

DECTRON INTERNATIONALE INC
Form 10-K/A
May 23, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K/A

Amendment No. 1

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the year ended January 31, 2006

Commission File Number 001-14503

DECTRON INTERNATIONALE INC.

(Exact name of registrant as specified in its charter)

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Quebec, Canada

(State of Incorporation or other Jurisdiction of
Incorporation or Organization)

N/A

(I.R.S. Employer Identification No.)

4300 Poirier Blvd., Montreal, Quebec, Canada

(Address of principal executive offices)

H4R 2C5

(Zip Code)

(514) 334-9609

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(g) of the Exchange Act:

Common Stock, No Par Value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in

Rule 405 of the Securities Act.

Yes ___ No X

Indicate by check mark if the registrant is not required to file reports pursuant to

Section 13 or Section 15(d) of the Act.

Yes ___ No X

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes No

The issuer's revenues for the most recent fiscal year were \$ 47,366,204

There is no non-voting common equity. The aggregate market value of the common stock held by nonaffiliates (based upon the closing price of \$4.29 for the shares on the NASDAQ Capital Market on March 31, 2006) was approximately \$13,534,950, as of March 31, 2006. For this purpose, shares of the registrant's common stock known to the registrant to be held by its executive officers, directors, certain immediate family members of the registrant's executive officers and directors and each person known to the registrant to own 10% or more of the outstanding voting power of the registrant have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is required by Form 10-K and shall not be deemed to constitute an admission that any such person is an affiliate and is not necessarily conclusive for other purposes.

As of March 31, 2006, there were 3,155,000 shares of Common Stock, no par value per share, outstanding.

Documents incorporated by reference: None.

Explanatory Note

This report on Form 10-K/A (Amendment No. 1) to the Annual Report on Form 10-K for the fiscal year ended January 31, 2006 (the Original Report) is being filed to provide disclosure regarding our compliance with certain Canadian corporate governance regulations in lieu of corresponding NASDAQ Marketplace Rules, as they relate to a nominating committee of our Board of Directors, nominating committee charter, and executive sessions of our Board of Directors. In addition, pursuant to the rules of the Securities and Exchange Commission, we are including with this Amendment certain currently dated certifications. This Amendment No. 1 does not revise or update or in any way affect any other information or disclosures contained in the Original Report.

DECTRON INTERNATIONALE, INC.

2006 ANNUAL REPORT ON FORM 10-K

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PART III

ITEM 10.

DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16 (a) OF THE EXCHANGE ACT

The officers and directors of Dectron, and further information concerning them, are as follows:

| <u>Name</u> | <u>Age</u> | <u>Position</u> |
|--------------------|-------------------|---|
| Ness Lakdawala | 72 | Chairman of the Board of Directors, President and Chief Executive Officer |
| Mauro Parissi | 40 | Chief Financial Officer, Secretary and Director |
| Dick Driggs | 68 | Director |
| Gilles Richard | 68 | Director |
| Serge Beaudet | 59 | Director |
| Glenn La Rusic | 45 | Vice-President, Finance |
| Michel Lecompte | 56 | President & General Manager of RefPlus |
| Leena Lakdawala | 38 | General Manager Circul-aire |

Each director is elected for a period of one year at our annual meeting of stockholders and serves until the next such meeting and until his or her successor is duly elected and qualified. Directors may be re-elected annually without limitation. Officers are appointed by, and serve at the discretion of, our board of directors. Our board of directors met 4 times during the year ended January 31, 2006.

Executive Sessions

Our Board of Directors does not hold regularly scheduled meetings at which only independent Directors are present, generally referred to as executive sessions. NASDAQ Marketplace Rule 4350(a)(1) permits foreign private issuers to follow home country practices in regards to certain requirements, including the requirement that independent directors have regularly scheduled meetings at which only independent directors are present. We currently do not engage in executive sessions as is permitted under Canadian rules and regulations. Specifically, we are in compliance with applicable requirements under Canadian National Policy 58-201 *Corporate Governance Guidelines* in that we disclose on an annual basis and in prescribed form, in our management information circular disseminated in connection with our annual shareholder meeting, the corporate governance practices that we have adopted, and such disclosure addresses matters relating in part to the composition and functioning of the Board and its committees.

