollar	**251,189**	106,101	**0**	0
Euro	**0**	371,531	**0**	0
Sri Lanka Rupee	**274,530**	0	**0**	0
	43,604,763	35,664,339	**13,776,202**	4,548,232

22 PAYABLES

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Trade payables	**5,705,467**	6,209,995	**0**	0
Other payables	**4,854,818**	4,341,818	**233,745**	5,993
Other accruals	**4,418,503**	2,357,389	**102,000**	103,000
	14,978,788	12,909,202	**335,745**	108,993

The currency exposure profile of payables is as follows:

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Ringgit Malaysia	**14,780,164**	12,894,320	**335,745**	108,993
US Dollar	**198,624**	0	**0**	0
Singapore Dollar	**0**	14,882	**0**	0
	14,978,788	12,909,202	**335,745**	108,993

The carrying values of payables approximate their fair values at the end of the reporting period as these amounts are payable within the next 12 months.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONTINUED)

23 BORROWINGS

	NOTE	GROUP 2011 RM	2010 RM
Current			
Bank overdraft (secured)	21	**2,992,708**	2,992,571
Term loans (secured)		**9,159,807**	13,444,168
Finance lease liabilities (secured)		**193,963**	149,430
Bankers acceptance (secured)		**394,000**	59,000
Trust receipts (secured)		**7,888,173**	64,350
Revolving credit (secured)		**1,200,000**	1,000,000
		21,828,651	17,709,519
Non current			
Term loans (secured)		**17,394,191**	18,173,698
Finance lease liabilities (secured)		**549,379**	444,782
		17,943,570	18,618,480

The Group's borrowings are denominated in Ringgit Malaysia.

The above credit facilities are secured against:-

i) a subsidiary Company's factory building;
ii) debentures incorporating fixed and floating charges on all the present and future assets of a subsidiary Company;

The minimum finance lease payments at the end of the reporting period are as follows:

	2011 RM	2010 RM
Not later than 1 year	**224,874**	177,876
Later than 1 year and not later than 5 years	**415,505**	487,525
Later than 5 years	**223,006**	14,592
	863,385	679,993
Future finance charges	**(120,043)**	(85,781)
Present value of finance lease liabilities	**743,342**	594,212

The fair values of finance lease liabilities as at 31 March 2011 is approximately RM706,613 (2010: RM564,000).

The effective interest rates of the above borrowings as at the end of the reporting period are as follows:

	2011 % PER ANNUM	2010 % PER ANNUM
Term loans	**4.79 – 7.56**	4.28 – 7.16
Finance lease liabilities	**4.33 – 8.81**	4.34 – 8.85
Short term borrowings	**3.88 – 7.55**	3.18 – 7.05

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONTINUED)

23 BORROWINGS (CONTINUED)

The maturity and exposure to interest rate risk of the borrowings are as follows:

	NOT LATER THAN 1 YEAR RM	LATER THAN 1 YEAR AND NOT LATER THAN 2 YEARS RM	LATER THAN 2 YEARS AND NOT LATER THAN 5 YEARS RM	LATER THAN 5 YEARS RM	TOTAL RM
At 31 March 2011					
Floating rate:					
- bank overdraft	**2,992,708**	**0**	**0**	**0**	**2,992,708**
- term loans	**9,159,807**	**3,993,996**	**13,400,195**	**0**	**26,553,998**
Fixed rate:					
- revolving credit	**1,200,000**	**0**	**0**	**0**	**1,200,000**
- finance lease liabilities	**193,963**	**153,914**	**332,637**	**62,828**	**743,342**
- bankers acceptance	**394,000**	**0**	**0**	**0**	**394,000**
- trust receipts	**7,888,173**	**0**	**0**	**0**	**7,888,173**
	21,828,651	**4,147,910**	**13,732,832**	**62,828**	**39,772,221**

	NOT LATER THAN 1 YEAR RM	LATER THAN 1 YEAR AND NOT LATER THAN 2 YEARS RM	LATER THAN 2 YEARS AND NOT LATER THAN 5 YEARS RM	LATER THAN 5 YEARS RM	TOTAL RM
At 31 March 2010					
Floating rate:					
- bank overdraft	2,992,571	0	0	0	2,992,571
- term loans	13,444,168	11,324,400	6,798,348	50,950	31,617,866
Fixed rate:					
- revolving credit	1,000,000	0	0	0	1,000,000
- finance lease liabilities	149,430	146,808	285,714	12,260	594,212
- bankers acceptance	59,000	0	0	0	59,000
- trust receipts	64,350	0	0	0	64,350
	17,709,519	11,471,208	7,084,062	63,210	36,327,999

