FUTUTECH BERHAD
(122592-U)

ANNUAL REPORT 2012

FUTUTECH

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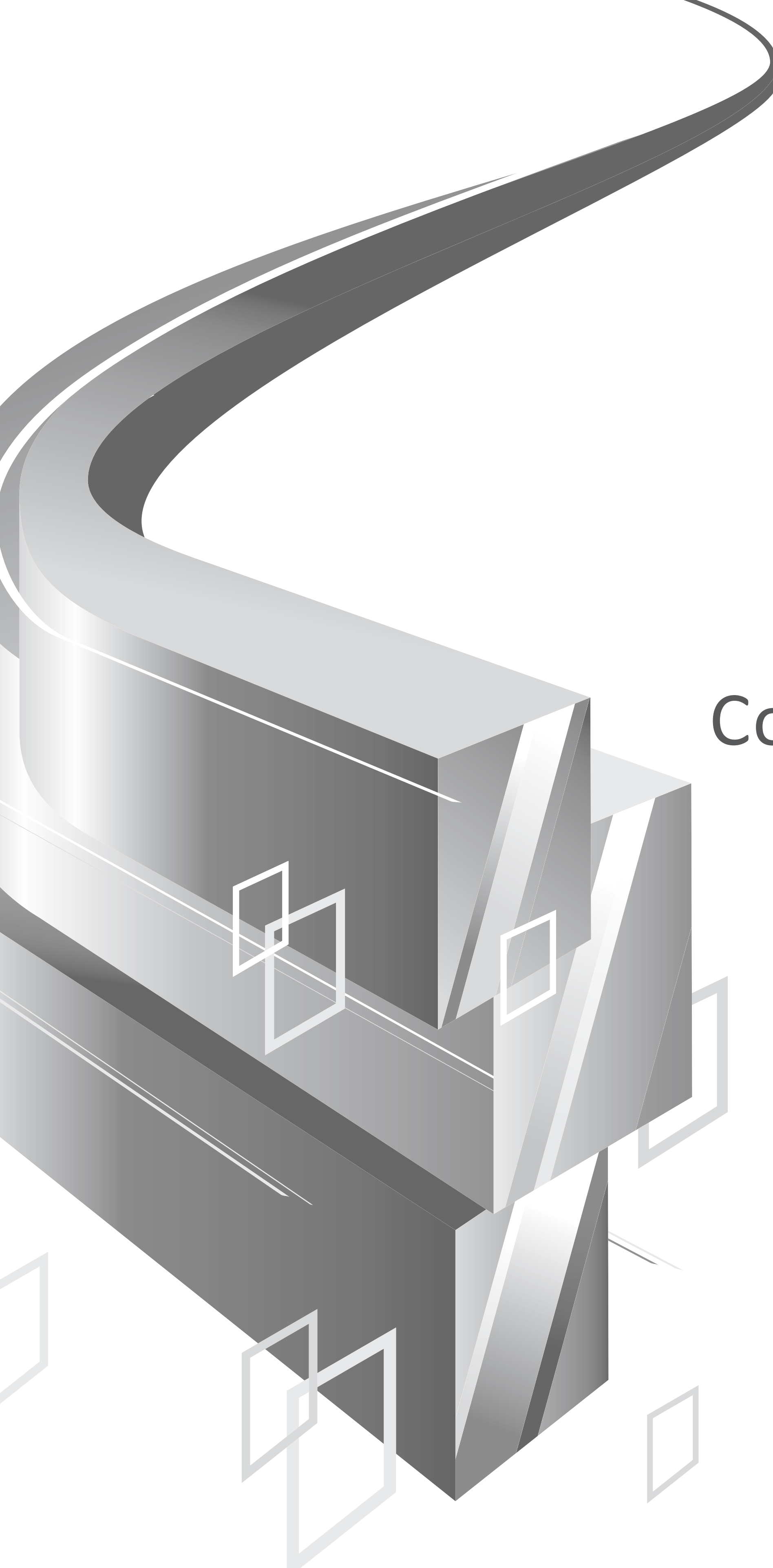

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Corporate Information

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

Mr Khoo Siong Kee
Senior 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

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

Ong & Wong
Chartered Accountants Malaysia
Unit C-20-5, Block C
20th Floor, Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel : 603-2161 1000
Fax : 603-2166 9131

PRINCIPAL BANKERS

Hong Leong Bank Berhad
Ambank (M) Berhad
Malayan Banking Berhad
RHB Bank Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

WEBSITE

www.fututech.com.my

TEE ENG HO
Executive Chairman
Malaysian, 48 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 and 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 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, 43 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 and property management and has undertaken various construction projects in Malaysia.