Set forth below is a biographical description of each of our directors and executive officers based on information supplied by each of them.

Ness Lakdawala has served as the President, Chief Executive Officer and Chairman of Dectron since our inception, and has also served as the President and Chief Executive Officer of Dectron Inc. since 1994. Prior to joining Dectron Inc., Mr. Lakdawala was President of Blanchard Ness Limited, a company which he founded in 1976. From 1987 to present, Mr. Lakdawala has served as the President of Thermoplus. In January 1996, Thermoplus filed a proposal under the provisions of the Bankruptcy Act of Canada, which gave full payment to secured creditors who filed a proof of claim. From 1987-1988, Mr. Lakdawala was Chairman of the Heating Refrigeration Air Conditioning Institute of Canada. Mr. Lakdawala has also served as the Governor of the American Society of Heating, Refrigeration and Air Conditioning Engineers, Inc. ("ASHRAE"), the organization that sets ventilation standards in Canada and the United States. Mr. Lakdawala is currently a member of ASHRAE and the Refrigeration Service Engineers Society. Ness Lakdawala is the husband of Roshan Katrak and the father of Leena Lakdawala.

Mauro Parissi, C.A. has served as the Chief Financial Officer, Secretary and a Director of Dectron since our inception, and has also served as the Controller of Dectron Inc. since 1996. From 1995-1996, Mr. Parissi was an auditor with the firm of Mizgala & Cie. From 1990-1995, Mr. Parissi was an auditor with the firm of Hart, David Lloyd, F.C.A., C.I.P. Mr. Parissi is currently a member of The Canadian Institute of Chartered Accountants and The Order of Chartered Accountants of Quebec. Mr. Parissi received his graduate diploma in Public Accountancy from McGill University in 1995.

Dick W. Driggs joined Dectron Internationale as director in 2004. Mr. Driggs retired in 2003 as Chairman of the Board of Heat Controller, Inc. and President of Addison Products Co. where he was in position from 1996 to 2003. He previously held various executive positions with Addison Products, AAF-McQuay Corporation, and Snyder General Corporation. Mr. Driggs is still active as member of the Board of Directors for Heat Controller, Inc., Airguide Manufacturing, LLC and Thermoguard, Triple-E USA. Mr. Driggs is a member of the following Professional Organizations ASQC, APICS, IIE and ISA and of the following Military Professional Organizations: MCA, MCROA, ROA, TROA and MOAA, MCL, NL, MCMA, USNI, American Legion and VFW.

Gilles Richard has served as a Director of Dectron since 2001. Mr. Richard is a semi-retired businessman who was previously the President of Le Circuit Lincoln Mercury, the sixth largest dealership in Canada. Mr. Richard was also involved with partners in a distributorship of lift-truck (Mitsubishi's M-Lift), two computer companies which created software applications car dealership, and most recently the construction of commercial and residential buildings. Over the years, Mr. Richard was a director or officer of various organizations such as the Nada (National Automobile Association) and CADA (Canadian Automobile Association).

Serge Beaudet, C.A. MBA, has been a Director since April 2005. Mr. Beaudet is currently Vice-President, Canadian Operating Division of Arctic Glacier Inc., a publicly traded packaged ice company. From 1988 to 1998 Mr. Beaudet was an owner/shareholder of a packaged ice company; that company was sold to Arctic Glacier in 1998. Prior to that he provided audit and business management services at KPMG for 19 years, 9 of which as a partner. He has been a part-time professor in Business Management at Université de Québec a Montréal. He is a member of the Board of Directors of the Canadian Association of Ice Industries since 1995 having been Chairman in 1998-1999. He was a member of the Board of Directors of the International Packaged Ice Association from 2000-2003. He has a Masters of Business Administration degree from École des Hautes Études Commerciales (HEC).