24 DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the Statements of financial position:

	GROUP	
	2011 RM	2010 RM
Deferred tax liabilities		
- subject to income tax	**7,842,195**	8,207,014

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONTINUED)

24 DEFERRED TAXATION (CONTINUED)

The movements in deferred taxation during the financial year are as follows:

	GROUP	
	2011 RM	2010 RM
At 1 April 2010/2009	**8,207,014**	8,583,815
(Credited)/charged to profit or loss (Note 11)		
Property, plant and equipment	**(423,591)**	(342,467)
Accruals	**(9,917)**	10,677
Trade receivables	**(9,807)**	0
Unrealised foreign exchange loss	**83,311**	(45,011)
Unrealised loss on inventory	**(4,815)**	0
	(364,819)	(376,801)
At 31 March	**7,842,195**	8,207,014

	GROUP	
	2011 RM	2010 RM
Subject to income tax:		
Deferred tax assets (before offsetting):		
Accruals	**(42,881)**	(32,964)
Trade receivables	**(9,807)**	0
Unrealised foreign exchange loss	**0**	(49,667)
Unrealised loss on inventory	**(4,815)**	0
	(57,503)	(82,631)
Offsetting	**57,503**	82,631
Deferred tax assets (after offsetting)	**0**	0
Deferred tax liabilities (before offsetting):		
Property, plant and equipment	**7,866,054**	8,289,645
Unrealised foreign exchange gain	**33,644**	0
Offsetting	**(57,503)**	(82,631)
Deferred tax liabilities (after offsetting)	**7,842,195**	8,207,014

The analysis of deferred tax liabilities is as follows:

	GROUP	
	2011 RM	2010 RM
Deferred tax liabilities:		
– Deferred tax liabilities to be recovered after more than 12 months	**7,424,957**	7,815,645
– Deferred tax liabilities to be recovered within 12 months	**417,238**	391,369
	7,842,195	8,207,014

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONTINUED)

25 SHARE CAPITAL

	GROUP AND COMPANY	
	2011 RM	2010 RM
Authorised:		
Ordinary shares of RM1 each:		
At 1 April 2010/2009 and 31 March 2011/2010	**500,000,000**	500,000,000
Issued and fully paid:		
Ordinary shares of RM1 each:		
At 1 April 2010/2009 and 31 March 2011/2010	**98,560,000**	98,560,000

Treasury Shares

	GROUP AND COMPANY			
	2011		2010	
	NUMBER OF SHARES	RM	NUMBER OF SHARES	RM
At 1 April 2010/2009	**121,000**	**107,620**	121,000	107,620
Shares repurchased during the financial year	**0**	**0**	0	0
At 31 March	**121,000**	**107,620**	121,000	107,620

The shareholders of the Company, by an ordinary resolution passed in 14th Annual General Meeting held on 20 August 2009, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

In the financial year 2009, the Company repurchased 121,000 units of its issued share capital from the open market on the Bursa Malaysia for RM107,620. The average price paid for the shares repurchased was approximately RM0.89 per share. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares as allowed under Section 67A of the Companies Act, 1965. The Company has the right to reissue these shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended. None of the treasury shares repurchased has been sold as at 31 March 2011.

At the end of the reporting period, the number of outstanding shares in issue after setting treasury shares off against equity is 98,439,000 units.

26 SHARE PREMIUM

	GROUP AND COMPANY	
	2011 RM	2010 RM
At 1 April 2010/2009 and 31 March 2011/2010	**7,208,014**	7,208,014

27 REVALUATION AND OTHER RESERVES

	GROUP	
	2011 RM	2010 RM
Revaluation*/capital reserve	**1,588,667**	1,588,667
Exchange fluctuation reserve	**(627,740)**	(150,710)
	960,927	1,437,957

* Revaluation reserve is stated at net of deferred taxation.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONTINUED)

27 REVALUATION AND OTHER RESERVES (CONTINUED)

The movements in each category of reserves are as follows:

	GROUP	
	2011 RM	2010 RM
Revaluation/capital reserve		
At 1 April 2010/2009 and 31 March 2011/2010	**1,588,667**	1,588,667
Exchange fluctuation reserve		
At 1 April 2010/2009	**(150,710)**	981,942
Exchange fluctuation differences arising during the financial year	**(477,030)**	(1,132,652)
At 31 March	**(627,740)**	(150,710)

28 RETAINED EARNINGS

Under the single-tier tax system, which came into effect from the year of assessment 2008, companies are not required to have tax credits under Section 108 of the Income Tax Act, 1967 for dividend payment purposes. Dividends paid under this system are tax exempt in the hands of shareholders.