TOH SIEW CHUON
Executive Director
Malaysian, 46 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
Senior Independent Non-Executive Director
Malaysian, 63 years of age

Khoo Siong Kee, a Chartered Accountant trained in Australia, was appointed as a 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.

PROFESSOR DATUK DR. NIK MOHD ZAIN BIN NIK YUSOF
Independent Non-Executive Director
Malaysian, 66 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, 61 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 16 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.*

FUTUTECH 富德

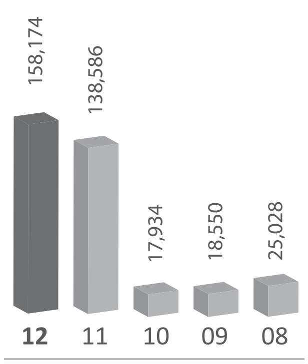
FUTUTECH BERHAD

- **100%**
  Acumen Industries Limited, Hong Kong
- **100%**
  Acumen Marketing Sdn. Bhd.
- **100%**
  Advance Industries Sdn. Bhd.
  - **100%**
    Ace Equity Sdn. Bhd.
- **100%**
  Bazarbayu Sdn. Bhd.
- **100%**
  Futumeds Sdn. Bhd.
- **100%**
  Fututech (Labuan) Ltd.
  - **100%**
    Acumen Design & Development Solutions Limited, Hong Kong
- **100%**
  Lighting Louvres Manufacturing Sdn. Bhd.
- **100%**
  Senandung Raya Sdn. Bhd.

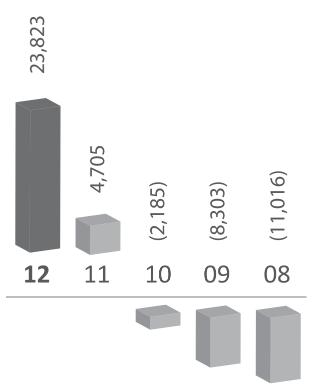
5-Years Group Financial Summary

	2012 RM'000	2011 RM'000	2010 RM'000	2009 RM'000	2008 RM'000
Revenue	**158,174**	138,586	17,934	18,550	25,028
Profit/(loss) before taxation	**23,823**	4,705	(2,185)	(8,303)	(11,016)
Profit/(loss) after taxation and minority interest	**23,422**	5,568	(2,453)	(8,302)	(10,894)
Dividend - (Amount net of tax)	**-**	-	-	-	-
Total Assets	**130,657**	92,996	35,306	34,938	48,052
Shareholders' Fund	**72,631**	49,201	27,601	30,011	38,396
Net Tangible Assets	**72,631**	49,201	27,601	30,011	38,334
	Sen	Sen	**Sen**	**Sen**	**Sen**
Net Tangible Assets per share	**80.05**	54.22	47.00	51.10	65.28
Profit/(loss) per share	**25.81**	8.17	(4.18)	(14.14)	(18.55)

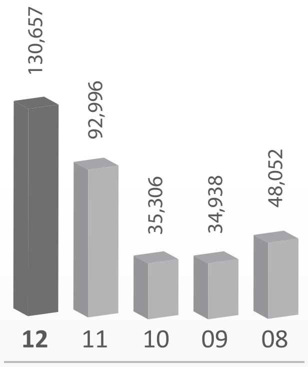
Revenue
(RM'000)



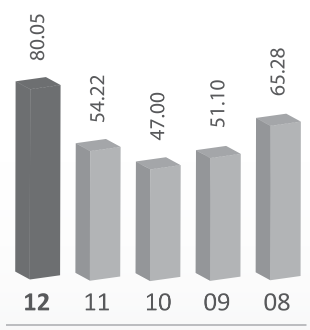
Profit/(Loss) Before Taxation
(RM'000)