Glenn La Rusic, C.A. was recently hired as Vice-President, Finance. Prior to joining Dectron Mr. La Rusic worked as a consultant. He has served as Chief Financial Officer of Huntingdon Mills Inc. After being engaged to lead the restructuring, Huntingdon Mills Inc. filed for bankruptcy in 2004. Prior to that he was Director of Finance for The Hockey Company. He also has several years experience in banking and articulated at Price Waterhouse. Mr. La Rusic is currently a member of The Canadian Institute of Chartered Accountants and The Order of Chartered Accountants of Quebec. Mr. La Rusic received his graduate diploma in Public Accountancy from McGill University in 1994. He holds a B.B.A. from Simon Fraser University.

Michel Lecompte has served as the President of RefPlus since 1994. From 1977 to 1994, Mr. Lecompte was with Blanchard Ness as both Chief Engineer and Estimator. Mr. Lecompte was involved in estimating commercial and industrial HVAC systems as well as updating operating and maintenance procedures to improve existing equipment efficiency. Mr. Lecompte also provided technical guidance to construction departments and identified evaluated and resolved problems. Mr. Lecompte is a member of ASHRAE and is a voting member of ASHRAE's Technical Committee which establishes worldwide acceptance of HVAC standards. In addition, Mr. Lecompte conducts many HVAC seminars focusing on refrigeration and heat recovery. Mr. Lecompte is also a member of the Refrigeration Service Engineers Society.

Leena Lakdawala currently General Manager of Circul-Aire Inc. has served as Executive Vice President and was a Director of Dectron until 2005, and has also served as Vice President of Production and Administration for Dectron Inc. since 1994. She is currently a member of the Heating Refrigeration and Air Conditioning Institute. Mrs. Lakdawala received her B.A from Concordia University in 1993. Leena Lakdawala is the daughter of Ness Lakdawala.

Mr. Ness Lakdawala is the father of Leena Lakdawala.

Compliance with Section 16 of the Exchange Act

Section 16(a) of the Securities Exchange Act, as amended (the Exchange Act) requires our executive officers and directors, and persons who beneficially own more than ten percent of our common stock, to file initial reports of ownership and reports of changes in ownership with the SEC and the National Association of Securities Dealers, Inc. Executive officers, directors and persons who beneficially own more than ten percent of our common stock are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file.

Based solely upon our review of the copies of reporting forms furnished to us, we believe that all filing requirements under Section 16(a) of the Securities Exchange Act of 1934 applicable to our directors, officers and any persons holding 10% or more of our common stock with respect to our fiscal year ended January 31, 2006 were satisfied on a timely basis.

Audit Committee

Our board of directors has an audit committee comprised of Gilles Richard, Serge Beaudet and Dick Driggs. The audit committee makes recommendations to our board of directors regarding the independent auditors for our company, approves the scope of the annual audit activities of our independent auditors, review audit results and will have general responsibility for all of our auditing related matters.

The purpose of the Audit Committee is to assist our board of directors in the oversight of the integrity of the consolidated financial statements of our company, our company's compliance with legal and regulatory matters, the independent auditor's qualifications and independence, and the performance of our company's independent auditors. The primary responsibilities of the Audit Committee are set forth in its charter, and include various matters with respect to the oversight of our company's accounting and financial reporting process and audits of the consolidated financial statements of our company on behalf of our board of directors. The Audit Committee also selects the independent certified public accountants to conduct the annual audit of the consolidated financial statements of our company; reviews the proposed scope of such audit; reviews accounting and financial controls of our company with the independent public accountants and our financial accounting staff; and reviews and approves transactions between us and our directors, officers, and their affiliates.

Accordingly, the Audit Committee discusses with Schwartz Levitsky Feldman, our auditors, our audited financial statements, including among other things the quality of our accounting principles, the methodologies and accounting principles applied to significant transactions, the underlying processes and estimates used by our management in our financial statements and the basis for the auditor's conclusions regarding the reasonableness of those estimates, in addition to the auditor's independence.

