FUTUTECH 富德

Annual Report 2011

FUTUTECH BERHAD
(122592-U)

FUTUTECH BERHAD (122592-U)

ANNUAL REPORT 2011

FORTE KITCHENS

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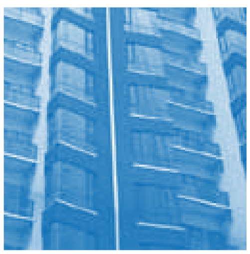

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Corporate Information

BOARD OF DIRECTORS

Mr Tee Eng Ho
Executive Chairman

Mr Loo Soo Loong, Evan
Chief Executive Officer

Mr Tee Eng Seng
Executive Director

Mdm Toh Siew Chuon
Executive Director
(Appointed on 15 November 2011)

Mr Khoo Siong Kee
Independent Non-Executive Director

Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof
Independent Non-Executive Director

Mr Lim Kien Lai@Lim Kean Lai
Independent Non-Executive Director
(Appointed on 15 November 2011)

COMPANY SECRETARY

Ms Seow Fei San (MAICSA 7009732)
Ms Mok Mee Kee (MAICSA 7029343)

REGISTERED OFFICE

802, 8th Floor, Block C
Kelana Square
17 Jalan SS7/26
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : 603-7803 1126
Fax : 603-7806 1387

CORPORATE OFFICE

No. 1 Jalan Wangsa Permai
2nd Floor, Bangunan One Wangsa
Taman Wangsa Permai
52200 Kuala Lumpur
Tel : 03-6277 2480
Fax : 03-6276 2482

REGISTRAR

Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel : 603-2084 9000
Fax : 603-2094 9940

AUDITORS

Ernst & Young
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Tel : 603-7495 8000
Fax : 603-2095 9076

PRINCIPAL BANKERS

Hong Leong Bank Berhad
Malayan Banking Berhad
Public Bank Berhad
RHB Bank Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

WEBSITE

www.fututech.com.my

Profile of Directors

TEE ENG HO

Executive Chairman
Malaysian, 47 years of age

Tee Eng Ho was appointed as an Executive Chairman of Fututech Berhad on 31 March 2011. He graduated with a Diploma in Technology (Building) from Tunku Abdul Rahman College and has more than 21 years of experience in Civil & Building Construction. He owns a group of companies involved in construction & property management and has undertaken various construction projects in Malaysia.

LOO SOO LOONG, EVAN

Chief Executive Officer
Malaysian, 48 years of age

Evan was first appointed as Executive Director of Fututech Berhad on 1 November 2002 and was re-designated as Acting Chief Executive Officer on 9 November 2006. He was subsequently appointed as Chief Executive Officer on 1 March 2010.

Evan obtained his Bachelor of Science degree in Business Administration from California State University, Chico (USA) in 1986 and his Bachelor of Law degree (LLB) from the University of Buckingham, United Kingdom in 1988. He qualified as an advocate and solicitor in Malaysia in 1990.

Evan was involved in managing one of Kuala Lumpur's largest bus companies, which was subsequently amalgamated under the DRB Bhd Group in 1995. After practicing as an advocate and solicitor from 1995 to 2000, Evan Loo departed to Hong Kong to set-up a US based internet company with venture capitalists from Hong Kong until end of 2001.

TEE ENG SENG

Executive Director
Malaysian, 42 years of age

Tee Eng Seng was appointed as Non-Independent Non-Executive Director of Fututech Berhad on 31 March 2011 and was redesignated as Executive Director on 15 November 2011. He started his career working in construction related companies and has more than 20 years of experience in Civil and Building Construction. He currently owns a group of companies involves in construction & property management and has undertaken various construction projects in Malaysia.

TOH SIEW CHUON

Executive Director
Malaysian, 45 years of age

Toh Siew Chuon was appointed as an Executive Director of Fututech Berhad on 15 November 2011. She has more than 16 years of experience in a construction company and has experience in taxation and auditing line. She is currently the purchasing director for a group of companies involves in construction and property management. Mdm Toh is a fellow Member of the Institute of Chartered Secretary and Administrator and a Member of the Malaysian Associate of Certified Chartered Accountants.

KHOO SIONG KEE

Independent Non-Executive Director
Malaysian, 62 years of age

Khoo Siong Kee, a Chartered Accountant trained in Australia, was appointed Director of Fututech Berhad on 25 April 2011. Mr Khoo is a Fellow Member of the Institute of Chartered Accountants in Australia and a member of the Malaysian Institute of Accountants. He is also a Fellow Member of Chartered Tax Institute of Malaysia.

Mr Khoo is the Chairman of the Audit Committee, Nominating Committee and Remuneration Committee of the Company.

Profile of Directors
cont'd

PROFESSOR DATUK DR. NIK MOHD ZAIN BIN NIK YUSOF
Independent Non-Executive Director
Malaysian, 65 years of age

Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof was appointed as a Director of Fututech Berhad on 21 April 2008. He obtained a Bachelor of Arts (Honours) from the Universiti Malaya, Malaysia and Master of Arts from the University of Wisconsin, Madison, USA and later gained a PHD in Law from the University of Kent, Canterbury, United Kingdom in 1989. He has vast local and international working experience through his years of involvement in various councils, committees and land settlement schemes. He currently does occasional lectures and provides training at national and international seminars on land and property matters.

Professor Datuk Dr. Nik Mohd Zain was a past-Chairman of the Prime Ministers Quality Award committee for both the public sector and the socio-economy. He has also been the examiner for the Prime Ministers Quality Award and was the alternate chairman to the evaluation committee for public sector from 1996 to 1997. He was the Secretary General, Ministry of Land and Co-operative Development and a Board member of Felda Holdings Sdn Bhd from 1995 to 2002. He was a professor of Land Law at Universiti Teknologi Malaysia until January 2005. He is currently the Chairman of Yayasan Peneroka Negara, Malaysia and also an Adjunct Professor for Universiti Putra Malaysia.

Professor Datuk Dr. Nik Mohd Zain also sits on the Board of Directors of Amway (Malaysia) Holdings Berhad.

Professor Datuk Dr. Nik Mohd Zain is also a member of the Audit Committee, Nominating Committee and Remuneration Committee of the Company.

LIM KIEN LAI @ LIM KEAN LAI
Independent Non-Executive Director
Malaysian, 60 years of age

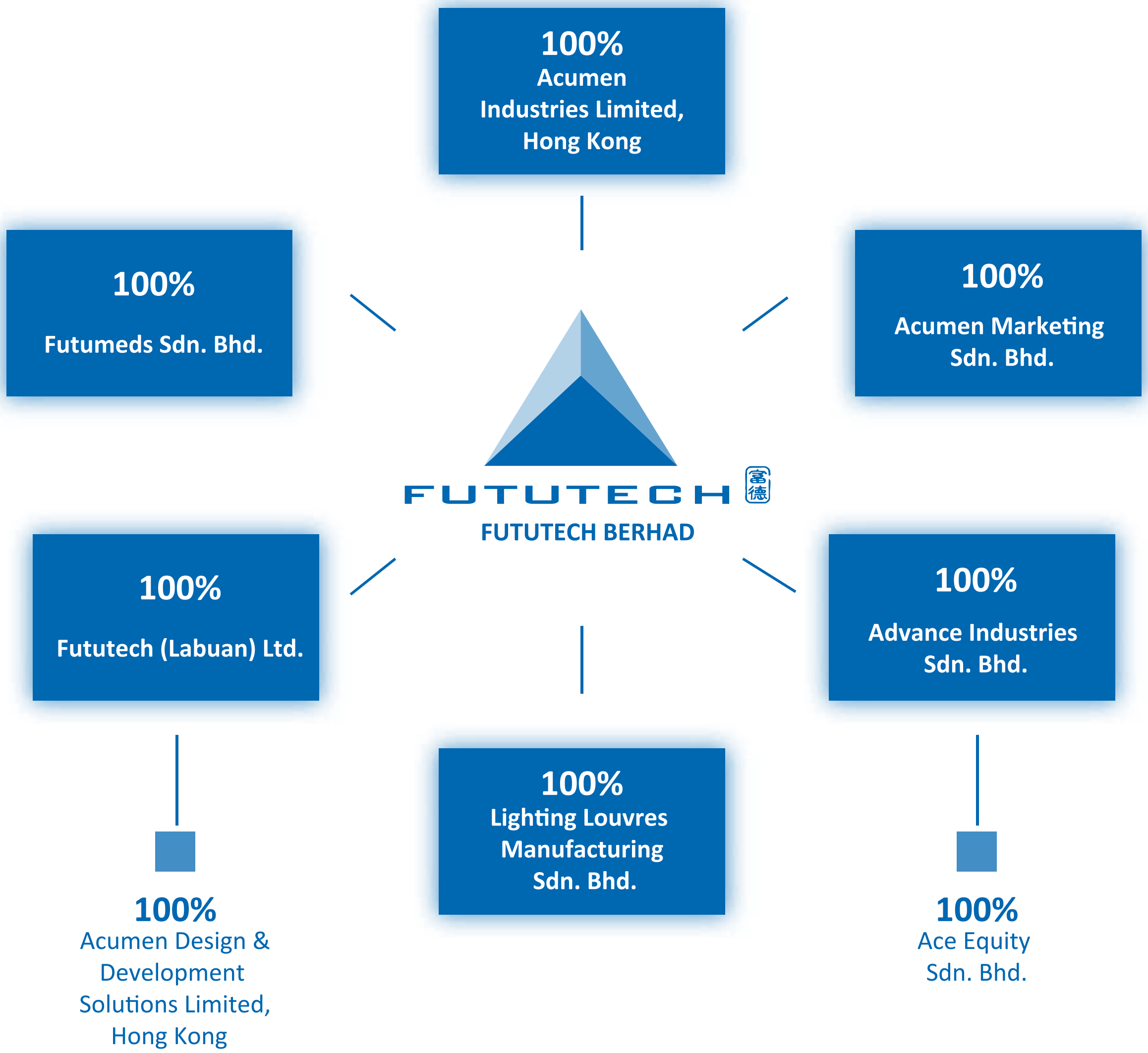
Lim Kien Lai @ Lim Kean Lai was appointed to the Board of Fututech Berhad on 15 November 2011 as Independent Non-Executive Director. He has a Diploma in Technology (Building) from Tuanku Abdul Rahman College and holds a Degree in Master of Science in Construction Management, Aston University, United Kingdom. He served as a lecturer in Tuanku Abdul Rahman College before venturing into his own practice on Project Management and Construction Services in 1983. He was the Managing Director of Macro Resources Sdn Bhd, a subsidiary of Lien Hoe Corporation Bhd and had undertaken and completed many projects in Malaysia. Currently he is the Chief Executive Officer of Integrated Professional Services Sdn. Bhd., a company involved in the construction of medical centres.

Mr Lim is also a member of the Audit Committee, Nominating Committee and Remuneration Committee of the Company.

Notes:

1. *Tee Eng Ho and Tee Eng Seng are brothers and substantial shareholders of the Company. Toh Siew Chuon is the spouse of Tee Eng Ho and sister-in-law to Tee Eng Seng. None of the other directors has any family relationships with each other and with any substantial shareholders of the Company.*
2. *None of the directors has any conviction for offences other than traffic offences within the past 10 years.*
3. *Other than the related party transactions disclosed in page 14 of the Annual Report, none of the directors has any conflict of interest with the Company.*
4. *The director's shareholdings and warrant holdings in the Company are disclosed in the Analysis of Shareholdings and Warrant holdings of the Annual Report.*

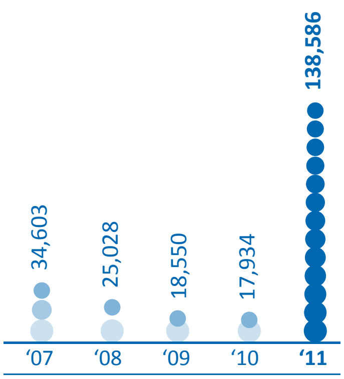
Corporate Structure



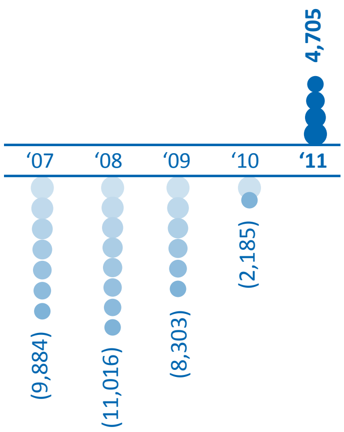
5-Year Group Financial Summary

	2011 RM'000	2010 RM'000	2009 RM'000	2008 RM'000	2007 RM'000
Revenue	**138,586**	17,934	18,550	25,028	34,603
Profit/(loss) before taxation	**4,705**	(2,185)	(8,303)	(11,016)	(9,884)
Profit/(loss) after taxation and minority interest	**5,568**	(2,453)	(8,302)	(10,894)	(9,884)
Dividend – (Amount net of tax)	**-**	-	-	-	-
Total Assets	**92,996**	35,306	34,938	48,052	93,140
Shareholders' Fund	**49,201**	27,601	30,011	38,396	49,476
Net Tangible Assets	**49,201**	27,601	30,011	38,334	49,411
	Sen	**Sen**	**Sen**	**Sen**	**Sen**
Net Tangible Assets per share	**54.22**	47.00	51.10	65.28	84.13
Profit/(loss) per share	**8.17**	(4.18)	(14.14)	(18.55)	(36.63)

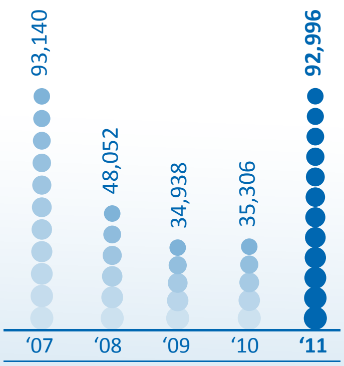
Revenue
RM '000



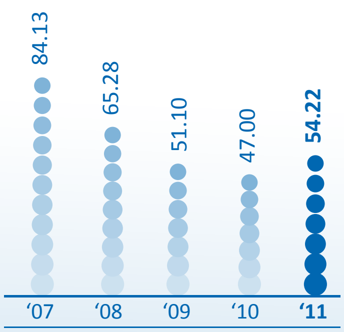
Profit/(Loss) Before Taxation
RM '000



Total Assets
RM '000



Net Tangible Assets Per Share
Sen



Chairman's Statement

ECONOMIC OVERVIEW

Growth in the global economy moderated in 2011 as compared to 2010 due to the overall structural weaknesses in the advanced economies, geopolitical developments in the Middle East and North Africa Region and the disruptive impact of natural disasters on the global manufacturing production. Locally, the Malaysian economy registered a positive growth of 5.1% in 2011 (2010:7.2%) despite the challenging international economic environment. With a strong domestic demand driven by business and household spending, higher public sector consumption, overall improvement in the labour market and higher commodity prices, uncertainties from the international markets were mitigated to a certain extent. Of particular interests are the construction and the manufacturing sectors in our country which continued to expand albeit at a more modest expansion in 2011 with 3.5% and 4.5% growth being recorded respectively as compared to 5.1% and 11.4% registered in 2010.