Companies with Section 108 tax credits as at 31 December 2007 may continue to pay franked dividends until the Section 108 tax credits are exhausted or up to 31 December 2013, whichever is earlier unless the companies opt to disregard the Section 108 tax credits to pay single-tier dividends under the special transitional provisions of the Finance Act 2007.

As at the end of the reporting period, the Company did not opt to disregard the Section 108 tax credits and the Company may utilise the Section 108 tax credits balance which has been frozen as at 31 December 2007 to frank dividend payments during the 6-year transitional period. The Company has, subject to confirmation by the Inland Revenue Board, sufficient tax credits under Section 108 of the Income Tax Act, 1967 and tax exempt income to frank the payment of net dividends out of all its retained earnings as at 31 March 2011.

29 CONTINGENT LIABILITIES (UNSECURED)

Group

The Group's interest in the contingent liability of the jointly controlled entity is disclosed in Note 17 to the financial statements.

Company

The Company has given guarantees to banks on behalf of certain subsidiary companies and jointly controlled entity (Note 17) for facilities approximating RM59,822,000 (2010: RM52,881,000) of which RM23,224,316 (2010: RM20,456,538) was utilised as at 31 March 2011.

As the probability of the subsidiary companies defaulting on the credit lines is remote, the financial guarantee contracts have not been recognised as the fair values on initial recognition are not expected to be material.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONTINUED)

30 CAPITAL COMMITMENTS

Capital expenditure not provided for in the financial statements is as follows:

	GROUP	
	2011 RM	2010 RM
Capital expenditure commitments in respect of property, plant and equipment:		
- contracted but not provided for	**3,120,285**	3,051,140
- authorised but not contracted for	**13,326,700**	13,326,700
	16,446,985	16,377,840

31 SEGMENTAL REPORTING

The Group is organized into two main business segments:

- Manufacturing and trading of ductile iron pipes, steel pipes and fittings and waterworks related products for waterworks and sewerage industry.
- Investment holding

	MANUFACTURING AND TRADING RM	INVESTMENT HOLDING RM	OTHERS RM	GROUP RM
Financial period ended 31 March 2011				
Revenue				
Total segment revenue	**78,938,089**	**1,257,041**	**120,000**	**80,315,130**
Inter-segment revenue	**(2,529,208)**	**(984,390)**	**(120,000)**	**(3,633,598)**
Revenue from external customers	**76,408,881**	**272,651**	**0**	**76,681,532**
Loss				
Reportable segment loss	**(5,212,944)**	**(38,026,713)**	**(236,073)**	**(43,475,730)**
Share of result of a jointly controlled entity	**0**	**166,940**	**0**	**166,940**
Loss before taxation	**(5,212,944)**	**(37,859,773)**	**(236,073)**	**(43,308,790)**
Net assets				
Total segment assets	**202,651,211**	**68,130,202**	**9,565,623**	**280,347,036**
Inter-segment assets	**(9,031,799)**	**(45,754,346)**	**(3,952,169)**	**(58,738,314)**
Jointly controlled entity	**0**	**1,067,645**	**0**	**1,067,645**
Total assets	**193,619,412**	**23,443,501**	**5,613,454**	**222,676,367**
Total segment liabilities	**97,393,358**	**335,745**	**2,233,451**	**99,962,554**
Inter-segment liabilities	**(35,676,036)**	**0**	**(1,693,314)**	**(37,369,350)**
Total liabilities	**61,717,322**	**335,745**	**540,137**	**62,593,204**
Other information				
Capital expenditure	**(739,849)**	**0**	**0**	**(739,849)**
Interest revenue	**687,637**	**272,651**	**0**	**960,288**
Interest expense	**(2,820,763)**	**0**	**0**	**(2,820,763)**
Tax expenses	**(787,977)**	**139,062**	**(12,230)**	**(661,145)**
Depreciation	**(6,514,101)**	**0**	**(99,986)**	**(6,614,087)**
Goodwill impairment	**0**	**(37,217,928)**	**0**	**(37,217,928)**
Impairment loss on trade receivables	**(2,504,121)**	**0**	**0**	**(2,504,121)**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONTINUED)