Audit Committee Financial Expert

The Board of Directors has determined that Serge Beaudet qualifies as our financial expert under SEC rules. Mr. Beaudet is also independent under SEC rules.

Nominating Committee

We do not have a nominating committee of our Board of Directors, or a nominating committee charter. NASDAQ Marketplace Rule 4350(a)(1) permits foreign private issuers to follow home country practices in regards to certain requirements, including the requirement to adopt a nominating committee charter or Board resolution regarding nominations, as well as, the requirement to employ a nominating committee or independent directors in selecting and approving director nominees. We currently select and approve director nominees by vote of our entire Board of

Directors of which a majority of directors are independent, as is permitted under Canadian rules and regulations. Specifically, we are in compliance with applicable requirements under Canadian National Policy 58-201 *Corporate Governance Guidelines* in that we disclose on an annual basis and in prescribed form, in our management information circulation disseminated in connection with our annual shareholder meeting, the corporate governance practices that we have adopted, and such disclosure addresses matters relating in part to the composition and functioning of the Board and its committees.

Code of Ethics

Our board of directors adopted a Code of Ethics that covers all executive officers of our company and its subsidiaries. The Code of Ethics requires that senior management avoid conflicts of interest; maintain the confidentiality of information relating to our company; engage in transactions in shares of our common stock only in compliance with applicable laws and regulations and the requirements set forth in the Code of Ethics; and comply with other requirements which are intended to ensure that such officers conduct business in an honest and ethical manner and otherwise act with integrity and in the best interest of our company.

Any amendment of our Code of Ethics or waiver thereof applicable to any of our principal executive officer, principal financial officer and controller, principal accounting officer or persons performing similar functions will be disclosed on our website (www.dectron.com) within 5 days of the date of such amendment or waiver. In the case of a waiver, the nature of the waiver, the name of the person to whom the waiver was granted and the date of the waiver will also be disclosed. A copy of our Code of Ethics is attached hereto as Exhibit 14 to the Form 10K filed for the fiscal year ended January 31, 2004 and is incorporated herein by reference. Furthermore copies of our code of ethics are available at no charge from the Corporate Secretary upon written request to our head office.

Indemnification of Officers and Directors

Our Bylaws provide that we shall indemnify to the fullest extent permitted by Canadian law our directors and officers (and former officers and directors). Such indemnification includes all costs and expenses and charges reasonably incurred in connection with the defense of any civil, criminal or administrative action or proceeding to which such person is made a party by reason of being or having been our officer or director if such person was substantially successful on the merits in his or her defense of the action and he or she acted honestly and in good faith with a view to our best interests, and if a criminal or administrative action that is enforced by a monetary penalty, such person had reasonable grounds to believe his or her conduct was lawful.

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended, may be permitted, our directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that, in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act of 1933, as amended, and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by us of expenses, incurred or paid by one of our directors, officers or controlling persons in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person, we will, unless our counsel opines that the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by us is against public policy as expressed in the Securities Act of 1933, as amended, and we will be governed by the final adjudication of such issue.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(b) Exhibits.

14 Code of Ethics (1)

21.1 Subsidiaries of Registrant. (1)

31.1 Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley"). (2)

31.2 Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley"). (2)

32.1 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (2)

(1) Incorporated by reference from Form 10-K as filed with the SEC on May 7, 2004.

(2) Filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DECTRON INTERNATIONALE INC.

By:

/s/ Ness Lakdawala _____

Ness Lakdawala

Chairman and Chief Executive Officer

Dated: May 23, 2006

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

| | | |
|--------------------------------------|--|--------------|
| /s/ Ness Lakdawala Ness Lakdawala | Chairman, President, Chief Executive Officer | May 23, 2006 |
| /s/ Mauro Parissi Mauro Parissi | Chief Financial Officer, Secretary and Director | May 23, 2006 |
| /s/ Serge Beaudet Serge Beaudet | Director | May 23, 2006 |