The residential sub-sector registered a much improved performance with a turnaround in growth. The average national house price rose at a faster pace of 8.6% in the first three quarters of the year (2010:6.7%), significantly above the average growth rate of 3.7% between 2000 and 2010. Headline inflation, as measured by the annual percentage change in the Consumer Price Index (CPI), averaged 3.2% in 2011 (2010:1.7%) and core inflation, an indicator of the demand driven pressures on price pressures rose to 2.7% in 2011 (2010:1.5%).

[Source: Annual Report 2011, Bank Negara Malaysia]

GROUP REVIEW

In year 2011, the Group moved into higher gear in expanding its construction activities as part of the general implementation of its on-going projects at St. Mary Residences, Kuala Lumpur and Seri Tanjung Pinang, Pulau Pinang. With a re-structured manufacturing arm and a well-supported construction resource base, the Group was able to achieve a turnaround to profitability convincingly with the construction arm steering the Group forward and the manufacturing arm generally supporting its activities. For the year in review 2011, the Group performed commendably after having achieved a turnover of RM138.59 million and a profit after tax of RM5.57 million. This is compared to its previous year of a lower turnover of RM17.93 million and a loss after tax of RM2.45 million when the implementation of the construction projects were still at its initial stages in 2010.

On the corporate development of Fututech Berhad, the Group had announced its proposed corporate exercise in May 2011 which involved a capital reduction and a rights issue exercise. The proposals were necessary as part of the continuing efforts to rebuild and recapitalize the Group to meet its working capital requirements for on-going and future projects. A total of RM16 million was successfully raised with the completion of the rights issue exercise in September 2011. Subsequently, as a consequence of the said rights issue exercise, a substantial shareholder was obliged under Section 9 of Part III of the Malaysian Code on Take-Overs and Mergers 2010, to extend an unconditional mandatory take-over offer. In September 2011, the said substantial shareholder had served a notice to the Board of Directors of Fututech Berhad to undertake an unconditional take-over offer for all remaining Fututech Berhad ordinary shares and warrants not already held by the said substantial shareholder. The said substantial shareholder had also stated its intention to maintain the listing status of Fututech Berhad. The said unconditional mandatory take-over offer subsequently closed at the end of October, 2011.

2012 PROSPECTS

Going forward, our economy is expected to achieve a projected growth of 4-5% in 2012 with domestic demand remaining resilient amidst a challenging external environment. Although export oriented industries in the manufacturing sector may be adversely affected by slower global demand, the construction sector is projected to record stronger growth, supported by implementation of major infrastructure projects and the Special Stimulus Package, amongst others.

[Source: Annual Report 2011, Bank Negara Malaysia]

Chairman's Statement
cont'd

With the established resources in the Group and positive performance of its construction division, management is now able to seek more opportunities in the construction and property areas to expand its activities to achieve overall long term positive results for the Group.

APPRECIATION & ACKNOWLEDGEMENT

On behalf of the Board of Directors, the senior management team of the Group and I would like to take this opportunity to express our sincere gratitude and appreciation to our valued customers, business associates, bankers, suppliers, shareholders and the regulatory authorities.

To our employees, I wish to thank all of you for your continuing dedication, cooperation and determination in pursuing our Group's objectives.

TEE ENG HO
Executive Chairman

8 May 2012

Statement on Corporate Governance

The Board of Directors of Fututech Berhad recognises the importance of establishing and maintaining good corporate governance within the Group. The Board is committed to ensure that good governance is practiced to maximise shareholders value.

Set out below is a statement on how the Group has applied the principles and complied with the best practices and good governance as set out in the Malaysian Code on Corporate Governance:-

A. BOARD OF DIRECTORS

Composition of the Board

Currently, the Board consists of seven (7) members comprising three (3) Independent Non-Executive Directors and four (4) Executive Directors. The Company complied with the provision of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") in regards to the composition of the Board of Directors. Profile of each Director is presented on pages 3 to 4 of this Annual Report.

The current composition of the Board is as follows:

Name of Directors	Designation	Remarks
Mr Tee Eng Ho	Executive Chairman	-
Mr Loo Soo Loong	Chief Executive Officer	-
Mr Tee Eng Seng	Executive Director	Redesignated as Executive Director on 15 November 2011
Mdm Toh Siew Chuon	Executive Director	Appointed on 15 November 2011
Mr Khoo Siong Kee	Independent Non-Executive Director	-
Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof	Independent Non-Executive Director	-
Mr Lim Kien Lai @ Lim Kean Lai	Independent Non-Executive Director	Appointed on 15 November 2011

Board Balance

Mr Tee Eng Ho is the Executive Chairman while Mr Loo Soo Loong is the Chief Executive Officer. There is clear division of responsibility between these two roles to ensure balance of power and authority. Mr Khoo Siong Kee, the Audit Committee Chairman, is the Independent Non-Executive Director to whom concerns may be conveyed.

The Executive Directors implement the policies and decisions of the Board and oversee the operations and business of the Company.

The Directors each bring objective and independent judgment to the Board and there is no domination by a group or an individual in the process of decision making by the Board. In addition thereto, the Independent Directors also provide the Board with independent guidance and unbiased advice based on their experience specific to the industry as well as the general commercial environment. The Board also ensures a high degree of transparency and accountability towards all the shareholders.

Statement on Corporate Governance
cont'd

A. BOARD OF DIRECTORS *cont'd*

Board Meetings

The Board of Directors meets on a quarterly basis with additional meetings convened when deemed necessary.

Issues in relation to, amongst others, financial performance, strategies, resources and standards of conduct of the Group are deliberated and examined before decisions are made. To assist the Directors in reviewing and considering the issues to be discussed at the meeting, they are provided with reports relevant to the agenda of the meeting prior to each board meeting.

There were seven (7) meetings of the Board of Directors held during the financial year ended 31 December 2011.

Attendance of each Director at the meetings held during the financial year ended 31 December 2011 is as follows:-

Name of Directors	Designation	Number of Meetings Attended
Mr Tee Eng Ho#	Executive Chairman	6/6
Mr Loo Soo Loong	Chief Executive Officer	7/7
Mr Tee Eng Seng@	Executive Director	3/6
Mdm Toh Siew Chuon*	Executive Director	1/1
Mr Khoo Siong Kee^	Independent Non-Executive Director	6/6
Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof	Independent Non-Executive Director	7/7
Mr Lim Kien Lai @ Lim Kean Lai*	Independent Non-Executive Director	1/1

Notes:
Appointed on 31 March 2011
^ *Appointed on 25 April 2011*
@ *Appointed on 31 March 2011 and redesignated on 15 November 2011*
* *Appointed on 15 November 2011*

Supply of Information

The Board has unrestricted and timely access to all information necessary for the discharge of its responsibilities. Notice of Board Meetings and the necessary board papers are supplied to Directors in advance to enable meaningful deliberation and sound decisions to be made during Board Meetings. The Directors are given access to all information of the Group and the advice of the Company Secretary and/or other independent professional advisors, where necessary, to enable them to discharge their duties effectively and diligently.

Re-election of Directors

The Articles of Association of the Company requires a director appointed during a financial year to retire at the following annual general meeting. One-third (1/3) of the directors for the time being are obliged to retire at every annual general meeting of the Company. In addition, all directors are bound to retire at an annual general meeting of the Company at least once in every three (3) years. Directors over the age of seventy are required to retire annually. All the retiring directors shall be eligible for re-election.

All Directors submit themselves for re-election at regular intervals in accordance with the Company's Articles of Association and regulatory requirements.

Statement on Corporate Governance
cont'd

A. BOARD OF DIRECTORS *cont'd*

Directors' Training

The Board believes that continuous training for the Directors is important to enable them to discharge their duties effectively. The Directors were encouraged to attend training programmes and seminars to ensure that they are kept abreast on issues pertaining to the constantly changing environment within which the business of the Group operates, particularly in the areas of corporate governance and regulatory compliance. From time to time, the Board also receives updates and briefings, particularly on regulatory and legal developments relevant to the Company's business.

The Company will continuously arrange for further training for the Directors as part of their obligation to update and enhance their skills and knowledge which are important for their carrying out of an effective role as Directors.

The Directors appointed during the financial year ended 31 December 2011, namely, Mr Tee Eng Ho, Mr Tee Eng Seng, Mr Khoo Siong Kee, Mdm Toh Siew Chuon and Mr Lim Kien Lai @ Lim Kean Lai have attended and completed the Mandatory Accreditation Program prescribed by Bursa Malaysia Securities Berhad in the financial year ended 31 December 2011 and financial year ending 31 December 2012. All Directors have attended and completed the Mandatory Accreditation Programme.

Other conferences, seminars and training programmes attended by Directors during the financial year ended 31 December 2011 are as follows:-

Director	Name of conferences, seminars and training programme attended
Mr Loo Soo Loong	Learning from the Toyota Case Study & Board Input to Annual Reports
Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof	Learning from the Toyota Case Study & Board Input to Annual Reports
Mr Khoo Siong Kee	Tax Planning for Mergers And Acquisitions Consequences of Non-Compliance with Corporate Laws National Tax Conference 2011 2012 Budget Talk Seminar Percukaian Kebangsaan 2011 2012 Budget Proposals & Recent Tax Development
Mr Lim Kien Lai @ Lim Kean Lai	Energy Conservation and Green Technology Building

Board Committees

There are three (3) committees of the Board, namely Audit Committee, Nominating Committee and Remuneration Committee, to assist the Board in discharging its duties and responsibilities within clearly defined terms of reference.

The Board delegated to each committee specific authority to consider and approve specific matters in accordance with their respective terms of reference. Each committee will report to the Board with its decisions and/or recommendation. The ultimate responsibility for final decision on all matters however, rests with the Board.

Nominating Committee

The current composition of the Nominating Committee is as follows:-

Name	Designation	Directorship
Mr Khoo Siong Kee	Chairman	Independent Non-Executive Director
Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof	Member	Independent Non-Executive Director
Mr Lim Kien Lai @ Lim Kean Lai#	Member	Independent Non-Executive Director

Appointed as member of the Nominating Committee on 23 April 2012

Statement on Corporate Governance
cont'd

A. BOARD OF DIRECTORS *cont'd*

Nominating Committee *cont'd*

The Nominating Committee consists entirely Non-Executive Directors whom are Independent.

The Nominating Committee is responsible for making recommendations to the Board as to the appointment of new Directors. The Nominating Committee also keeps under review the Board structure, size and composition.

Remuneration Committee

The current composition of the Remuneration Committee is as follows:-

Name	Designation	Directorship
Mr Khoo Siong Kee	Chairman	Independent Non-Executive Director
Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof	Member	Independent Non-Executive Director
Mr Lim Kien Lai @ Lim Kean Lai#	Member	Independent Non-Executive Director

Appointed as member of the Remuneration Committee on 23 April 2012

The responsibilities to assess and to recommend to the Board the remuneration package of the Executive Directors are vested with the Remuneration Committee.

The Board as a whole recommends the remuneration of the Non-Executive Directors in the form of Directors' fees, which is subject to shareholders' approval at the annual general meeting. No Director will participate in the deliberation and decision in respect of his own remuneration.

B. DIRECTORS' REMUNERATION

The aggregate remuneration of the Directors for the financial year ended 31 December 2011 categorised into the appropriate components and analysed into bands of RM50,000 are as below:-

	Salary and other emoluments (RM)	Fees (RM)	Total (RM)
Executive Directors	839,740	-	839,740
Non-Executive Directors	5,000	95,000	100,000

The number of Directors of the Company whose total remuneration fall within the following bands:-

Range of Remuneration	Executive Directors	Non-Executive Directors
Below RM50,000	2	3
RM250,001 - RM300,000	1	-
RM400,001 - RM450,000	1	-

Statement on Corporate Governance
cont'd

C. SHAREHOLDERS AND INVESTORS

Dialogue between the Company and Investors

The Board values the support of its shareholders and investors. It also recognises the importance of effective communication with shareholders and the investment community of the material corporate and business matters of the Group.

The Annual Report is an important medium of information for the shareholders and investors whereas the Annual General Meeting of the Company provides a vital platform for both private and institutional shareholders to share viewpoints and acquire information on issues relevant to the Group.

Besides the Annual Report, the Board also ensures that timely announcements are made to Bursa Securities and disseminates clear, accurate and sufficient information to enable the shareholders and investors to make informed decisions.

Annual General Meeting

Annual General Meeting is the principal platform for dialogue with shareholders, wherein, the Board presents the operations and performance of the Group. During the meeting, shareholders are given every opportunity to enquire and comment on matters relating to the Group's business.

The Company has established a website at www.fututech.com.my from which investors and shareholders can access information.

D. ACCOUNTABILITY AND AUDIT

Financial Reporting

Financial statements of the Company are drawn up in accordance with the Companies Act, 1965 and the applicable accounting standards in Malaysia, which are consistently applied and supported by reasonable and prudent judgments and estimates.

The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

Internal Control

The Board has the overall responsibility for maintaining a sound system of internal control in safeguarding the interest of its shareholders and the Group's assets.

The Statement on Internal Control is set out on pages 20 and 21 of this Annual Report, providing an overview of the Company's state of internal control.

Relationship with the Auditors

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

Key features underlying the relationship of the Audit Committee with the external auditors are included in the Audit Committee's terms of reference as detailed on pages 17 to 19 of this Annual Report.

Other Compliance Information

1. NON-AUDIT FEES

Non-audit fees paid to the external auditors by the Group for the financial year ended 31 December 2011 amounted to RM75,000.

2. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("RRPTs")

At the last Annual General Meeting of the Company held on 29 June 2011, the Company had obtained the approval for the renewal of shareholders' mandate to allow the Group to enter into RRPTs. Details of the transactions with related parties undertaken by the Group under the mandate during the financial year ended 31 December 2011 are as follows:-

Transacting Parties	Interested Related Parties	Nature of Transactions	Amount transacted (RM'000)
Kerjaya Prospek (M) Sdn Bhd Group [§] Permatang Bakti Sdn Bhd Group [§] Fututech Berhad Group	Tee Eng Ho [Φ] Tee Eng Seng [€] Toh Siew Chuon [£] Egovision Sdn Bhd [¥] Kerjaya Prospek (M) Sdn Bhd [§] Permatang Bakti Sdn Bhd [§]	Supply of light fittings, kitchen cabinetry, provision of interior design works and masonry works and other related services by Kerjaya Prospek (M) Sdn Bhd Group and Permatang Bakti Sdn Bhd Group to Fututech Group and vice versa	4,941
Eastern & Oriental Berhad Group [@] Acumen Marketing Sdn Bhd	Eastern & Oriental Berhad [@] Dynamic Degree Sdn Bhd [+] E&O Property Development Berhad [+] Tinggi Murni Sdn Bhd [+] Samudra Pelangi Sdn Bhd [+] Kamil Ahmad Merican [#] Chan Kok Leong [#]	Sale and supply of lightings, light fittings, outdoor fittings, kitchen cabinetry and related products by Acumen Marketing Sdn Bhd to Eastern & Oriental Berhad Group	0
Eastern & Oriental Berhad Group [$] Ace Equity Sdn Bhd	Eastern & Oriental Berhad [@] Dynamic Degree Sdn Bhd [+] E&O Property Development Berhad [+] Tinggi Murni Sdn Bhd [+] Samudra Pelangi Sdn Bhd [+] Kamil Ahmad Merican [#] Chan Kok Leong [#]	Supply and installation of aluminium and glazing works, stones works, interior fixtures, fittings, lightings, cabinetry and related products and provision of contract workmanship and other related services, which include amongst others, stone works and road works by Ace Equity Sdn Bhd to Eastern & Oriental Berhad Group.	0

Notes:

[Φ] *Tee Eng Ho, a Director and Major Shareholder of the Company, is a Director and Major Shareholder of Kerjaya Prospek (M) Sdn Bhd, Permatang Bakti Sdn Bhd and Egovision Sdn Bhd.*

[€] *Tee Eng Seng, a Director and Major Shareholder of the Company, is a Director and Major Shareholder of Kerjaya Prospek (M) Sdn Bhd and Egovision Sdn Bhd.*

[£] *Toh Siew Chuon, a Director of the Company and spouse of Tee Eng Ho, is a Director and Major Shareholder of Kerjaya Prospek (M) Sdn Bhd and Permatang Bakti Sdn Bhd.*

[¥] *Egovision Sdn Bhd is a Major Shareholder of the Company.*

[§] *Kerjaya Prospek (M) Sdn Bhd and Permatang Bakti Sdn Bhd are companies which Tee Eng Ho, Tee Eng Seng and/or Toh Siew Chuon have substantial interest.*

[@] *Eastern & Oriental Berhad ceased to be deemed the Major Shareholder of the Company with effect from 28 September 2011 due to its cessation as substantial shareholder of Fututech Berhad with effect from 28 March 2011.*

[+] *Dynamic Degree Sdn Bhd and E&O Property Development Berhad are both wholly-owned subsidiaries of Eastern & Oriental Berhad. Samudra Pelangi Sdn Bhd is a wholly-owned subsidiary of Tinggi Murni Sdn Bhd, which in turn is a wholly-owned subsidiary of E&O Property Development Berhad.*

[#] *Kamil Ahmad Merican and Chan Kok Leong ceased to be deemed the Directors of Fututech Berhad with effect from 30 September 2011, following their resignation as directors of Fututech Berhad on 31 March 2011.*

Other Compliance Information
cont'd

3. MATERIAL CONTRACT

There were no material contracts involving Directors or Major Shareholders' interests that are still subsisting at the end of the financial year or since then.

4. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

A total of 3,264,212 additional warrants 2007/2017 were issued during the financial year. The number of outstanding warrants as at 30 April 2012 was 26,754,754.

5. UTILISATION OF PROCEEDS

Rights Issue proceeds amounted to RM16,005,000 was raised by the Company during the financial year.

The utilisation of the proceeds derived from the Rights Issue during the financial year is as follows:-

	Proposed Utilisation (RM'000)	Utilisation up to 31 December 2011 (RM'000)	Balance (RM'000)
Working capital	15,105	14,500	605
Estimated expenses in relation to the Corporate Exercise	900	914	(14)
Total	16,005	15,414	591

6. CORPORATE SOCIAL RESPONSIBILITY

As a responsible corporate citizen, the Company is committed to ensuring that its actions not only benefit its shareholders but also its employees, society and the environment.

In this aspect, the Company strived to maintain high standards of recruitment, development and retention of employees initiatives in the workplace aimed at being a sustainable employer of choice. These include the following:-

- Employee volunteerism
- Health, safety and welfare include series of in-house programs on safety and health and training on handling chemical, flammable materials and machineries in work place
- Employee communication channels
- Employee training

Although the Company's overall environmental impact is indirect, we strived to reduce our consumption of resources and generation of waste and encouraged paper usage reduction and recycling plans.

The Group recognises the importance of meeting the environmental and social needs of the community that the Group operates in and will endeavour to take appropriate and timely action in addressing to corporate social responsibility issues, if any.

Directors' Responsibility Statement

The Directors are required by the Companies Act, 1965 to ensure that financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year is in accordance with the applicable approved accounting standards.

In preparing those financial statements, the Directors of the Company are required to:

- adopt a suitable accounting policies and then applied them consistently;
- make judgments and estimates that are prudent and reasonable;
- ensure applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company and that the financial statements comply with the Companies Act, 1965.

Report of the Audit Committee

The present members of the Audit Committee are as follows:-

Name	Designation	Directorship
Mr Khoo Siong Kee	Chairman	Independent Non-Executive Director
Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof	Member	Independent Non-Executive Director
Mr Lim Kien Lai @ Lim Kean Lai*	Member	Independent Non-Executive Director

* *Appointed as Director/member of the Audit Committee on 15 November 2011*

TERMS OF REFERENCE

Composition of the Committee

The Committee shall be appointed by the Board from amongst the Directors of the Company which fulfils the Bursa Malaysia Securities Main Market Listing Requirements and its number shall consist of not less than three (3) members, all of whom shall be Non-Executive Directors, with a majority being Independent Directors. The members of the Audit Committee shall elect a Chairman from amongst themselves who is an Independent Non-Executive Director.

The Company Secretary or any other person appointed by the Committee shall be the Secretary of the Committee.

Meetings of the Committee

The Committee shall meet regularly subject to the quorum of at least two (2) Independent Directors in discharging its duties and responsibilities or upon the request of the Chairman at any time at the Chairman's discretion. The Committee may invite any Board member or any member of management or any employee of the Company who the Committee thinks fit to attend its meetings to assist and to provide pertinent information as necessary. A resolution in writing signed by all members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee.

Objectives

The principle objectives of the Audit Committee are to assist the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the holding company and each of its subsidiaries. In addition, the Audit Committee shall evaluate the quality of the audits performed by the Internal and External Auditors, provide assurance that the financial information presented by management is relevant, reliable and timely, oversee compliance with laws and regulations and observance of proper code of conduct and determine the quality, adequacy and effectiveness of the Group's control environment.

Authority of the Committee

The Audit Committee shall have explicit authority to investigate any matter within its terms of reference, full and unrestricted access to any information pertaining to the Company and all the resources required to perform its duties. The Committee shall have direct communication channels with the external auditors and person(s) carrying out the internal audit function and be able to convene meetings/obtain independent/external professional or other advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

Report of the Audit Committee
cont'd

TERMS OF REFERENCE *cont'd*

Functions of the Committee

The functions of the Audit Committee are as follows:-

(1) To do the following, in relation to the internal audit function:-

(a) 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;
(b) review the internal audit programme and processes or investigation undertaken and ascertain whether or not appropriate actions are taken on the recommendations of the internal audit function; and
(c) review any appraisal or assessment of the performance of members of the internal audit function and approve any appointment or termination of senior staff members of the internal audit function.

(2) To do the following, in relation to the external audit function:-

(a) meets with the external auditors without executive board members present at least twice a year;
(b) consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal;
(c) discuss with the external auditors before the audit commences, the nature and scope of the audit and review the adequacy of existing external auditors audit arrangements;
(d) review the quarterly results and year end financial statements, prior to the approval by the Board and review the external auditors' audit report;
(e) review and response to any management letter sent by the external auditors to the Company;
(f) discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of management where necessary); and
(g) review all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels.

Apart from the above functions, the Committee may carry out any other function that may be mutually agreed upon by the Committee and the Board, which would be beneficial to the Company to ensure the effectiveness discharge of the Committee's duties and responsibilities including reviewing any related party transactions and potential conflict of interests arising therefrom, consider major findings of internal investigations and management response and review/ verify the Share Option Scheme of the Company (if any).

The Committee actions shall be reported to the Board of Directors with such recommendations as the Committee deemed appropriate. Where necessary, the Committee may report to Bursa Malaysia Securities Berhad on any matter reported by it to the Board which has not been satisfactorily resolved resulting in a breach of the Bursa Malaysia Securities Berhad Main Market Listing Requirements.

Report of the Audit Committee
cont'd

SUMMARY OF ACTIVITIES

The Committee held five (5) meetings during the financial year ended 31 December 2011. Details of the attendance by the Members are as follows:-

Name of Members	Directorship	Number of Meetings Attended
Mr Khoo Siong Kee^	Independent Non-Executive Director	4/4
Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof	Independent Non-Executive Director	5/5
Mr Tee Eng Seng#	Executive Director	2/4

^ *Appointed as director and appointed as Chairman of the Audit Committee on 25 April 2011*
# *Redesignated and ceased to be Member of the Audit Committee on 15 November 2011*

During the year, the Committee carried out its duties as set out in its Terms of Reference, including but not limited to:-

- review of audit plans prepared by external auditors;
- review of unaudited quarterly financial statements during the financial year prior to submission to the Board for consideration and approval;
- review and evaluate the policies for risk management and systems of internal control;
- review of the audited financial statements for the financial year ended 31 December 2011 and to discuss significant audit issues and findings with the external auditors;
- review of the procedures for identification of related party transactions for compliance with the Listing Requirements of Bursa Securities and the appropriateness of such transactions, if any, before recommending to the Board for approval;
- review of the recurrent related party transactions of a revenue or trading nature within the Group for inclusion in the circular to shareholders in relation to the proposed renewal of the shareholders' mandate for recurrent related party transactions pursuant to Bursa Securities' Listing Requirements, before recommending to the Board for approval; and
- met with the external auditors without the presence of the Executive Director and management.

In addition to the above, the Audit Committee members also attended training and were briefed on the latest changes in the approved accounting standards by the external auditors.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to external consultants. The outsourced internal auditors assist the Board and the Audit Committee in providing independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control systems. They report directly to the Audit Committee.

On an annual basis, an internal audit plan is tabled to the Audit Committee for review and approval. The internal auditors execute the audits based on the approved plan. The results of the audit reviews are periodically reported to the Audit Committee.

In addition, the internal auditors carry out follow up reviews to ensure that previously reported matters have been adequately addressed by Management and the results of such reviews are also periodically reported to the Audit Committee.

For the financial year ended 31 December 2011, the amount of fees and related expenses incurred in respect of the internal audit reviews performed by the professional service firm was RM32,478.25.

Statement on Internal Control

INTRODUCTION

Pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board of Directors ("the Board") of Fututech Berhad ("Fututech") Group is pleased to provide the following Statement on Internal Control of the Group as guided by the Bursa Securities' Statement on Internal Control: Guidance for Directors of Public Listed Companies. This statement outlines the nature and state of the internal controls of the Group during the financial year.

BOARD RESPONSIBILITY

The Board recognises the importance of maintaining a sound and effective system of internal controls to safeguard shareholders' interests and the Group's assets, and affirms its overall responsibility for reviewing the adequacy and effectiveness of the internal control system. This responsibility has been delegated to the Audit Committee, which is empowered by its terms of reference to obtain the necessary assurance on the adequacy and effectiveness of the Group's internal controls system through independent reviews carried out by the internal audit function and the annual statutory audits carried out by the external auditors. The Board and the audit committee conduct meetings to discuss and deliberate internal control matters on a regular basis.

However, it should be noted that due to inherent limitations in any system of internal control, such systems put into effect by Management can only manage rather than eliminate all risk of failure to achieve the Group's business objectives. Therefore, the system can only provide reasonable but not absolute assurance against material errors, misstatement, loss, contingencies, fraud or any irregularities.

RISK MANAGEMENT FRAMEWORK

Risk management is regarded by the Board to be an integral part of the business operation. Key management staff and Heads of Departments are delegated with the responsibility to manage identified risks within defined parameters and standards. The Group has a process to conduct risk assessment and develop process of identifying, evaluating, minimizing and managing of risk and reinforce the tone of risk awareness and control consciousness.

Management meetings, if required, attended by the Heads of Departments and key management staff are held to discuss any key risks and the appropriate mitigating controls. Significant risks affecting the Group's strategic and business plans are escalated to the Board at their scheduled meetings.

The abovementioned risk management practices of the Group serve as the on-going process used to identify, evaluate and manage significant risks.

INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to external consultants. The outsourced internal auditors assist the Board and the Audit Committee in providing independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control systems. They report directly to the Audit Committee.

Statement on Internal Control
cont'd

On an annual basis, an internal audit plan is tabled to the Audit Committee for review and approval. The internal auditors execute the audits based on the approved plan. The results of the audit reviews are periodically reported to the Audit Committee.

In addition, the internal auditors carry out follow up reviews to ensure that previously reported matters have been adequately addressed by Management and the results of such reviews are also periodically reported to the Audit Committee.

OTHER KEY ELEMENTS OF INTERNAL CONTROLS

The other key elements of the Group's internal control systems are described below:

- Standard Operating Procedures, which set out the policies, procedures and practices to be complied in accordance to the ISO Standards, are in place for key operating units;
- regular internal quality inspection to monitor compliance of the ISO requirements by the operating units;
- clearly defined and structured lines of reporting and responsibilities within the Group including segregation of duties, appropriate authority limits, review and approval procedures in order to enhance the internal control system of the Group's various operations;
- budgeting process where operating companies in the Group prepare budgets for the coming year, which are considered and reviewed by the Board;
- weekly management meetings to discuss the Group's operations and performance, including the regular monitoring of results against budget, with significant variances explained and management action taken, where necessary; and
- regular factory visits by members of the senior management team and executive directors.

Where necessary, the Board will put in place appropriate action plans to further enhance the system of internal controls to meet with the Group's strategic, financial, business and operational requirements.



Financial Statements

Directors' Report

DIRECTORS' REPORT

The directors present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services.

The principal activities of the subsidiaries are described in Note 13 to the financial statements.

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

RESULTS

	Group RM	Company RM
Profit/(loss), net of tax	5,567,767	(1,978,692)

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

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

DIRECTORS

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

Tee Eng Ho
Loo Soo Loong
Tee Eng Seng
Toh Siew Chuon *(appointed on 15 November 2011)*
Khoo Siong Kee
Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof
Lim Kien Lai @ Lim Kean Lai *(appointed on 15 November 2011)*

DIRECTORS' BENEFITS

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

DIRECTORS' BENEFITS *cont'd*

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, other than as disclosed in Note 26 to the financial statements.