31 SEGMENTAL REPORTING (CONTINUED)

	MANUFACTURING AND TRADING RM	INVESTMENT HOLDING RM	OTHERS RM	GROUP RM
Financial period ended 31 March 2010				
Revenue				
Total segment revenue	82,899,044	2,489,715	120,000	85,508,759
Inter-segment revenue	(3,930)	(2,460,974)	(120,000)	(2,584,904)
Revenue from external customers	82,895,114	28,741	0	82,923,855
Profit/(loss)				
Reportable segment profit / (loss)	3,908,210	(906,181)	(163,370)	2,838,659
Share of result of a jointly controlled entity	0	85,649	0	85,649
Profit/(loss) before taxation	3,908,210	(820,532)	(163,370)	2,924,308
Net assets				
Total segment assets	209,393,996	111,687,485	11,400,365	332,481,846
Inter-segment assets	(5,553,423)	(61,305,578)	(3,949,564)	(70,808,565)
Jointly controlled entity	0	1,377,735	0	1,377,735
Total assets	203,840,574	51,759,642	7,450,801	263,051,016
Total segment liabilities	98,571,076	108,993	2,659,115	101,339,184
Inter-segment liabilities	(41,454,848)	0	(2,101,741)	(43,556,589)
Total liabilities	57,116,228	108,993	557,374	57,782,595
Other information				
Capital expenditure	(846,061)	0	0	(846,061)
Interest revenue	513,867	28,741	0	542,608
Interest expense	(2,755,313)	0	0	(2,755,313)
Tax expenses	(1,225,100)	328,174	(15,032)	(911,958)
Depreciation	(6,984,659)	0	(110,035)	(7,094,694)

32 CHANGES IN COMPARATIVES

During the financial year, the Company reclassified the following comparatives as the Directors are of the opinion that the reclassification will result in a more appropriate presentation.

	COMPANY		
	BALANCE AS AT 31 MARCH 2010 AS PREVIOUSLY REPORTED RM	RECLASSIFICATION RM	BALANCE AS AT 1 APRIL 2010 AS RESTATED RM
Statement of financial position			
Amounts due from a subsidiary companies (Current)	34,030,749	(34,030,749)	0
Amounts due from a subsidiary companies (Non current)	0	34,030,749	34,030,749
Amount due from a jointly controlled entity (Current)	8,064,928	(8,064,928)	0
Amount due from a jointly controlled entity (Non current)	0	8,064,928	8,064,928

The above is in respect of reclassification of advances made to subsidiary companies and a jointly controlled entity, from current to non-current as the Company treats these amount as a long term source of capital to the subsidiary companies and a jointly controlled entity as disclosed in Note 16 and Note 17 to the financial statements respectively.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONTINUED)

33 CHANGES IN ACCOUNTING POLICIES

The following are effects arising from the adoption of improvement to FRS117 "Leases":

Impact on the Group's statement of financial position:

	BALANCE AS AT 31 MARCH 2009 AS PREVIOUSLY REPORTED RM	FRS117 RM	BALANCE AS AT 1 APRIL 2009 AS RESTATED RM
Property, plant and equipment	100,825,307	18,282,947	119,108,254
Prepaid land leases	18,282,947	(18,282,947)	0

	BALANCE AS AT 31 MARCH 2010 AS PREVIOUSLY REPORTED RM	FRS117 RM	BALANCE AS AT 1 APRIL 2010 AS RESTATED RM
Property, plant and equipment	94,968,342	17,881,717	112,850,059
Prepaid land leases	17,881,717	(17,881,717)	0

	INCREASE/(DECREASE) TO BALANCES AS AT 31 MARCH 2011	
	FRS117 RM	TOTAL RM
Property, plant and equipment	**17,480,487**	**17,480,487**
Prepaid land leases	**(17,480,487)**	**(17,480,487)**

Impact on the Group's statement of comprehensive income:

	FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009 AS PREVIOUSLY REPORTED RM	FRS117 RM	FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009 AS RESTATED RM
Depreciation of property, plant and equipment	6,140,645	371,986	6,512,631
Amortisation of prepaid land lease payments	371,986	(371,986)	0

	FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 AS PREVIOUSLY REPORTED RM	FRS117 RM	FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 AS RESTATED RM
Depreciation of property, plant and equipment	6,693,464	401,230	7,094,464
Amortisation of prepaid land lease payments	401,230	(401,230)	0

	INCREASE/(DECREASE) FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011	
	FRS117 RM	TOTAL RM
Depreciation of property, plant and equipment	**401,230**	**401,230**
Amortisation of prepaid land lease payments	**(401,230)**	**(401,230)**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONTINUED)

34 SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

The following analysis of realised and unrealised retained profits at the legal entity level is 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 whilst the disclosure at the group level is based on the prescribed format by the Bursa Malaysia Securities Berhad.

	CURRENT FINANCIAL YEAR RM'000
Total retained profits of YLI Holdings Berhad and its subsidiaries:	
- realised	30,860,451
- unrealised	(6,235,286)
	24,625,165
Total share of retained profits from jointly controlled entities:	
- realised	1,533,637
- unrealised	161,608
	1,695,245
Add: consolidation adjustments	21,541,257
Total group retained profits as per consolidated accounts	47,861,667

The disclosure of realised and unrealised profits above is solely for compliance with the directive issued by the Bursa Malaysia Securities Berhad and should not be used for any other purpose.