Total Assets
(RM'000)



Net Tangible Assets Per Share
(sen)



ECONOMIC OVERVIEW

Growth moderated in the global economy amid a more challenging environment compared to 2011 although market sentiments improved towards the later part of the year after firmer commitments and steps were taken by authorities to resolve the European sovereign debt crisis. With a strong growth of 5.6% being recorded by Malaysia in 2012 as compared to 5.1% in its previous year, the overall growth performance was driven by higher growth in domestic demand, which outweighed the negative impact from the weak external environment. Domestic demand recorded the highest rate of expansion over the recent decade, underpinned by higher consumption and private investment.

On the supply side, all economic sectors continued to expand in 2012. The construction sector benefited from the strong expansion in investment activity, registering its highest pace of growth since 1995. The growth of domestic demand activities, particularly in the services and manufacturing sectors, was supported by the strong performance of domestic demand. Of particular interest is the construction sector which recorded a robust growth of 18.5% driven mainly by civil engineering sub-sector which covers mega projects in the transport, utilities and oil & gas areas. Residential and non-residential sub-sectors also contributed to the expansion in the sector where the performance of the residential sub-sector was underpinned by the construction of the high-end properties in the Klang Valley, Penang and Johor, following robust launches in year, 2010 and 2011. Industrial projects in the Samalaju Industrial Park, tourism projects in Iskandar and commercial projects in the Klang Valley supported growth in the non-residential sub-sector in addition to constructions of learning and health institutions.

[Source: Annual Report 2012, Bank Negara Malaysia]

GROUP REVIEW

The year 2012 saw Group activities in the construction arm gaining considerable momentum on the back of completing the St. Mary Residences, Kuala Lumpur and one of its Seri Tanjung Pinang, Pulau Pinang projects. Group revenue jumped 14% from its previous year of RM138.59 million to RM158.17 million with significantly higher construction revenue being achieved during the first half of the year whilst manufacturing activities were centered mainly on supporting the construction segment of the Group. For the year under review, profit after tax of the Group improved substantially from its previous year of RM5.57 million to RM23.42 million as a result of the year's increased turnover and improved margin under the construction arm. With better performance, the Group continues to boost its financial health after the restructuring of the Group undertaken in year 2011.

As a further expansion into the construction and property sectors, the Group had entered into two (2) transactions to purchase lands with potential property development opportunity. With the Group's current experience, resources and financial ability, the venture into property development will certainly complement the existing businesses and enhance future earnings of the Group over the medium to long term period.

2013 PROSPECTS

The Malaysian economy is expected to continue its growth between 5-6% in 2013 with the support of a resilient domestic demand and an improving external sector outlook. The services and manufacturing sectors are expected to be the key contributors to overall growth especially with the construction sector projected to remain strong in view of the implementation of the on-going and proposed infrastructure projects, amongst others.

[Source: Annual Report 2012, Bank Negara Malaysia]

As Fututech Berhad establishes itself as a reliable and high quality builder with supporting manufacturing abilities, it will continue to enhance its construction services such as providing clients with design and build options and enter into property development opportunities to further enhance Group's earnings and its overall well-being.

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

Date: 20 May 2013

The Board of Directors ("the Board") of Fututech Berhad ("Fututech" or "The Company") is pleased to report that for the financial year ended 31 December 2012, the Company has continued to apply good governance practices in managing and directing the business of the Group by adopting the principles and the best practices prescribed in the latest Malaysian Code on Corporate Governance ("the Code") released by the Securities Commission Malaysia in March 2012.

The Board has conducted a review of its current practices and proceedings against the principles and recommendations in the Code. The result of this review has been used as the basis for the Board in describing the application of the Principles and the extent of compliance with the Best Practices advocated therein in compliance with the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

BOARD OF DIRECTORS

It is the overall governance responsibilities of the Board to lead and control the Group. The Board plans the business directions, development and control of the Group and has taken initiatives to embrace the responsibilities listed in the Code, which facilitates the discharge of the Board's stewardship responsibilities. When implementing the business plan, the Executive Directors are responsible for making and implementing operational and corporate decisions while the Non-Executive Directors play an important role in corporate accountability by providing unbiased and independent views, advice and judgment in safeguarding the interests of the shareholders.