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM0.50 each			
	At 1.1.2011/ date of appointment	Acquired	Sold	At 31.12.2011
Direct interest:				
Loo Soo Loong	5,560,000	-	-	5,560,000
Toh Siew Chuon	2,502,700	-	-	2,502,700
Lim Kien Lai @ Lim Kean Lai	20,000	-	-	20,000
Indirect interest:				
Tee Eng Ho	16,975,183	48,701,307	(2,502,700)	63,173,790*
Tee Eng Seng	16,269,783	46,904,007	-	63,173,790*

	Number of warrants 2007/2017			
	At 1.1.2011/ date of appointment	Acquired	Sold	At 31.12.2011
Direct interest:				
Loo Soo Loong	24,000	3,335	-	27,335
Toh Siew Chuon	372,443	-	-	372,443
Indirect interest:				
Tee Eng Ho	7,184,027	4,435,858	(372,443)	11,247,442*
Tee Eng Seng	7,169,027	4,078,415	-	11,247,442*

* *Deemed interested by virtue of their interest in Egovision Sdn. Bhd. pursuant to Section 6A(4) of the Companies Act, 1965.*

Directors' Report
cont'd

DIRECTORS' INTERESTS *cont'd*

Tee Eng Ho and Tee Eng Seng by virtue of their interest in ordinary shares in the Company are also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

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

PAR VALUE CANCELLATION AND ISSUE OF SHARES

At the beginning of the financial year,

(i) the authorised share capital of the Company was RM300 million comprising 300 million ordinary shares of RM1.00 each; and

(ii) the issued and paid-up share capital of the Company was RM58,726,356 comprising 58,726,356 ordinary shares of RM1.00 each.

During the financial year,

(i) the authorised share capital of the Company was reduced to RM150 million comprising 300,000,000 ordinary shares of RM0.50 each via the reduction in the par value of each ordinary share from RM1.00 each to RM0.50 each; and

(ii) the issued and paid-up share capital of the Company was reduced to RM29,363,178 comprising 58,726,356 ordinary shares of RM0.50 each via the cancellation of RM0.50 of the par value of each existing ordinary share of RM1.00 each to be set-off against the accumulated losses of the Company.

Subsequent to the completion of the above par value cancellation, the Company increased its issued and paid-up share capital from RM29,363,178 to RM45,368,506 by way of issuance of 32,010,656 ordinary shares of RM0.50 each through a Renounceable Rights Issue at an issue price of RM0.50 per ordinary share.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

WARRANTS 2007/2017

The movement and salient terms of Warrants 2007/2017 are disclosed in Note 24 to the financial statements.

OTHER STATUTORY INFORMATION

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

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

    (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

OTHER STATUTORY INFORMATION *cont'd*

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

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

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

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

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

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

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 23 April 2012.

TEE ENG HO **LOO SOO LOONG**

Statement by directors
Pursuant to Section 169(15) of the Companies Act, 1965

We, Tee Eng Ho and Loo Soo Loong, being two of the directors of Fututech Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 31 to 87 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of their financial performance and cash flows for the year then ended.

Further to the Statement by directors pursuant to Section 169(15) of the Companies Act, 1965, the information set out in Note 32 on page 88 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, issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 23 April 2012.

TEE ENG HO **LOO SOO LOONG**

Statutory declaration
Pursuant to Section 169(16) of the Companies Act, 1965

I, Tee Eng Ho, being the director primarily responsible for the financial management of Fututech Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 31 to 88 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
by the abovenamed Tee Eng Ho at
Kuala Lumpur in Federal Territory
on 23 April 2012

TEE ENG HO

Before me,

R. VASUGI AMMAL, PJK
License No. W 480
Commissioner of Oaths
Kuala Lumpur

Independent auditors' report
To the members of Fututech Berhad (Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Fututech Berhad, which comprise the statements of financial position as at 31 December 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 notes, as set out on pages 31 to 87.

Directors' responsibility for the financial statements

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of their financial performance and cash flows for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report 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 financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 13 to the financial statements, being financial statements that have been included in the consolidated financial statements.

Independent auditors' report
To the members of Fututech Berhad (Incorporated in Malaysia)
cont'd

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS *cont'd*

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

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 32 on page 88 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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.

ERNST & YOUNG
AF: 0039
Chartered Accountants

LOKE SIEW HENG
No. 2871/07/13(J)
Chartered Accountant

Kuala Lumpur, Malaysia
23 April 2012

Statements of comprehensive income
For the financial year ended 31 December 2011

		Group		Company	
	Note	2011	2010	2011	2010
		RM	RM	RM	RM
Revenue	4	138,585,885	17,933,641	-	-
Cost of sales		(126,226,495)	(16,359,297)	-	-
Gross profit		12,359,390	1,574,344	-	-
Other income	5	1,253,825	2,971,839	5,291	219,848
Selling and distribution expenses		(151,565)	(410,112)	-	-
Administrative expenses		(6,475,847)	(3,547,195)	(1,460,972)	(337,221)
Finance costs	6	(2,171,731)	(53,834)	-	-
Other expenses		(108,779)	(2,719,938)	(523,011)	(7,806,897)
Profit/(loss) before tax	7	4,705,293	(2,184,896)	(1,978,692)	(7,924,270)
Taxation	10	862,474	(268,554)	-	-
Profit/(loss), net of tax		5,567,767	(2,453,450)	(1,978,692)	(7,924,270)
Other comprehensive income:					
Foreign currency translation		26,894	43,440	-	-
Income tax relating to components of other comprehensive income		-	-	-	-
Total comprehensive income for the year		5,594,661	(2,410,010)	(1,978,692)	(7,924,270)
Earnings/(loss) per share attributable to owners of the parent (sen)	11	8.17	(4.18)		

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

Statements of financial position
As at 31 December 2011

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Assets					
Non-current assets					
Property, plant and equipment	12	9,539,818	9,233,740	228	585
Investment in subsidiaries	13	-	-	4,614,479	5,089,337
Other investments	14	53,810	53,810	-	-
Intangible asset	15	25,862	-	-	-
Deferred tax assets	23	2,447,237	-	-	-
Trade receivables	17	3,973,457	-	-	-
		16,040,184	9,287,550	4,614,707	5,089,922
Current assets					
Inventories	16	3,423,801	1,944,045	-	-
Trade and other receivables	17	58,880,896	12,179,890	29,122,384	15,132,115
Tax recoverable		905,384	1,159,334	129,507	129,507
Other current assets	18	93,262	5,679,438	-	-
Cash and bank balances		13,652,436	5,055,438	565,057	12,941
		76,955,779	26,018,145	29,816,948	15,274,563
Total assets		92,995,963	35,305,695	34,431,655	20,364,485

Statements of financial position
As at 31 December 2011
cont'd

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Equity and liabilities					
Current liabilities					
Provisions	20	433,250	630,000	-	-
Loans and borrowings	21	-	215,027	-	-
Trade and other payables	22	15,277,328	6,636,218	191,453	150,919
Income tax payable		1,269,727	192,808	-	-
Other current liabilities	18	24,792,328	-	-	-
		41,772,633	7,674,053	191,453	150,919
Net current assets		35,183,146	18,344,092	29,625,495	15,123,644
Non-current liabilities					
Provisions	20	20,000	20,000	-	-
Deferred tax liabilities	23	-	10,931	-	-
Trade payables	22	2,002,630	-	-	-
		2,022,630	30,931	-	-
Total liabilities		43,795,263	7,704,984	191,453	150,919
Net assets		49,200,700	27,600,711	34,240,202	20,213,566
Equity attributable to owners of the parent					
Share capital	24	45,368,506	58,726,356	45,368,506	58,726,356
Other reserves	25	302,568	275,674	-	-
Retained profit/(accumulated losses)		3,529,626	(31,401,319)	(11,128,304)	(38,512,790)
Total equity		49,200,700	27,600,711	34,240,202	20,213,566
Total equity and liabilities		92,995,963	35,305,695	34,431,655	20,364,485

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

Consolidated statement of changes in equity

For the financial year ended 31 December 2011

	Note	Share capital	Non-distributable Other reserves	(Accumulated losses)/ retained profit	Total equity
		← Attributable to owners to the parent		→	
		RM	RM	RM	RM
At 1 January 2010		58,726,356	232,234	(28,947,869)	30,010,721
Total comprehensive income for the year		-	43,440	(2,453,450)	(2,410,010)
At 31 December 2010		58,726,356	275,674	(31,401,319)	27,600,711
At 1 January 2011		58,726,356	275,674	(31,401,319)	27,600,711
Total comprehensive income for the year		-	26,894	5,567,767	5,594,661
Reduction in par value of ordinary shares	24	(29,363,178)	-	29,363,178	-
Issue of ordinary shares	24	16,005,328	-	-	16,005,328
At 31 December 2011		45,368,506	302,568	3,529,626	49,200,700

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

Company statement of changes in equity

For the financial year ended 31 December 2011

	Note	Share capital RM	Accumulated losses RM	Total RM
At 1 January 2010		58,726,356	(30,588,520)	28,137,836
Total comprehensive income for the year		-	(7,924,270)	(7,924,270)
At 31 December 2010		58,726,356	(38,512,790)	20,213,566
At 1 January 2011		58,726,356	(38,512,790)	20,213,566
Total comprehensive income for the year		-	(1,978,692)	(1,978,692)
Reduction in par value of ordinary shares	24	(29,363,178)	29,363,178	-
Issue of ordinary shares	24	16,005,328	-	16,005,328
At 31 December 2011		45,368,506	(11,128,304)	34,240,202

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

Statements of cash flows

For the financial year ended 31 December 2011

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Operating activities				
Profit/(loss) before tax	4,705,293	(2,184,896)	(1,978,692)	(7,924,270)
Adjustments for:				
Interest income	(61,129)	(31,136)	(5,291)	-
Interest expense	65,092	53,834	-	-
Depreciation of property, plant and equipment	1,185,314	1,599,959	357	358
Gain on disposal of non-current asset held for sale	-	(2,577,858)	-	-
Impairment loss on				
- property, plant and equipment	-	777,417	-	-
- investment in subsidiaries	-	-	474,858	7,780,835
- other investments	-	17,000	-	-
Impairment loss on financial assets:				
- trade receivables	-	224,085	-	-
- other receivables	-	-	48,152	26,063
Reversal of impairment loss:				
- trade receivables	-	(19,306)	-	-
- other receivables	-	-	-	(219,848)
(Reversal of provisions)/provisions	(196,750)	650,000	-	-
Amortisation of intangible asset	6,466	-	-	-
Bad debts written off	-	21,491	-	-
Inventories written back	-	(1,128,199)	-	-
Reversal of accrued liabilities	-	(317,867)	-	-
Net fair value adjustment	961,899	-	-	-
Unrealised (gain)/loss on foreign exchange	(8,958)	413,492	-	-
Operating profit/(loss) before working capital changes carried forward	6,657,227	(2,501,984)	(1,460,616)	(336,862)

Statements of cash flows
For the financial year ended 31 December 2011
cont'd

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Operating activities *(cont'd)*				
Operating profit/(loss) before working capital changes brought forward	6,657,227	(2,501,984)	(1,460,616)	(336,862)
Changes in working capital:				
Inventories	(1,479,756)	2,101,575	-	-
Trade and other receivables	(60,720,251)	(6,564,016)	(14,038,421)	(1,801,952)
Other current assets	13,534,285	(5,626,355)	-	-
Trade and other payables	11,788,478	3,949,892	40,534	(19,771)
Other current liabilities	24,792,328	-	-	-
Cash used in operations	(5,427,689)	(8,640,888)	(15,458,503)	(2,158,585)
Interest received	61,129	31,136	5,291	-
Interest paid	(65,092)	(53,834)	-	-
Income taxes paid	(264,825)	(408,629)	-	-
Net cash used in operating activities	(5,696,477)	(9,072,215)	(15,453,212)	(2,158,585)
Investing activities				
Purchase of property, plant and equipment	(1,491,392)	(508,969)	-	-
Purchase of intangible asset	(32,328)	-	-	-
Net proceeds from disposal of non-current asset held for sale	-	9,692,896	-	-
Net cash (used in)/generated from investing activities	(1,523,720)	9,183,927	-	-
Financing activities				
Repayment of loans	-	(1,111,979)	-	-
Proceeds from issuance of shares	16,005,328	-	16,005,328	-
Repayment of obligations under finance leases	(215,027)	(516,916)	-	-
Net cash generated from/(used in) financing activities	15,790,301	(1,628,895)	16,005,328	-

Statements of cash flows

For the financial year ended 31 December 2011
cont'd

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Net increase/(decrease) in cash and bank balances	8,570,104	(1,517,183)	552,116	(2,158,585)
Effect of foreign exchange rate changes	26,894	43,440	-	-
Cash and bank balances at 1 January	5,055,438	6,529,181	12,941	2,171,526
Cash and bank balances at 31 December	13,652,436	5,055,438	565,057	12,941

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

Notes to the financial statements
31 December 2011

1. CORPORATE INFORMATION

Fututech Berhad ("the Company") is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Bursa Malaysia Securities Berhad. The registered office is located at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan. The principal place of business of the Company is located at No. 1 (2nd Floor) Bangunan One Wangsa, Jalan Wangsa Permai, Taman Wangsa Permai, 52200 Kuala Lumpur.

The principal activities of the Company are investment holding and provision of management services.

The principal activities of the subsidiaries are described in Note 13.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 23 April 2012.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and the Company have been prepared in accordance with Financial Reporting Standards ("FRS") and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Company adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2011 as described fully in Note 2.2.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM").

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous year except as follows:

On 1 January 2011, the Group and the Company adopted the following new and amended FRSs and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2011.

Description	Effective for annual periods beginning on or after
FRS 1: First-time Adoption of Financial Reporting Standards	1 July 2010
Amendments to FRS 2: Share-based Payment	1 July 2010
FRS 3: Business Combinations	1 July 2010
Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 127: Consolidated and Separate Financial Statements	1 July 2010

Notes to the financial statements
31 December 2011
cont'd

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Changes in accounting policies *cont'd*

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 138: Intangible Assets	1 July 2010
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 12: Service Concession Arrangements	1 July 2010
IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17: Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to FRS 132: Classification of Rights Issues	1 March 2010
IC Interpretation 18: Transfers of Assets from Customers	1 January 2011
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 1: Limited Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
IC Interpretation 4: Determining whether an Arrangement contains a Lease	1 January 2011
Improvements to FRS issued in 2010	1 January 2011

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

Revised FRS 3 Business Combinations and Amendments to FRS 127 Consolidated and Separate Financial Statements

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in accounting for business combinations occurring after 1 July 2010. These changes impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

The revised FRS 3 continues to apply the acquisition method to business combinations but with some significant changes. All payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the statement of comprehensive income.

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 are expensed.

The amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

The revised amendments did not impact the financial performance or position of the Group as there was no business combination during the year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Changes in accounting policies *cont'd*

Amendments to FRS 7: Improving Disclosures about Financial Instruments

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

2.3 Malaysian Financial Reporting Standards

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

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

The Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2012. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group has established a project team to plan and manage the adoption of the MFRS Framework.