35 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 21 June 2011.

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

We, Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir and Dato' Hj. Samsuri Bin Rahmat, two of the Directors of YLI Holdings Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 31 to 77 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2011 and of the results and cash flows of the Group and of the Company for the financial year ended on that date in accordance with the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the provisions of the Companies Act, 1965.

The information set out in Note 34 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 of Directors in accordance with their resolution dated 21 June 2011.

TAN SRI SYED MOHD YUSOF BIN TUN SYED NASIR
DIRECTOR

DATO' HJ. SAMSURI BIN RAHMAT
DIRECTOR

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

I, Dato' Hj. Samsuri Bin Rahmat, being the Director primarily responsible for the financial management of YLI Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 31 to 77 and information set out in Note 34 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.

DATO' HJ. SAMSURI BIN RAHMAT

Subscribed and solemnly declared by the abovenamed Dato' Hj. Samsuri Bin Rahmat at Penang on 21 June 2011.

Before me

Goh Suan Bee (P125)
Commissioner for Oaths

PROPERTIES OF THE GROUP

	DESCRIPTION	LAND AREA/ BUILT-UP AREA	NET BOOK VALUE @ 31.03.2011 RM'000	APPROXIMATE AGE OF BUILDING YEARS	DATE OF REVALUATION/ ACQUISITION
FACTORIES					
2432, Tingkat Perusahaan 6, Prai Industrial Estate 13600 Prai, Pulau Pinang	Land (Leasehold 60 years expiring 03.10.2042)	3.30 acres	1,401	N/A	1 November 1994
	Main factory	76,100 sq. ft.	3,575	28	
	Machine workshop	3,200 sq. ft.		20	
	Canteen	2,050 sq. ft.		15	
	Office building	7,949 sq. ft.		15	
2462, Lorong Perusahaan 10, Prai Industrial Estate 13600 Prai, Pulau Pinang	Land (Leasehold 60 years expiring 13.04.2044)	3.01 acres	4,304	N/A	10 September 1999
	Factory Building	60,702 sq. ft.	4,409	11	14 July 2000
2579, Lorong Perusahaan 10, Prai Industrial Estate 13600 Prai, Pulau Pinang	Land (Leasehold 60 years expiring 23.01.2045)	3.02 acres	2,271	N/A	19 July 1999
	Single Storey factory cum workshop	40,050 sq. ft.	2,416	20	19 July 1999
	Double-storey office building	4,450 sq. ft.			
2604, Lorong Perusahaan Baru 2, Kawasan Perusahaan Prai, 13600 Prai, Pulau Pinang	Land (Leasehold 60 years expiring 11.12.2050)	3.54510 acres	1,649	N/A	6 May 2004
	Factory Building	24,208 sq.ft.	1,263	21	
Lot No. 668 and 669, Mukim 6, Daerah Seberang Perai Tengah, Pulau Pinang	Land(Freehold)	18,919 sq.metres	2,234	N/A	17 March 2005
	Fencing		22	N/A	14 December 2009
Lot 1498, Seksyen 20, Town of Serendah, District of Ulu Selangor, Selangor Darul Ehsan.	Land (Leasehold 99 years expiring 10.09.2096)	44,578 sq.metres	6,019	N/A	30 March 2009
	Factory Building	12,689 sq.metres	14,776	10	29 August 2008
	Office Building	460 sq.metres			

PROPERTIES OF THE GROUP
(CONTINUED)

	DESCRIPTION	LAND AREA/ BUILT-UP AREA	NET BOOK VALUE @ 31.03.2011 RM'000	APPROXIMATE AGE OF BUILDING YEARS	DATE OF REVALUATION/ ACQUISITION
OFFICE CUM WORKSHOP					
51, Jalan Layang-Layang 3 Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan	Land (Freehold)	7,201 sq. ft.	750	N/A	26 May 1997
	1 1/2 storey semi-detached factory erected on it		497	14	
WAREHOUSE					
No. 2739, Mukim 6 Lorong Nagasari 5 Taman Nagasari 13600 Prai Pulau Pinang	Land (Leasehold expiring 09.05.2051)	3.25 acres	2,689	N/A	22 June 1996
	Single storey building used as a warehouse with a small section as office	10,744 sq. ft	1,654	15	
GENERAL PROPERTIES					
No. 11, 12, 13, 14 Tingkat 3, Block C Taman Pelangi 13600 Prai Pulau Pinang	4 units of flats (leasehold expiring 07.11.2093) used as production workers accommodation)	700 sq. ft. each	138	15	8 November 1994
No. 7, Lorong Nagasari 22 Taman Nagasari 13600 Prai Pulau Pinang	Land (Freehold) 1 1/2 storey terrace factory erected on it	2,034 sq.ft.	246	15	10 November 1993
HS(M)21310, PT No.18066 HS(M)28813, PT No.64243 HS(M)21312, PT No.18068 HS(M)21313, PT No.18069	Land (Freehold)	1,200 sq.metres	610	N/A	May 2002
	Warehouse		103	N/A	January 2003
Moveable Site Hostel No.2739, Mukim 6 Lorong Nagasari 5 Taman Nagasari 13600 Prai	Double Storey Steel Container	40' X 8' X 8' (8 units)	84	N/A	16 September 2002