The Group has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2011 could be different if prepared under the MFRS Framework.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2012.

2.4 Basis of consolidation

Business combinations

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

Notes to the financial statements
31 December 2011
cont'd

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.4 Basis of consolidation *cont'd*

Business combinations *cont'd*

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

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

Acquisition of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 139 Financial Instrument: Recognition and Measurement, either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it is not to be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for the goodwill is set out in Note 2.7(a). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Transactions with non-controlling interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, if any, separately from equity attributable to owners of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.4 Basis of consolidation *cont'd*

Transactions with non-controlling interest *cont'd*

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

2.5 Foreign currency

(a) Functional and presentation currency

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

(b) Foreign currency transactions

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

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

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

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Notes to the financial statements
31 December 2011
cont'd

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.5 Foreign currency *cont'd*

(c) Foreign operations *cont'd*

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2.6 Property, plant and equipment and depreciation

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

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

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	2% - 3%
Plant and machinery	7.5% - 10%
Office equipment, furniture, fittings, motor vehicles, and renovations:	10% - 20%

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

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

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

2.7 Intangible assets

(a) Goodwill

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.7 Intangible assets *cont'd*

(a) Goodwill *cont'd*

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

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

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

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.5.

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1 January 2006 are deemed to be assets and liabilities of the Company and are recorded in RM at the rates prevailing at the date of acquisition.

(b) Computer software

Computer software is measured initially at cost. Following initial acquisition, computer software is measured at cost less any accumulated amortisation and accumulated impairment losses, if any.

The useful life of computer software is assessed to be finite. Computer software is amortised on a straight-line basis over the estimated economic useful lives at an annual rate of 20% and assessed for impairment whenever there is an indication that it may be impaired. The amortisation period and the amortisation method for computer software with finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on computer software with finite lives is recognised in profit or loss.

Gain or losses arising from derecognition of computer software is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss when the asset is derecognised.

Notes to the financial statements
31 December 2011
cont'd

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.8 Impairment of non-financial assets

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

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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

2.9 Subsidiaries

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

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

2.10 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.10 Financial assets *cont'd*

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

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

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

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

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

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

(b) Loans and receivables

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

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

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

(c) Held-to-maturity investments

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

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

Notes to the financial statements
31 December 2011
cont'd

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.10 Financial assets *cont'd*

(c) Held-to-maturity investments cont'd

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

The Group and the Company have not designated any financial assets as held-to-maturity investments.

(d) Available-for-sale financial assets

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

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

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

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

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

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

2.11 Impairment of financial assets

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

Notes to the financial statements

31 December 2011
cont'd

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.11 Impairment of financial assets *cont'd*

(a) Trade and other receivables and other financial assets carried at amortised cost

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

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

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

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

(b) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.12 Cash and cash equivalents

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

2.13 Construction contract

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

2.14 Inventories

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

- Raw materials: purchase costs on a first-in first-out basis.

- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

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

2.15 Provisions

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.15 Provisions *cont'd*

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

2.16 Financial liabilities

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

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

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

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

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

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

(b) Other financial liabilities

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.16 Financial liabilities *cont'd*

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

2.17 Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

2.18 Borrowing costs

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

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

2.19 Employee benefits

Defined contribution plans

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

Notes to the financial statements
31 December 2011
cont'd

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.20 Leases

As lessee

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

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

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.21 Revenue

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

(i) Sale of goods

Revenue is recognised net of sales taxes and upon transfer of significant risks and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion methods as described in Note 2.13.

(iii) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

2.22 Income taxes

(a) Current tax

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

Notes to the financial statements
31 December 2011
cont'd

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.22 Income taxes *cont'd*

(a) Current tax *cont'd*

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

(b) Deferred tax

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

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.22 Income taxes *cont'd*

(b) Deferred tax *cont'd*

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

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

2.23 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 31, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.24 Share capital and share issuance expenses

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

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

2.25 Contingencies

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Notes to the financial statements
31 December 2011
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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *cont'd*

3.1 Judgements made in applying accounting policies

In the process of preparing the financial statements, there were no significant judgements made in applying the accounting policies of the Group which may have significant effects on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

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

(a) Impairment of investment in subsidiaries

The management determines whether the carrying amounts of its investments are impaired at reporting date. This involves measuring the recoverable amounts which includes fair value less costs to sell and valuation techniques. Valuation techniques include amongst others, discounted cash flows analysis and in some cases, based on current market indicators and estimates that provide reasonable approximations to the detailed computation.

In performing discounted cash flow analysis, the discount rates and growth rates used reflect, amongst others, the maturity of the business development cycle as well as the industry growth potential. The discount rate applied to the respective cash flow projections range is 11.8%. The growth rates used to forecast the projected cash flows for the following financial year approximate the performances of the respective investments based on the latest available management accounts.

Following the above assessment, the Company recognised impairment losses of RM474,858 (2010: RM7,780,835) on investment in subsidiaries as further disclosed in Note 7. Based on management's review, no further adjustment for impairment is required for the investment in subsidiaries by the Company during the current year.

(b) Impairment of loans and receivables

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Note 17.

(c) Useful lives of property, plant and equipment

The cost of plant and equipment is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these plant and equipment to be within 10 to 15 years. These are common life expectancies applied in the manufacturing industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's plant and equipment at the reporting date is disclosed in Note 12.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *cont'd*

3.2 Key sources of estimation uncertainty *cont'd*

(d) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses, capital allowances and provisions can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of recognised tax losses, capital allowances and other deductible temporary differences of the Group were approximately RM15,142,000 (2010: RM4,343,000). The unrecognised tax losses, capital allowances and provisions of the Group and of the Company were approximately RM49,171,000 (2010: RM58,506,000) and RM719,000 (2010: RM705,000) respectively.

(e) Construction contracts

The Group recognises construction contracts revenue and expenses in the statement of comprehensive income by using the stage of completion method. The stage of completion is determined by the proportion that construction contracts costs incurred for work performed to date bear to the estimated total construction contracts costs, respectively or by reference to physical stage of completion.

Significant judgement is required in determining the stage of completion, the extent of the construction contracts costs incurred, the estimated total construction contracts revenue and costs, the physical completion, as well as the recoverability of the construction contracts costs. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

4. REVENUE

	Group	
	2011	**2010**
	RM	**RM**
Sale of goods	3,683,235	10,296,120
Construction revenue	134,902,650	7,637,521
	138,585,885	17,933,641

Notes to the financial statements
31 December 2011
cont'd

5. OTHER INCOME

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Interest income from loans and receivables	61,129	31,136	5,291	-
Reversal of impairment loss on:				
- trade receivables (Note 17(a))	-	19,306	-	-
- other receivables (Note 17(b))	-	-	-	219,848
Gain on disposal of non-current asset held for sale	-	2,577,858	-	-
Reversal of accrued liabilities	-	317,867	-	-
Foreign exchange gain				
- realised	3,038	25,672	-	-
- unrealised	8,958	-	-	-
Fair value adjustment on discounting of retention sum payables	1,144,740	-	-	-
Sales of scrap	31,498	-	-	-
Miscellaneous	4,462	-	-	-
	1,253,825	2,971,839	5,291	219,848

6. FINANCE COSTS

	Group	
	2011	2010
	RM	RM
Interest expense on:		
Obligations under finance lease	3,357	33,454
Bank loan	-	20,380
Bank guarantee	61,735	-
Fair value adjustment on discounting of retention sum receivables	2,106,639	-
	2,171,731	53,834

Notes to the financial statements
31 December 2011
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7. PROFIT/(LOSS) BEFORE TAX

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

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Auditors' remuneration:				
- statutory audits	98,700	79,856	40,000	27,000
- underprovision in prior year	9,480	-	-	-
- other services	75,000	5,000	75,000	5,000
Employee benefits expense (Note 8)	5,248,773	2,747,969	-	-
Non-executive directors' remuneration (Note 9)	100,000	102,800	100,000	102,800
Depreciation of property, plant and equipment (Note 12)	1,185,314	1,599,959	357	358
Amortisation of intangible asset (Note 15)	6,466	-	-	-
Impairment loss on				
- property, plant and equipment (Note 12)	-	777,417	-	-
- investment in subsidiaries	-	-	474,858	7,780,835
- other investments (Note 14)	-	17,000	-	-
Impairment loss on financial assets:				
- trade receivables (Note 17(a))	-	224,085	-	-
- other receivables (Note 17(b))	-	-	48,152	26,063
Inventories written back (Note 16)	-	(1,128,199)	-	-
Bad debts written off	-	21,491	-	-
Operating lease, minimum lease payments for office	358,810	405,956	-	-
Foreign exchange loss				
- realised	53,968	-	-	-
- unrealised	-	413,492	-	-
(Reversal of provisions)/provisions (Note 20)	(196,750)	650,000	-	-

8. EMPLOYEE BENEFITS EXPENSE

	Group	
	2011	2010
	RM	RM
Wages and salaries	4,717,598	2,405,976
Social security contributions	24,914	17,553
Contributions to defined contribution plan	260,297	192,232
Other benefits	245,964	132,208
	5,248,773	2,747,969

Included in employee benefits expense of the Group are executive directors' remuneration amounting to RM822,740 (2010: RM228,480), as further disclosed in Note 9.

Notes to the financial statements
31 December 2011
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9. DIRECTORS' REMUNERATION

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Executive:				
- Salaries and other emoluments	739,400	204,000	-	-
- Contributions to defined contribution plan	83,340	24,480	-	-
	822,740	228,480	-	-
- Estimated money value of benefits-in-kind	17,000	12,543	-	-
Total executive directors' remuneration	839,740	241,023	-	-
Non-executive:				
- Fees	95,000	94,800	95,000	94,800
- Other emoluments	5,000	8,000	5,000	8,000
Total non-executive directors' remuneration (Note 7)	100,000	102,800	100,000	102,800
Total directors' remuneration	939,740	343,823	100,000	102,800

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

	Number of Directors	
	2011	2010
Executive directors:		
Below RM50,000	2	-
RM200,001 - RM250,000	-	1
RM250,001 - RM300,000	1	-
RM400,001 - RM450,000	1	-
Non-executive directors:		
Below RM50,000	3	4

10. TAXATION

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2011 and 2010 are:

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Statement of comprehensive income:				
Current income tax:				
- Malaysian income tax	1,633,086	281,078	-	-
- Overprovision in prior years	(37,392)	(23,455)	-	-
	1,595,694	257,623	-	-
Deferred income tax (Note 23):				
Relating to origination and reversal of temporary differences	(2,477,397)	10,931	-	-
Underprovision in prior years	19,229	-	-	-
	(2,458,168)	10,931	-	-
Income tax (benefit)/expense recognised in profit or loss	(862,474)	268,554	-	-

Reconciliation between tax expense and accounting profit/(loss)

The reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 December 2011 and 2010 are as follows:

	Group	
	2011	2010
	RM	RM
Profit/(loss) before tax	4,705,293	(2,184,896)
Taxation at Malaysian statutory tax rate of 25% (2010: 25%)	1,176,323	(546,224)
Non-deductible expenses	540,596	390,297
Income not subject to tax	(227,525)	(311,414)
Deferred tax assets not recognised	191,297	759,350
Deferred tax assets recognised on previously unrecognised tax losses and unutilised capital allowances	(2,525,002)	-
Underprovision of deferred tax in prior years	19,229	-
Overprovision of income tax in prior years	(37,392)	(23,455)
	(862,474)	268,554

Notes to the financial statements
31 December 2011
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10. TAXATION *cont'd*

Reconciliation between tax expense and accounting profit/(loss) *cont'd*

	Company 2011 RM	Company 2010 RM
Loss before tax	(1,978,692)	(7,924,270)
Taxation at Malaysian statutory tax rate of 25% (2010: 25%)	(494,673)	(1,981,068)
Non-deductible expenses	491,183	1,980,978
Deferred tax assets not recognised	3,490	90
	-	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2010: 25%) of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

11. EARNINGS/(LOSS) PER SHARE

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

	Group 2011 RM	Group 2010 RM
Profit/(loss), net of tax attributable to owners of the parent	5,567,767	(2,453,450)
Weighted average number of ordinary shares outstanding	68,110,302	58,726,356
Basic earnings/(loss) per share (sen)	8.17	(4.18)

The outstanding warrants have been excluded from the computation of fully diluted earnings/(loss) per share as the exercise of warrants to ordinary shares would be anti-dilutive. There were no other transactions involving the potential dilution of ordinary shares outstanding.

12. PROPERTY, PLANT AND EQUIPMENT

	Long term leasehold land RM	Buildings RM	Plant and machinery RM	*Other assets RM	Total RM
Group					
At 31 December 2011					
Cost					
At 1 January 2011	1,051,975	3,292,729	22,875,595	4,875,548	32,095,847
Additions	-	-	-	1,491,392	1,491,392
Written off	-	-	-	(71,057)	(71,057)
At 31 December 2011	1,051,975	3,292,729	22,875,595	6,295,883	33,516,182
Accumulated depreciation and impairment					
At 1 January 2011	149,182	359,506	18,164,675	4,188,744	22,862,107
Depreciation charge (Note 7)	14,196	65,855	856,634	248,629	1,185,314
Written off	-	-	-	(71,057)	(71,057)
At 31 December 2011	163,378	425,361	19,021,309	4,366,316	23,976,364
Analysed as:					
Accumulated depreciation	163,378	425,361	18,243,892	4,366,316	23,198,947
Accumulated impairment losses	-	-	777,417	-	777,417
	163,378	425,361	19,021,309	4,366,316	23,976,364
Net carrying amount					
At 31 December 2011	888,597	2,867,368	3,854,286	1,929,567	9,539,818

Notes to the financial statements

31 December 2011
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12. PROPERTY, PLANT AND EQUIPMENT *cont'd*

	Long term leasehold land RM	Buildings RM	Plant and machinery RM	*Other assets RM	Total RM
Group					
At 31 December 2010					
Cost					
At 1 January 2010	-	3,292,729	22,847,355	4,394,819	30,534,903
Effects of adopting the amendments to FRS 117	1,051,975	-	-	-	1,051,975
As restated	1,051,975	3,292,729	22,847,355	4,394,819	31,586,878
Additions	-	-	28,240	480,729	508,969
At 31 December 2010	1,051,975	3,292,729	22,875,595	4,875,548	32,095,847
Accumulated depreciation and impairment					
At 1 January 2010	-	293,653	16,001,989	4,054,102	20,349,744
Effects of adopting the amendments to FRS 117	134,987	-	-	-	134,987
As restated	134,987	293,653	16,001,989	4,054,102	20,484,731
Depreciation charge (Note 7)	14,195	65,853	1,385,269	134,642	1,599,959
Impairment loss recognised (Note 7)	-	-	777,417	-	777,417
At 31 December 2010	149,182	359,506	18,164,675	4,188,744	22,862,107
Analysed as:					
Accumulated depreciation	149,182	359,506	17,387,258	4,188,744	22,084,690
Accumulated impairment losses	-	-	777,417	-	777,417
	149,182	359,506	18,164,675	4,188,744	22,862,107
Net carrying amount					
At 31 December 2010	902,793	2,933,223	4,710,920	686,804	9,233,740

* *Other assets consists of office equipment, furniture, fittings, motor vehicles and renovations.*

12. PROPERTY, PLANT AND EQUIPMENT *cont'd*

	Office equipment RM	Furniture and fittings RM	Total RM
Company			
At 31 December 2011			
Cost			
At 1 January 2011/31 December 2011	57,022	2,376	59,398
Accumulated depreciation			
At 1 January 2011	56,891	1,922	58,813
Depreciation charge (Note 7)	120	237	357
At 31 December 2011	57,011	2,159	59,170
Net carrying amount			
At 31 December 2011	11	217	228
At 31 December 2010			
Cost			
At 1 January 2010/31 December 2010	57,022	2,376	59,398
Accumulated depreciation			
At 1 January 2010	56,771	1,684	58,455
Depreciation charge (Note 7)	120	238	358
At 31 December 2010	56,891	1,922	58,813
Net carrying amount			
At 31 December 2010	131	454	585

Assets held under finance leases

The net carrying amount of plant and machinery and motor vehicle held under finance leases of the Group in prior year were RM1,604,244 and RM40,387 respectively.