ANALYSIS OF SHAREHOLDINGS
AS AT 29 JULY 2011

Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	One vote per ordinary share
Authorised Share Capital	:	RM500,000,000
Issued and Paid-up Capital	:	RM98,439,000 #
Number of Holders	:	2,855 #

DISTRIBUTION SCHEDULE OF SHAREHOLDINGS

NO. OF HOLDERS	SIZE OF HOLDINGS	TOTAL HOLDINGS #	% OF TOTAL ISSUED CAPITAL #
23	less than 100 shares	701	*
319	100 to 1,000 shares	282,444	0.29
1,723	1,001 to 10,000 shares	8,060,132	8.19
687	10,001 to 100,000 shares	22,602,150	22.96
101	100,001 to less than 5% of issued shares	31,143,873	31.64
2	5% and above of issued shares	36,349,700	36.92
2,855		**98,439,000**	**100.00**

\# Excluding a total of 121,000 YLI Holdings Berhad ("YLI") shares bought-back by YLI and retained as treasury shares as at 29 July 2011.

* Negligible

THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS AS AT 29 JULY 2011
(without aggregating the securities from different securities accounts belonging to the same Depositor)

	NAME	NO. OF SHARES HELD	% OF TOTAL ISSUED CAPITAL #
1	SYED MOHD YUSOF BIN TUN SYED NASIR	29,568,000	30.04
2	LEMBAGA TABUNG HAJI	6,781,700	6.89
3	LOH ENG KIM CO SDN BHD	2,350,000	2.39
4	HLB NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHANG, TZUNG-YAUR@ EDDY CHANG	2,071,200	2.10
5	PERTUBUHAN KESELAMATAN SOSIAL	1,870,000	1.90
6	JALUR CAHAYA SDN BHD	1,087,600	1.10
7	SULTAN IDRIS SHAH	988,000	1.00
8	TAN KEAT LENG SDN BHD	911,977	0.93
9	CIMSEC NOMINEES (ASING) SDN BHD CIMB BANK FOR CHANG, TZUNG-YAUR @ EDDY CHANG (MP0178)	846,800	0.86
10	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LPF)	787,200	0.80
11	MERCSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIOW WONG YEN @ SIOW KWANG HWA	670,000	0.68

ANALYSIS OF SHAREHOLDINGS
AS AT 29 JULY 2011 (CONTINUED)

THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS AS AT 29 JULY 2011 (CONTINUED)
(without aggregating the securities from different securities accounts belonging to the same Depositor)

	NAME	NO. OF SHARES HELD	% OF TOTAL ISSUED CAPITAL #
12	MAYBAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG PENG KIT	646,800	0.66
13	HONG LEONG ASSURANCE BERHAD AS BENEFICIAL OWNER (LIFE PAR)	637,350	0.65
14	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG KAM MUN (E-PPG)	620,300	0.63
15	NG YIK SOON	585,000	0.59
16	SHANNON ONG KIAN KEONG	565,000	0.57
17	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SALIM CASSIM	550,000	0.56
18	TAN BENG SENG	539,294	0.55
19	MAYBAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG KAM MUN	524,200	0.53
20	WANG HSUEH YING	500,000	0.51
21	TEH AH ENG	455,989	0.46
22	HOO WAN FATT	419,200	0.43
23	TAN CHING HUA	400,000	0.41
24	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BSI SA (BSI BK SG-NR)	350,000	0.36
25	TAY YING LIM @ TAY ENG LIM	343,900	0.35
26	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR WONG LEE YUN (PB)	280,000	0.28
27	LAU JIT WENG	263,000	0.27
28	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR PARMJIT SINGH A/L MEVA SINGH (PB)	250,000	0.25
29	MICHAEL ONG LENG CHUN	250,000	0.25
30	NUSMAKMUR DEVELOPMENT SDN BHD	247,900	0.25
	TOTAL	**56,360,410**	**57.25**

ANALYSIS OF SHAREHOLDINGS
AS AT 29 JULY 2011 (CONTINUED)

SUBSTANTIAL SHAREHOLDERS

In accordance with the Register of Substantial Shareholders, the Substantial Shareholders and their shareholdings as at 29 July 2011 are as follows:-

	NO. OF SHARES			
NAME OF SHAREHOLDERS	DIRECT	%#	INDIRECT	%#
Tan Sri Syed Mohd Yusof bin Tun Syed Nasir	29,568,000	30.04%	-	-
Lembaga Tabung Haji	6,781,700	6.89%	-	-

Excluding a total of 121,000 YLI Holdings Berhad ("YLI") shares bought-back by YLI and retained as treasury shares as at 29 July 2011.