Leased assets in prior year were pledged as security for the related finance lease liabilities (Note 21).

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13. INVESTMENT IN SUBSIDIARIES

	Company 2011 RM	Company 2010 RM
Unquoted shares, at costs	28,952,003	28,952,003
Impairment losses	(24,337,524)	(23,862,666)
	4,614,479	5,089,337

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2011	Proportion (%) of ownership interest 2010
Held by the Company:				
Advance Industries Sdn. Bhd. *	Malaysia	Manufacturing, assembly, installation and sales of light fittings, advertising point-of-sale, furniture and related products.	100	100
Acumen Marketing Sdn. Bhd. *	Malaysia	Supply of lightings, light fittings, outdoor fittings, advertising point-of-sale, furniture and related products.	100	100
Lighting Louvres Manufacturing Sdn. Bhd. *	Malaysia	Manufacturing and sale of aluminium lighting louvres.	100	100
Futumeds Sdn. Bhd. *	Malaysia	Dormant.	100	100
Fututech (Labuan) Limited *	Malaysia	Investment holding.	100	100
Acumen Industries Limited *	Hong Kong	Dormant. Intended principal activity is investment holding.	100	100
Held by Advance Industries Sdn. Bhd.:				
Ace Equity Sdn. Bhd.	Malaysia	Supply and installation of aluminium and glazing works, stones works, interior fixtures, fittings, lightings, cabinetry and related products and provision of contract workmanship and other related services.	100	100
Acumen Design & Development Solutions Limited *	Hong Kong	Provision of consultancy services and supply of advertising point-of-sale products.	100	100

* *Audited by firms of auditors other than Ernst & Young*

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14. OTHER INVESTMENTS

	Group	
	2011	2010
	RM	RM
Available for sale financial assets:		
Equity instruments (quoted in Malaysia)	2,310	2,310
Club memberships	93,500	93,500
Less: Accumulated impairment losses	(42,000)	(42,000)
	51,500	51,500
Total other investments	53,810	53,810

15. INTANGIBLE ASSET

	Group	
	2011	2010
	RM	RM
Computer software		
Cost		
At 1 January	-	61,251
Additions	32,328	-
Written off	-	(61,251)
At 31 December	32,328	-
Accumulated amortisation		
At 1 January	-	-
Amortisation charged (Note 7)	6,466	-
At 31 December	6,466	-
Net carrying amount	25,862	-

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16. INVENTORIES

	Group	
	2011	2010
	RM	RM
At cost		
Raw materials	2,736,016	1,157,685
Work-in-progress	687,785	542,775
Finished goods	-	243,585
	3,423,801	1,944,045

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM6,991,504 (2010: RM8,575,616). The reversal of write-down of inventories in prior year was made when the related inventories were sold above their carrying amounts (Note 7).

17. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Current				
Trade receivables				
Third parties	55,779,469	9,750,076	-	-
Retention sum receivables	5,690,554	-	-	-
	61,470,023	9,750,076	-	-
Less: Allowance for impairment				
- Third parties	(5,724,496)	(5,724,496)	-	-
Trade receivables, net	55,745,527	4,025,580	-	-
Other receivables				
Amounts due from subsidiaries	-	-	51,890,825	37,852,404
Deposits	281,459	130,168	-	-
Other receivables	2,853,910	8,024,142	-	-
	3,135,369	8,154,310	51,890,825	37,852,404
Less: Allowance for impairment				
- Amounts due from subsidiaries	-	-	(22,768,441)	(22,720,289)
Other receivables, net	3,135,369	8,154,310	29,122,384	15,132,115
	58,880,896	12,179,890	29,122,384	15,132,115
Non-current				
Trade receivables				
Retention sum receivables	3,973,457	-	-	-
Total trade and other receivables	62,854,353	12,179,890	29,122,384	15,132,115
Add: Cash and bank balances	13,652,436	5,055,438	565,057	12,941
Total loans and receivables	76,506,789	17,235,328	29,687,441	15,145,056

17. TRADE AND OTHER RECEIVABLES *cont'd*

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 (2010: 30 to 90) days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Retention sum receivables are monies withheld by contract customers and will be released to the Group upon expiry of 30 months from the date of completion of construction contracts.

Ageing analysis of trade receivables

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

	Group	
	2011	**2010**
	RM	**RM**
Neither past due nor impaired	58,146,730	1,853,098
1 to 30 days past due not impaired	-	104,393
31 to 60 days past due not impaired	9,032	117,270
61 to 90 days past due not impaired	263,064	126,936
More than 90 days past due not impaired	1,261,364	1,202,335
More than 365 days past due not impaired	38,794	621,548
	1,572,254	2,172,482
Impaired	5,724,496	5,724,496
	65,443,480	9,750,076

Receivables that are neither past due nor impaired

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

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM1,572,254 (2010: RM2,172,482) that are past due at the reporting date but not impaired. Based on their payment history, the Group believes that no impairment allowance is necessary. These receivables are unsecured.

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17. TRADE AND OTHER RECEIVABLES *cont'd*

(a) Trade receivables *cont'd*

Receivables that are impaired

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

	Group	
	2011	2010
	RM	RM
Trade receivables - nominal amounts	5,724,496	5,724,496
Less: Allowance for impairment losses	(5,724,496)	(5,724,496)
	-	-

Movement in allowance accounts:

	Group	
	2011	2010
	RM	RM
At 1 January	5,724,496	5,524,838
Charge for the year (Note 7)	-	224,085
Reversal of impairment losses (Note 5)	-	(19,306)
Written off	-	(5,121)
At 31 December	5,724,496	5,724,496

Trade receivables that are collectively and individually determined to be impaired at the reporting date mainly relate to balances which have been significantly long outstanding. These receivables are not secured by any collateral or credit enhancements.

(b) Other receivables

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

	Company	
	2011	2010
	RM	RM
Other receivables - nominal amounts	22,768,441	22,720,289
Less: Allowance for impairment losses	(22,768,441)	(22,720,289)
	-	-

17. TRADE AND OTHER RECEIVABLES *cont'd*

(b) Other receivables *cont'd*

Movement in allowance accounts:

	Company	
	2011	2010
	RM	RM
At 1 January	22,720,289	22,914,074
Charge for the year (Note 7)	48,152	26,063
Reversal of impairment losses (Note 5)	-	(219,848)
At 31 December	22,768,441	22,720,289

(c) Amounts due from subsidiaries

These amounts are unsecured, non-interest bearing and are repayable upon demand.

18. OTHER CURRENT ASSETS/(LIABILITIES)

	Group	
	2011	2010
	RM	RM
Prepayments	93,262	45,133
Amount due from customers for contract work (Note 19)	-	5,634,305
	93,262	5,679,438
Amount due to customers for contract work (Note 19)	(24,792,328)	-

19. GROSS AMOUNT DUE (TO)/FROM CUSTOMERS FOR CONTRACT WORK-IN-PROGRESS

	Group	
	2011	2010
	RM	RM
Construction contract costs incurred to date	149,975,982	6,778,392
Attributable profits	10,271,192	888,963
	160,247,174	7,667,355
Less: Progress billings	(185,039,502)	(2,033,050)
	(24,792,328)	5,634,305
Presented as:		
Gross amount due (to)/from customers for contract work (Note 18)	(24,792,328)	5,634,305

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20. PROVISIONS

	Restoration of office RM	Legal claims RM	Total RM
Group			
At 1 January 2010	-	-	-
Arose during the year	20,000	630,000	650,000
At 31 December 2010	20,000	630,000	650,000
Reversal	-	(196,750)	(196,750)
At 31 December 2011	20,000	433,250	453,250
At 31 December 2011			
Current	-	433,250	433,250
Non-current			
Later than 1 year but not later than 2 years	-	-	-
Later than 2 years but not later than 5 years	20,000	-	20,000
	20,000	-	20,000
	20,000	433,250	453,250
At 31 December 2010			
Current	-	630,000	630,000
Non-current:			
Later than 1 year but not later than 2 years	-	-	-
Later than 2 years but not later than 5 years	20,000	-	20,000
	20,000	-	20,000
	20,000	630,000	650,000

Restoration of office

On 1 May 2010, the Group entered into an operating lease for an office building for a term of 3 years and renovation on the office building had taken place in prior year. The provision made represents management's best estimate of the restoration cost based on quotation obtained from a third party.

Legal claims

On 25 May 2010, claims made against competitors of the Group in infringing intellectual property right of one of the Group's subsidiaries failed. The Group is obliged to repay legal costs incurred by the defendant in the suit. The provision made represented proposed claims by the respective solicitors of the defendants received in prior year.

21. LOANS AND BORROWINGS

		Group	
		2011	2010
	Maturity	RM	RM
Secured			
Obligations under finance leases (Note 27)	2011		
Current		-	215,027
Non-current		-	-
		-	215,027

Obligations under finance leases

These obligations were secured by a charge over certain leased assets (Note 12). The average discount rate implicit in the leases in the prior year was 3.2% p.a. These obligations were denominated in RM.

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Current				
Trade payables				
Third parties	12,672,367	5,860,748	-	-
Retention sum payables	1,989,370	-	-	-
	14,661,737	5,860,748	-	-
Other payables				
Accruals	406,800	521,820	167,500	132,626
Other payables	208,791	253,650	23,953	18,293
	615,591	775,470	191,453	150,919
	15,277,328	6,636,218	191,453	150,919
Non-current				
Trade payables				
Retention sum payables	2,002,630	-	-	-
Total trade and other payables, representing total financial liabilities carried at amortised cost	17,279,958	6,636,218	191,453	150,919

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22. TRADE AND OTHER PAYABLES *cont'd*

(a) Trade payables

Trade payables are non-interest bearing and are normally settled on 30 to 90 (2010: 30 to 90) days terms.

Retention sum payables are monies withheld by the Group and will be released to contractors upon expiry of 30 months from the date of completion of work.

(b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of 90 (2010: 90) days.

23. DEFERRED TAX (ASSETS)/LIABILITIES

	Group	
	2011	2010
	RM	RM
At 1 January	10,931	-
Recognised in profit or loss (Note 10)	(2,458,168)	10,931
At 31 December	(2,447,237)	10,931

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

	Property, plant and equipment	Unabsorbed capital allowances and unused tax losses	Provisions and others	Net
	RM	RM	RM	RM
At 1 January 2010	141,368	(219,963)	78,595	-
Recognised in profit or loss	955,326	(262,156)	(682,239)	10,931
At 31 December 2010	1,096,694	(482,119)	(603,644)	10,931
Recognised in profit or loss	241,654	(2,383,400)	(316,422)	(2,458,168)
At 31 December 2011	1,338,348	(2,865,519)	(920,066)	(2,447,237)

23. DEFERRED TAX (ASSETS)/LIABILITIES *cont'd*

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

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Unused tax losses	20,684,923	30,486,488	719,155	705,196
Unabsorbed capital allowances	24,179,718	23,598,716	-	-
Other deductible temporary differences	4,306,240	4,420,496	-	-
	49,170,881	58,505,700	719,155	705,196

The unused tax losses and unabsorbed capital allowances of the Group and of the Company are available for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholdings under the Income Tax Act, 1967 and guidelines issued by the tax authority.

24. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2011	2010	2011	2010
			RM	RM
Authorised:				
At 1 January	300,000,000	300,000,000	300,000,000	300,000,000
Reduction in par value of ordinary shares	-	-	(150,000,000)	-
At 31 December	300,000,000	300,000,000	150,000,000	300,000,000
Issued and fully paid:				
At 1 January	58,726,356	58,726,356	58,726,356	58,726,356
Reduction in par value of ordinary shares	-	-	(29,363,178)	-
Issue of ordinary shares	32,010,656	-	16,005,328	-
At 31 December	90,737,012	58,726,356	45,368,506	58,726,356

At the beginning of the financial year,

(a) the authorised share capital of the Company was RM300 million comprising 300 million ordinary shares of RM1.00 each; and

(b) the issued and paid-up share capital of the Company was RM58,726,356 comprising 58,726,356 ordinary shares of RM1.00 each.

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24. SHARE CAPITAL *cont'd*

During the financial year,

(a) the authorised share capital of the Company was reduced to RM150 million comprising 300,000,000 ordinary shares of RM0.50 each via the reduction in the par value of each ordinary share from RM1.00 each to RM0.50 each; and

(b) the issued and paid-up share capital of the Company was reduced to RM29,363,178 comprising 58,726,356 ordinary shares of RM0.50 each via the cancellation of RM0.50 of the par value of each existing ordinary share of RM1.00 each to be set-off against the accumulated losses of the Company; and

Subsequent to the completion of the above par value cancellation, the Company increased its issued and paid-up share capital from RM29,363,178 to RM45,368,506 by way of issuance of 32,010,656 ordinary shares of RM0.50 each through a Renounceable Rights Issue at an issue price of RM0.50 per ordinary share.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

Warrants 2007/2017

The Warrants 2007/2017 were constituted under a Deed Poll dated 22 November 2007 ("Warrants 2007/2017 Deed Poll") and issued on 21 December 2007 in conjunction with the issuance of the Company's Rights Issue in 2007. The salient features of the warrants are as follows:

(a) each warrant entitles its registered holder to subscribe for one (1) new ordinary share of RM1.00 each at the exercise price during the exercise period; subject to adjustments in accordance with the provisions of the Warrants 2007/2017 Deed Poll;

(b) the exercise price is fixed at RM1.00 per share and the exercise period is ten years commencing on and including the date of issuance which expires on 20 December 2017;

(c) the new ordinary shares of RM1.00 each to be issued pursuant to the exercise of the warrants will rank pari passu in all respects with the existing issued ordinary shares of the Company; and

(d) the Warrants 2007/2017 holders are not entitled to participate in any distribution and/or offer of further securities in the Company until and unless such warrant holders exercise their warrants for new ordinary shares.