DIRECTORS AND THEIR SHAREHOLDINGS

In accordance with the Register of Directors' Shareholdings, the Directors and their shareholdings as at 29 July 2011 are as follows:-

	NO. OF SHARES			
NAME OF DIRECTORS	DIRECT	%#	INDIRECT	%#
Tan Sri Syed Mohd Yusof bin Tun Syed Nasir	29,568,000	30.04%	-	-
Dato' Hj Samsuri bin Rahmat	-	-	-	-
Ali Sabri bin Ahmad	-	-	-	-
Tuan Haji Ab Gani bin Haron	-	-	-	-
Mohammad Khayat bin Idris	-	-	-	-
Academician Datuk Prof Ir (Dr) Hj Ahmad Zaidee bin Laidin	-	-	-	-

Excluding a total of 121,000 YLI Holdings Berhad ("YLI") shares bought-back by YLI and retained as treasury shares as at 29 July 2011.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixteenth Annual General Meeting of **YLI Holdings Berhad** will be held at the Hall of Fame, Level 1, Hard Rock Hotel, Batu Ferringhi Beach, 11100 Penang on Friday, 30 September 2011 at 11.30 a.m.

AGENDA

1. To receive the Statutory Financial Statements for the financial year ended 31 March 2011 together with the Reports of the Directors and Auditors thereon. — Please refer to Note A

AS ORDINARY BUSINESS

2. To re-elect the following Directors who retire in accordance with Article 84 of the Company's Articles of Association:-

   Encik Ali Sabri bin Ahmad — (Resolution 1)

   Tuan Haji Ab Gani bin Haron — (Resolution 2)

   Encik Mohammad Khayat bin Idris — (Resolution 3)

3. To re-appoint Messrs PricewaterhouseCoopers as Auditors and to authorise the Directors to determine their remuneration. — (Resolution 4)

AS SPECIAL BUSINESS

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

Ordinary Resolutions

4. To approve the Directors' fees of RM58,000 for the financial year ended 31 March 2011. — (Resolution 5)

5. Proposed renewal of the authority for the purchase of the Company's own ordinary shares of RM1.00 each of up to ten per centum (10%) of the Company's issued and paid-up share capital — (Resolution 6)

   "THAT, subject to the Companies Act, 1965 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authority, the Directors of the Company be and are hereby unconditionally and generally authorised to make purchases of ordinary shares of RM1.00 each in the Company's issued and paid-up share capital through Bursa Securities at anytime and upon such terms and conditions and for such purposes as the Directors may, in their discretion deem fit, subject further to the following:-

   (i) the maximum number of ordinary shares which may be purchased and/or held by the Company shall be ten per centum (10%) of the issued and paid-up ordinary share capital for the time being of the Company ("YLI Shares");

   (ii) the maximum fund to be allocated by the Company for the purpose of purchasing the YLI Shares shall not exceed the share premium account of the Company amounting to RM7,208,014 as at 31 March 2011;

   (iii) the authority conferred by this resolution shall commence upon the passing of this ordinary resolution and will continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company (at which time it shall lapse unless by ordinary resolution passed at that meeting the authority is renewed, either unconditionally or subject to conditions), or unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting or the expiration of the period within which the next AGM is required by law to be held, whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company made before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements of Bursa Securities or any other relevant authority; and

NOTICE OF ANNUAL GENERAL MEETING
(CONTINUED)

Ordinary Resolutions (continued)

(iv) upon completion of the purchase(s) of the YLI Shares by the Company, the Directors of the Company be hereby authorised to deal with the YLI Shares in the following manner:-

(a) cancel the YLI Shares so purchased; or

(b) retain the YLI Shares so purchased as treasury shares for distribution as dividend to the shareholders and/or resale on the market of Bursa Securities and/or for cancellation subsequently; or

(c) retain part of the YLI Shares so purchased as treasury shares and cancel the remainder;

and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force;

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient and to enter into any agreements, arrangements and guarantees with any party or parties to implement or to effect the purchase(s) of the YLI Shares with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be required by the relevant authorities."

6. To transact any other business of which due notice shall have been received.

By Order of the Board

MOLLY GUNN CHIT GEOK (MAICSA 0673097)
Company Secretary

Penang

Date: 8 September 2011

NOTICE OF ANNUAL GENERAL MEETING
(CONTINUED)

Note 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.