The Renounceable Rights Issue mentioned in the preceding paragraphs has resulted in adjustments to both the number and exercise price of the Warrants 2007/2017, which were made in accordance with the provisions of the Warrant 2007/2017 Deed Poll. The revised salient features of the warrants are as follows:

(a) each warrant entitles its registered holder to subscribe for one (1) new ordinary share of RM0.50 each at the exercise price during the exercise period; subject to adjustments in accordance with the provisions of the Warrants 2007/2017 Deed Poll;

(b) the exercise price is fixed at RM0.88 per share and the exercise period is ten years commencing on and including the date of issuance which expires on 20 December 2017;

24. SHARE CAPITAL *cont'd*

Warrants 2007/2017 *cont'd*

(c) the new ordinary shares of RM0.50 each to be issued pursuant to the exercise of the warrants will rank pari passu in all respects with the existing issued ordinary shares of the Company; and

(d) the Warrants 2007/2017 holders are not entitled to participate in any distribution and/or offer of further securities in the Company until and unless such warrant holders exercise their warrants for new ordinary shares.

The movements in the Company's unexercised warrants arising from the adjustments are as follows:

	2011 RM	2010 RM
At 1 January	23,490,542	23,490,542
Issue of warrants	3,264,212	-
At 31 December	26,754,754	23,490,542

25. OTHER RESERVES

	Group	
	2011 RM	2010 RM
Other reserve	475,000	475,000
Foreign currency translation reserve	(172,432)	(199,326)
	302,568	275,674

The movements in each category of reserves were as follows:

	2011 RM	2010 RM
Other reserve		
At 1 January/31 December	475,000	475,000
Foreign currency translation reserve		
Balance at 1 January	(199,326)	(242,766)
Arose during the year	26,894	43,440
Balance at 31 December	(172,432)	(199,326)

(a) Other reserve

The other reserve is in respect of capitalisation of retained profits by a subsidiary for a bonus issue.

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25. OTHER RESERVES *cont'd*

(b) Foreign currency translation reserve

The foreign currency translation reserve represents foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

26. RELATED PARTY DISCLOSURES

(a) Significant related party transactions

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

	Group	
	2011	2010
	RM	RM
Construction contract revenue		
- A company related to directors	108,670,874	-
- Related companies	24,973,728	7,637,521
Sub-construction contracts		
- A company related to directors	31,541,457	-
Sale of finished goods		
- Related companies of a former corporate shareholder	-	1,474,227
Purchase of motor vehicles		
- A company related to directors	380,000	-
- Related companies of a former corporate shareholder	154,000	-

A company related to directors during the financial year under the construction contract revenue refers to Permatang Bakti Sdn. Bhd., a company in which two of the directors of the Company, Tee Eng Ho and Toh Siew Chuon are the directors.

A company related to directors during the financial year under the sub-construction contracts refers to Kerjaya Prospek (M) Sdn. Bhd., a company in which three of the directors of the Company, Tee Eng Ho, Tee Eng Seng and Toh Siew Chuon are the directors.

Related companies of a former corporate shareholder refer to a group of companies related to a former corporate shareholder, E&O Property Development Berhad, in which the previous directors, Kamil Ahmad Merican and Chan Kok Leong are directors.

(b) Compensation of key management personnel

The key management personnel comprised mainly executive and non-executive directors of the Group and of the Company. The directors' remuneration is disclosed in Note 9.

27. COMMITMENTS

(a) Operating lease commitments – as lessee

The Group has entered into commercial lease on office buildings. The lease have an average tenure of two years with two-year renewal option with contingent rent provision included in the contract. There are no restrictions placed upon the Group by entering into the lease.

Future minimum rentals payable under non-cancellable operating lease at the reporting date are as follows:

	Group	
	2011	2010
	RM	RM
Not later than 1 year	96,000	153,600
Later than 1 year and not later than 5 years	64,000	126,400
	160,000	280,000

(b) Finance lease commitments

The Group has finance leases for certain plant and machinery and motor vehicle (Note 12). These leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term.

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

	Group	
	2011	2010
	RM	RM
Minimum lease payments:		
Not later than 1 year	-	218,384
Later than 1 year but not later than 2 years	-	-
Total minimum lease payments	-	218,384
Less: Amounts representing finance charges	-	(3,357)
Present value of minimum lease payments	-	215,027

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27. COMMITMENTS *cont'd*

(b) Finance lease commitments *cont'd*

	Group 2011 RM	Group 2010 RM
Present value of payments:		
Not later than 1 year	-	215,027
Later than 1 year but not later than 2 years	-	-
Present value of minimum lease payments	-	215,027
Less: Amount due within 12 months (Note 21)	-	(215,027)
Amount due after 12 months (Note 21)	-	-

28. FAIR VALUE OF FINANCIAL INSTRUMENTS

Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

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

	Note
Trade and other receivables (current and non-current)	17
Loans and borrowings (current)	21
Trade and other payables (current and non-current)	22

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

Amounts due from subsidiaries, finance lease obligations and non-current trade receivables and payables

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

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *cont'd*

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken.

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

(a) Credit risk

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

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

Exposure to credit risk

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

Information regarding credit enhancements for trade and other receivables is disclosed in Note 17.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the business segment of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are mainly arising from the construction segment.

At the reporting date, the Group has significant concentration of credit risk in the form of outstanding balances due from 3 (2010: nil) debtors in the construction segment representing 95% (2010: nil) of the gross trade receivables.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 17.

Financial assets that are either past due or impaired

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

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29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *cont'd*

(b) Liquidity risk

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

Analysis of financial instruments by remaining contractual maturities

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

	2011			
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
Financial liabilities:				
Trade and other payables	15,277,328	2,002,630	-	17,279,958
Company				
Financial liabilities:				
Trade and other payables	191,453	-	-	191,453

	2010			
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
Financial liabilities:				
Trade and other payables	6,636,218	-	-	6,636,218
Company				
Financial liabilities:				
Trade and other payables	150,919	-	-	150,919

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *cont'd*

(c) Interest rate risk

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

As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature.

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

Information on the carrying amounts, average interest rates as at balance sheet date and the remaining maturities of the Group's instruments that are exposed to interest rate risk are disclosed in Note 21.

(d) Foreign currency risk

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

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States Dollar and Australian Dollar. Foreign exchange exposures in these transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The net unhedged financial assets and liabilities of the Group that are not denominated in the functional currency is as follows:

	Group	
	2011	**2010**
	RM	**RM**
United States Dollar ("USD")	1,971,645	3,440,617
Australian Dollar ("AUD")	129,892	463,722
	2,101,537	3,904,339

<u>Sensitivity analysis for foreign currency risk</u>

The following table demonstrates the sensitivity of the Group's profit/(loss) net of tax to a reasonably possible change in the USD and AUD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

Notes to the financial statements
31 December 2011
cont'd

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *cont'd*

(d) Foreign currency risk *cont'd*

Sensitivity analysis for foreign currency risk *cont'd*

		Increase/(decrease) in profit/(loss) net of tax	
		2011	2010
		RM	RM
USD/RM	- strengthened 10%	(197,165)	344,062
	- weakened 10%	197,165	(344,062)
AUD/RM	- strengthened 2%	(2,598)	9,274
	- weakened 2%	2,598	(9,274)

30. CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2011 and 2010.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio at an acceptable limits. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital represents equity attributable to the owners of the parent.

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Loans and borrowings	-	215,027	-	-
Trade and other payables	17,279,958	6,636,218	191,453	150,919
Less: Cash and bank balances	(13,652,436)	(5,055,438)	(565,057)	(12,941)
Net debt/(credit)	3,627,522	1,795,807	(373,604)	137,978
Equity attributable to the owners of the parent, representing total capital	49,200,700	27,600,711	34,240,202	20,213,566
Capital and net debt, excluding net credit	52,828,222	29,396,518	34,240,202	20,351,544
Gearing ratio	7%	6%	0%	1%

Notes to the financial statements

31 December 2011
cont'd

31. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

(i) Manufacturing segment - Manufacturing, supply and installation of light fitting and kitchen cabinetry and related products.

(ii) Construction segment - Supply and installation of aluminium works, interior fixtures and provision of contract workmanship.

(iii) Investments and others

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

	Construction	Manufacturing	Investments and others	Elimination	Total
	RM	RM	RM	RM	RM
31 December 2011					
Revenue					
External sales	134,902,650	3,683,235	-	-	138,585,885
Inter-segment sales	27,126,221	3,616,737	-	(30,742,958)	-
Total revenue	162,028,871	7,299,972	-	(30,742,958)	138,585,885
Results					
Segment results	10,365,171	(1,946,204)	(2,064,953)	523,010	6,877,024
Finance costs					(2,171,731)
Profit before tax					4,705,293
Taxation					862,474
Profit for the year					5,567,767

Notes to the financial statements
31 December 2011
cont'd

31. SEGMENT INFORMATION *cont'd*

	Construction	Manufacturing	Investments and others	Elimination	Total
	RM	RM	RM	RM	RM
31 December 2011					
Assets					
Segment assets	63,459,538	57,802,854	34,621,105	(63,792,918)	92,090,579
Unallocated assets					905,384
Consolidated total assets					92,995,963
Liabilities					
Segment liabilities	(57,582,355)	(69,208,212)	(41,115,503)	125,380,534	(42,525,536)
Unallocated liabilities					(1,269,727)
Consolidated total liabilities					(43,795,263)
Other information					
Depreciation	121,790	1,035,795	27,729	-	1,185,314
Amortisation of intangible asset	6,466	-	-	-	6,466

	Construction	Manufacturing	Investments and others	Elimination	Total
	RM	RM	RM	RM	RM
31 December 2010					
Revenue					
External sales	7,637,521	10,296,120	-	-	17,933,641
Inter-segment sales	-	2,010,954	-	(2,010,954)	-
Total revenue	7,637,521	12,307,074	-	(2,010,954)	17,933,641
Results					
Segment results	500,562	(2,480,650)	(8,421,610)	8,270,636	(2,131,062)
Finance costs					(53,834)
Loss before tax					(2,184,896)
Taxation					(268,554)
Loss for the year					(2,453,450)

31. SEGMENT INFORMATION *cont'd*

	Construction RM	Manufacturing RM	Investments and others RM	Elimination RM	Total RM
31 December 2010					
Assets					
Segment assets	14,074,928	28,614,058	20,580,466	(29,123,091)	34,146,361
Unallocated assets					1,159,334
Consolidated total assets					35,305,695
Liabilities					
Segment liabilities	(13,011,709)	(43,635,113)	(40,838,355)	89,983,932	(7,501,245)
Unallocated liabilities					(203,739)
Consolidated total liabilities					(7,704,984)
Other information					
Depreciation	4,034	1,402,654	193,271	-	1,599,959
Inventories written back	-	(1,128,199)	-	-	(1,128,199)
Bad debts written off	-	12,468	9,023	-	21,491
Impairment loss on					
- property, plant and equipment	-	777,417	-	-	777,417
- other investments	-	17,000	-	-	17,000
- trade receivables	-	224,085	-	-	224,085

Notes to the financial statements
31 December 2011
cont'd

32. SUPPLEMENTARY INFORMATION - BREAKDOWN OF RETAINED PROFIT/(ACCUMULATED LOSSES) INTO REALISED AND UNREALISED

The breakdown of the retained profit/(accumulated losses) of the Group and of the Company as at 31 December 2011 into realised and unrealised profit/(losses) is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Listing Requirements of Bursa Malaysia Securities Berhad, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Total retained profit/(accumulated losses) of the Company and its subsidiaries				
- Realised	(61,900,103)	(95,065,914)	(11,128,304)	(38,512,790)
- Unrealised	158,820	(1,083,304)	-	-
	(61,741,283)	(96,149,218)	(11,128,304)	(38,512,790)
Less: Consolidation adjustments	65,270,909	64,747,899	-	-
Retained profit/(accumulated losses) as per financial statements	3,529,626	(31,401,319)	(11,128,304)	(38,512,790)

List of Property Owned by the Group
as at 31 December 2011

Address/Location	Tenure	Area (square metre)	Description/ Existing Use	Approximate Age of Building	Net Carrying Amount (RM'000)	Date of Last Revaluation (R)/ Acquisition (A)
Pajakan Mukim PM640 Lot No. 10492 Tempat Batu 28 Ijok Mukim Ijuk District Kuala Selangor Negeri Selangor	Leasehold Expiring in 2077	13,961	factory	8 years	3,836	R: 11.05.2011

Analysis of Shareholdings
as at 30 April 2012

Authorised Share Capital	: RM300,000,000
Paid-up Share Capital	: RM90,737,009
Class of Shares	: Ordinary Shares of RM0.50 each
Voting Rights	: One (1) vote per ordinary share

**ANALYSIS BY SIZE OF HOLDINGS AS AT 30/4/2012
(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME PERSON)**

Size of Shareholdings	No. of Holders	%	No. of Holdings	%
1 – 99	291	18.44	7,382	0.01
100 – 1,000	591	37.45	368,102	0.41
1,001 – 10,000	506	32.07	1,851,484	2.04
10,001 – 100,000	150	9.50	5,174,784	5.70
100,001 – 4,536,849 (*)	38	2.41	20,161,467	22.22
4,536,850 and above (**)	2	0.13	63,173,790	69.62
Total	1,578	100.00	90,737,009	100.00

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

THE 30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 30 APRIL 2012

No.	Holder Name	No. of Holdings	%
1	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR EGOVISION SDN. BHD. (ESS2. 7189-9)	46,269,783	50.99
2	EGOVISION SDN BHD	16,904,007	18.63
3	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TOH SIEW CHUON	2,382,700	2.63
4	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOO SOO LOONG	2,000,000	2.20
5	LUM KWOK WENG @ LUM KOK WENG	1,358,200	1.50
6	TEE SUN EE	1,331,000	1.47
7	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR YAP CHING LOON (SMART)	1,280,500	1.41
8	MAYBANK NOMINEES (TEMPATAN) SDN BHD TEE TONG LAI	1,000,000	1.10
9	SALTER’S ASSETS LIMITED	1,000,000	1.10
10	SEE BOON YONG	1,000,000	1.10
11	SOONG CHEE KEONG	655,400	0.72

Analysis of Shareholdings
as at 30 April 2012
cont'd

THE 30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 30 APRIL 2012 *cont'd*