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies (who need not be members of the Company) to attend and vote on his behalf.

2. Where a member appoints two proxies, the appointments shall be invalid unless the percentage of the holding to be represented by each proxy is specified.

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

4. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

5. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at 2579 Lorong Perusahaan 10, Prai Industrial Estate, 13600 Prai, Pulau Pinang not less than 48 hours before the time set for the meeting.

6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting in accordance with Section 147 of the Companies Act, 1965.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. **Resolution 5 – To approve the Directors' fees of RM58,000 for the financial year ended 31 March 2011**

   The proposed Ordinary Resolution 5, if passed, will authorise the payment of the Directors' fees for the financial year ended 31 March 2011 amounting to RM58,000.

2. **Resolution 6 – Proposed renewal of the authority for the purchase of the Company's own ordinary shares of RM1.00 each of up to ten per centum (10%) of the Company's issued and paid-up share capital**

   The proposed Ordinary Resolution 6, if passed, will empower the Company to purchase and/or hold up to ten per centum (10%) of the issued and paid-up share capital of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company. For further information, please refer to the Statement to Shareholders dated 8 September 2011.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

PURSUANT TO PARAGRAPH 8.27(2) OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

There are no individuals who are standing for election as Director (excluding Directors standing for re-election) at the forthcoming Annual General Meeting.

YLI HOLDINGS BERHAD
(Co. No. 367249-A) (Incorporated in Malaysia)

PROXY FORM

CDS account no. of authorised nominee

I/We ____ (name of shareholder as per NRIC, in capital letters) NRIC No. ____________________ (new) __________________ (old)/ID No./Company No. ____________________ of ____ (full address) being a member(s) of the abovenamed Company, hereby appoint __________________________________(name of proxy as per NRIC, in capital letters) NRIC No. ____________________ (new) ____________________ (old) or failing him/her ____ (name of proxy as per NRIC, in capital letters) NRIC No. ____________________ (new) __________________ (old) or failing him/her the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Sixteenth Annual General Meeting of the Company to be held at the Hall of Fame, Level 1, Hard Rock Hotel, Batu Ferringhi Beach, 11100 Penang on Friday, 30 September 2011 at 11.30 a.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below:-

	RESOLUTIONS	FOR	AGAINST
	Re-election of Directors:		
Resolution 1	- Encik Ali Sabri bin Ahmad		
Resolution 2	- Tuan Haji Ab Gani bin Haron		
Resolution 3	- Encik Mohammad Khayat bin Idris		
Resolution 4	- Re-appointment of Messrs PricewaterhouseCoopers as Auditors and to authorise the Directors to determine their remuneration		
Resolution 5	- Approval of Directors' fees		
Resolution 6	- Proposed renewal of the authority for the purchase of the Company's own ordinary shares of RM1.00 each of up to ten per centum (10%) of the Company's issued and paid-up share capital		

(Please indicate with "X" in the spaces provided 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.)

Dated this ………… day of …………................……… 2011

Number of shares held	

For appointment of two proxies, number of shares and percentage of shareholdings to be represented by the proxies:-

	No. of shares	Percentage
Proxy 1	____________	________%
Proxy 2	____________	________%

____
Signature/Common Seal of Appointor

Contact No. of
Shareholder/Proxy: ______________________

NOTES:

1. *A member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies (who need not be members of the Company) to attend and vote on his behalf. Where a member appoints two proxies, the appointments shall be invalid unless the percentage of the holding to be represented by each proxy is specified.*
2. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
3. *The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.*
4. *The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at 2579 Lorong Perusahaan 10, Prai Industrial Estate, 13600 Prai, Pulau Pinang not less than 48 hours before the time set for the meeting.*
5. *If the space provided in the proxy form is not sufficient, an appendix attached to the proxy form duly signed by the appointor is acceptable.*
6. *Those proxy forms which are indicated with "√" in the spaces provided to show how the votes are to be cast will also be accepted.*

\# *Applicable to shares held through a nominee account.*

Second fold here

Stamp

The Company Secretary
YLI HOLDINGS BERHAD **(367249-A)**
2579, Lorong Perusahaan 10,
Prai Industrial Estate,
13600 Prai, Pulau Pinang, Malaysia

First fold here

YLI HOLDINGS BERHAD
Co. No. 367249-A

2579, Lorong Perusahaan 10,
Prai Industrial Estate,
13600 Prai, Pulau Pinang, Malaysia
Tel : 604-399 1819 (Hunting Line)
Fax : 604-399 9819

www.yli.com.my

YLI HOLDINGS BERHAD Co. No. 367249-A ANNUAL REPORT 2011