No.	Holder Name	No. of Holdings	%
12	HUANG PHANG LYE	520,000	0.57
13	HDM NOMINEES (TEMPATAN) SDN BHD DBS VICKERS SECS (S) PTE LTD FOR YEAP POH CHIM	467,000	0.51
14	TAI KOK WEI	463,000	0.51
15	LOH LEE FONG	446,100	0.49
16	HO WEI FUN	437,400	0.48
17	HDM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG WYMIN (M09)	409,600	0.45
18	LIM KOK WEI	400,000	0.44
19	ECML NOMINEES (TEMPATAN) SDN. BHD DERRICK KONG YING KIT (PCS)	390,000	0.43
20	AFFIN NOMINEES (ASING) SDN BHD UOB KAY HIAN PTE LTD FOR CHAN TZE LEUNG ROBERT	358,600	0.40
21	HLG NOMINEE (TEMPATAN) SDN BHD HONG LEONG BANK BHD FOR TEH SHIOU CHERNG	345,700	0.38
22	TAN JOO TIAN	329,500	0.36
23	NETUREN CO LTD	326,667	0.36
24	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAWRENCE LIM SWEE LIN (470393)	300,000	0.33
25	TAN KIM HENG	300,000	0.33
26	CHIM LUANG ENG	261,500	0.29
27	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TOH SIEW HII	237,800	0.26
28	KOH SOOI KWANG	235,100	0.26
29	CHAN SWEE FUK @ CHAN SWEE FATT	233,800	0.26
30	LEONG YUEN YEE	200,000	0.22

Analysis of Shareholdings
as at 30 April 2012
cont'd

DIRECTORS' SHAREHOLDINGS
as per the Register of Directors' Shareholdings as at 30 April 2012

		No. of Shares Held			
No.	**Name of Directors**	**Direct**	**%**	**Indirect**	**%**
1	Tee Eng Ho	-	-	63,173,790 [1]	69.62 *
2	Loo Soo Loong	2,060,000	2.27	-	-
3	Tee Eng Seng	-	-	63,173,790 [2]	69.62 *
4	Toh Siew Chuon	2,382,700	2.63	-	-
5	Khoo Siong Kee	-	-	-	-
6	Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof	-	-	-	-
7	Lim Kien Lai @ Lim Kean Lai	20,000	0.02	-	-

Note:-
* *Deemed interested by virtue of his interest in Egovision Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.*

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS
as per the Register of Substantial Shareholders' as at 30 April 2012

		No. of Shares Held			
No.	**Name of Substantial Shareholders**	**Direct**	**%**	**Indirect**	**%**
1	Egovision Sdn. Bhd.	63,173,790	69.62	-	-
2	Tee Eng Ho	-	-	63,173,790	69.62*
3	Tee Eng Seng	-	-	63,173,790	69.62*

Note:-
* *Deemed interested by virtue of his interest in Egovision Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.*

Analysis of Warrantholdings
as at 30 April 2012

No. of 2007/2017 Warrants issued : 26,754,754
No. of 2007/2017 Warrants outstanding : 26,754,754

ANALYSIS BY SIZE OF HOLDINGS AS AT 30 APRIL 2012

Size of Warrantholdings	No. of Holders	%	No. of Holdings	%
1 – 99	110	23.61	5,518	0.02
100 – 1,000	82	17.60	48,866	0.18
1,001 – 10,000	166	35.62	612,278	2.29
10,001 – 100,000	74	15.88	2,702,675	10.10
100,001 – 1,337,736 (*)	31	6.65	7,887,859	29.48
1,337,737 and above (**)	3	0.64	15,497,558	57.93
Total	466	100.00	26,754,754	100.00

Remark:
** Less than 5% of Issued Holdings.*
*** 5% and above of Issued Holdings.*

THE 30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 30 APRIL 2012

No.	Holder Name	No. of Holdings	%
1	EGOVISION SDN BHD	11,247,442	42.04
2	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR CHIA KWOON MENG (MM0678)	2,764,688	10.33
3	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR YAP CHING LOON (SMART)	1,485,428	5.55
4	DERRICK KONG YING KIT	800,096	2.99
5	LIM KOK WEI	523,926	1.96
6	CHEW CHOONG SIAM	514,032	1.92
7	CHIN KIAN WAH	494,200	1.85
8	LEE KOK GUAN	409,088	1.53
9	LOH LEE FONG	400,000	1.50
10	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TOH SIEW CHUON	372,443	1.39
11	HO WEI FUN	316,800	1.18
12	TAN LIAM KWEE	305,530	1.14
13	SOONG CHEE KEONG	298,560	1.12

Analysis of Warrantholdings
as at 30 April 2012
cont'd

THE 30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 30 APRIL 2012 *cont'd*

No.	Holder Name	No. of Holdings	%
14	HLG NOMINEE (TEMPATAN) SDN BHD HONG LEONG BANK BHD FOR TEH SHIOU CHERNG	281,800	1.05
15	ECML NOMINEES (TEMPATAN) SDN. BHD PLEDGED SECURITIES ACCOUNT FOR YEAP GEK @ YEAP POH CHIM (001)	225,402	0.84
16	KOH SOOI KWANG	208,773	0.78
17	HUANG PHANG LYE	201,558	0.75
18	HLG NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PANG YANG CHUNG	199,319	0.74
19	ANDY TAN CHO YEOW	191,986	0.72
20	HDM NOMINEES (TEMPATAN) SDN BHD DBS VICKERS SECS (S) PTE LTD FOR YEAP POH CHIM	183,855	0.69
21	HAUW TIO HIONG	173,487	0.65
22	LIM KOK SENG	170,845	0.64
23	MOHAMED AZMI BIN MAHMOOD	169,797	0.63
24	THAM CHI WAI	150,000	0.56
25	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG YOKE YEN	149,455	0.56
26	CHIM LUANG ENG	140,758	0.53
27	GOH SIEW TEE	139,523	0.52
28	AFFIN NOMINEES (ASING) SDN BHD UOB KAY HIAN PTE LTD FOR CHAN TZE LEUNG ROBERT	136,676	0.51
29	TAN JOO TIAN	136,676	0.51
30	ANG HONG MAI	135,969	0.51

DIRECTORS' WARRANTHOLDINGS AS AT 30 APRIL 2012

		No. of Warrants Held			
No.	Name of Directors	Direct	%	Indirect	%
1	Tee Eng Ho	-	-	11,247,442	42.04 *
2	Loo Soo Loong	27,335	0.10	-	-
3	Tee Eng Seng	-	-	11,247,442	42.04 *
4	Toh Siew Chuon	372,443	1.39	-	-
5	Khoo Siong Kee	-	-	-	-
6	Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof	-	-	-	-
7	Lim Kien Lai @ Lim Kean Lai	-	-	-	-

Note:-
* *Deemed interested by virtue of his interest in Egovision Sdn. Bhd. pursuant to Section 6A.*

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Eighth Annual General Meeting of the Company will be held at No. 1, Jalan Wangsa Permai, 1st Floor, Bangunan One Wangsa, Taman Wangsa Permai, 52200 Kuala Lumpur on Wednesday, 13 June 2012 at 10.00 a.m. to transact the following businesses:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2011 and the Reports of Directors and Auditors thereon. ***Ordinary Resolution 1***

2. To approve payment of Directors' fees. ***Ordinary Resolution 2***

3. To re-elect the following Directors retiring in accordance with the Company's Articles of Association:-

   (i) Mr Loo Soo Loong (Article 89) ***Ordinary Resolution 3***
   (ii) Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof (Article 89) ***Ordinary Resolution 4***
   (iii) Mdm Toh Siew Chuon (Article 83) ***Ordinary Resolution 5***
   (iv) Mr Lim Kien Lai @ Lim Kean Lai (Article 83) ***Ordinary Resolution 6***

4. To appoint Auditors and authorise the Directors to determine their remuneration. ***Ordinary Resolution 7***

   Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965 (a copy of which is annexed and marked "Annexure A" to the Annual Report 2011) has been received by the Company for the nomination of Messrs Ong & Wong, who have given their consent to act, for appointment as Auditors of the Company.

5. As Special Business to consider and if thought fit, to pass the following Resolutions, with or without modifications: -

   ORDINARY RESOLUTION - AUTHORITY TO ISSUE SHARES

   "THAT subject always to the Companies Act, 1965 and the approvals of the relevant authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this Resolution does not exceed 10% of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." ***Ordinary Resolution 8***

   ORDINARY RESOLUTION - PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

   "THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Bursa Malaysia Securities Berhad Main Market Listing Requirements, approval be and is hereby given to the Company and its subsidiaries ("Fututech Group") to enter into all transactions involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the Group ("Related Parties") as specified in Section 1.2.2 of Proposed Shareholders' Mandate in the Circular to Shareholders dated 21 May 2012 ("Recurrent RPTs") provided that such transactions are:- ***Ordinary Resolution 9***

Notice of Annual General Meeting
cont'd

(i) recurrent transactions of a revenue or trading nature;
(ii) necessary for the day-to-day operations;
(iii) carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
(iv) are not to the detriment of the minority shareholders,

("RRPT Mandate").

AND THAT such approval shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting of the Company, at which time it will lapse, unless by a resolution passed at that meeting, the authority is renewed; or
(b) the expiration of the period within which the next Annual General Meeting of the Company is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
(c) revoked or varied by a resolution passed by shareholders in a general meeting; or

whichever is earlier; and the aggregate value of the Recurrent RPTs be disclosed in the annual report of the Company.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give full effect to the RRPT Mandate."

SPECIAL RESOLUTION - PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

"THAT the amendments to the Articles of Association of the Company in the manner detailed in the Circular to Shareholders dated 21 May 2012 be and are hereby approved." ***Special Resolution 1***

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

BY ORDER OF THE BOARD

SEOW FEI SAN
MOK MEE KEE
Secretaries

Selangor
21 May 2012

Notice of Annual General Meeting
cont'd

Notes:

1. *Only depositors whose names appear in the Record of Depositors as at 5 June 2012 shall be regarded as members and entitled to attend, speak and vote at the Meeting.*

2. *A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company, an advocate, an approved company auditor, or a person approved by the Registrar.*

3. *A member of the Company may appoint more than one (1) proxy to attend at the same meeting. Where a member appoints two (2) or more proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.*

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

5. *A Power of Attorney or a certified copy thereof or the instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing.*

6. *The Form of Proxy must be deposited at the Registered Office of the Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*

7. *Explanatory notes on Special Business:*

   Resolution 8 – Authority to Issue Shares

   The Proposed Ordinary Resolution 8, if passed, will give the Directors of the Company, from the date of the Twenty-Eighth Annual General Meeting, authority to issue shares from the unissued capital of the Company for such purposes as the Directors may deem fit and in the interest of the Company. The authority, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

   As at the date of this Notice, no new shares in the Company were issued pursuant to the authority granted to the Directors at the Twenty-Seventh Annual General Meeting held on 29 June 2011 and which will lapse at the conclusion of the Twenty-Eighth Annual General Meeting.

   The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

   Resolution 9 – Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

   The proposed Ordinary Resolution 9, if passed, will enable the Company and/or its Subsidiaries to enter into recurrent transactions involving the interests of Related Parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company. Further information on the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature is set out in the Circular to Shareholders dated 21 May 2012, which is despatched together with the Company's Annual Report 2011.

   Special Resolution 1- Proposed Amendments to the Articles of Association of the Company

   The proposed Special Resolution 1, is mainly made to comply with the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Further information on the Proposed Amendments to the Articles of Association of the Company is set out in the Circular to Shareholders dated 21 May 2012, which is despatched together with the Company's Annual Report 2011.

Appendix A

Toh Siew Chuon
No. 41 Jalan SS19/4G
47630 Subang Jaya
Selangor Darul Ehsan

25 April 2012

The Board of Directors
Fututech Berhad
802, 8th Floor
Block C, Kelana Square
17, Jalan SS7/26
47301 Petaling Jaya
Selangor Darul Ehsan

Dear Sirs

RE: NOTICE OF NOMINATION OF MESSRS ONG & WONG

Pursuant to Section 172(11) of the Companies Act, 1965, I, being a shareholder of Fututech Berhad (Company No. 122592-U), hereby give notice of my intention to nominate Messrs Ong & Wong for the appointment as auditors of the Company, subject to their consent to act, and to propose the following ordinary resolution to be tabled at the forthcoming Annual General Meeting of the Company, to replace the retiring auditors, Messrs Ernst & Young:-

"That Messrs Ong & Wong be and are hereby appointed as Auditors of the Company, subject to their consent to act, in place of the retiring Auditors, Messrs Ernst & Young and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

Your faithfully,

TOH SIEW CHUON
Shareholder of FUTUTECH BERHAD

FUTUTECH BERHAD (122592-U)
(Incorporated in Malaysia)

PROXY FORM

CDS Account No.

I/We, ____
(FULL NAME IN BLOCK)

NRIC No./Company No. ______________________ of ______________________

____
(ADDRESS)

being a member/members of **Fututech Berhad** (the "Company") hereby appoint ______________________

____ (NRIC ______________________)
(FULL NAME)

of ____
(ADDRESS)

or failing him/her, ______________________________ (NRIC ______________________)
(FULL NAME)

of ____
(ADDRESS)

as *my/our proxy, to vote for *me/us and on *my/our behalf at the Twenty-Eighth Annual General Meeting ("AGM") of the Company to be held at No. 1, Jalan Wangsa Permai, 1st Floor, Bangunan One Wangsa, Taman Wangsa Permai, 52200 Kuala Lumpur on Wednesday, 13 June 2012 at 10.00 a.m., or at any adjournment thereof and to vote as indicated below:-

	FOR	AGAINST
ORDINARY RESOLUTION 1		
ORDINARY RESOLUTION 2		
ORDINARY RESOLUTION 3		
ORDINARY RESOLUTION 4		
ORDINARY RESOLUTION 5		
ORDINARY RESOLUTION 6		
ORDINARY RESOLUTION 7		
ORDINARY RESOLUTION 8		
ORDINARY RESOLUTION 9		
SPECIAL RESOLUTION 1		

Please indicate with an "X" in the space provided above how you wish your votes to be cast on the resolutions specified. If no specific direction as to the voting is given, the Proxy will vote or abstain at his/her discretion.

Dated this ____________ day of ______________ 2012

____
Signature of Member/Common Seal

Number of Ordinary Shares Held

Notes:

1. *Only depositors whose names appear in the Record of Depositors as at 5 June 2012 shall be regarded as members and entitled to attend, speak and vote at the Meeting.*
2. *A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company, an advocate, an approved company auditor, or a person approved by the Registrar.*
3. *A member of the Company may appoint more than one (1) proxy to attend at the same meeting. Where a member appoints two (2) or more proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.*
4. *Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
5. *A Power of Attorney or a certified copy thereof or the instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing.*
6. *The Form of Proxy must be deposited at the Registered Office of the Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*
7. *Explanatory notes on Special Business.*

Fold This Flap For Sealing

Then Fold Here

Affix
Stamp

The Company Secretary

FUTUTECH BERHAD
(122592-U)

802, 8th Floor, Block C
Kelana Square, 17 Jalan SS7/26
47301 Petaling Jaya
Selangor Darul Ehsan

1st Fold Here