The Board has seven (7) members comprising four (4) Executive Directors and three (3) Independent Non-Executive Directors. The present number of the Independent Directors exceeds the prescribed number of independent directors provided in the Listing Requirements of Bursa Securities. The Board is of the view that its current composition is able to ensure the balance of power and authority on the Board. The Board Chairman is an Executive Director and remains so after due assessment and reviewed by the Nomination Committee which had taken into consideration the following justifications:

a) The Chairman's vast experience in managing the Group's main business in the property and construction areas which would enable him to provide the Board with a diverse set of experience, expertise and skills to better manage and run the Group;

b) The Chairman has demonstrated his objectivity in deliberating and making decision aligning with the shareholders' interest at large during his tenure as Executive Chairman of the Company.

The Board is supportive of gender diversity policy. Presently, the Board has a female Executive Director. In its selection of board members, the Board provides equal opportunity to candidates who have the relevant skills, experience, competencies and other qualities vi-a-vis the Group present business portfolios and prospective investments.

The Board members consist of members from diverse backgrounds from various fields. Together they bring a broad range of relevant skills, experience and knowledge to directing and managing the Group's businesses. Descriptions of the background of each director presented previously remain substantially unchanged. Therefore, pursuant to Para 9.25 of the Listing Requirements, such information is now published in the corporate website www.fututech.com.my for shareholders' reference.

The Board's Charter and Code of Conduct have been established and are available in the corporate website. This charter sets out the roles and responsibilities of the Board and Board Committees as well as the processes and procedures for convening their meetings. It serves as a reference and primary induction literature to board members and senior management. It will also assist the Board in the assessment of its own performance and its individual directors. The Code of Conduct serves as a guidence to stakeholders on the ethical behaviour to be expected from the Group.

BOARD OF DIRECTORS *cont'd*

In order to enhance stakeholders' perception and public trust towards the Group, the Board believes that attention shall be given to Environmental, Social and Governance ("ESG") aspects of business which underpin sustainability and relate these aspects to the interests of the various stakeholders. The Board has worked with the Management and has defined its sustainability policy outlining the Board and the Management roles and responsibilities in ensuring the Group's strategies, business ventures and developments promote sustainability.

BOARD COMPOSITION AND COMMITTEES

The Board has delegated specific responsibilities to the respective committees of the Board namely the Audit Committee, Nomination Committee and Remuneration Committee, in order to enhance business and corporate efficiency and effectiveness. The Board Committees will deliberate and examine issues within the established terms of reference and report to the Board on significant matters that require the Board's attention.

Audit Committee ("AC")

The AC comprises solely Independent Non-Executive Directors. The responsibilities, composition, terms of reference and activities of the Committee are outlined in this Annual Report under the section of Report of the Audit Committee.

Nomination Committee ("NC")

In order to ensure that the selection and evaluation of board members are done objectively, the Nomination Committee consists solely of Independent Non-Executive board members and is chaired by a Senior Independent Non-Executive Director, Mr. Khoo Siong Kee. The members are as follows:

i. Khoo Siong Kee – *Chairman/Senior Independent Non-Executive Director*
ii. Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof – *Member*
iii. Lim Kien Lai @ Lim Kean Lai – *Member*

Functionally, the Nomination Committee is responsible for reviewing and making recommendation of any appointments to the Board for approval based on the size of the Board, the mix of skills and experience and other qualities of the candidates. The Nomination Committee assists the Board in reviewing the composition of the board members annually and ensures that the current composition of the board functions competently.

During the financial year, Nomination Committee conducted a meeting on 23 April 2012. In this meeting, the Nomination Committee:

i. Reviewed the appraisals of individual director, Board Committees and the Board as a whole;
ii. Assessed and recommended the re-election of directors;
iii. Reviewed and assessed the composition of the board committee; and
iv. Assessed and recommended appointment of additional board members in Remuneration Committee and Nomination Committee.

BOARD COMPOSITION AND COMMITTEES *cont'd*

Remuneration Committee ("RC")

The RC is responsible for reviewing and recommending to the Board the remuneration packages of Directors. The members are as follows:

i. Khoo Siong Kee – *Chairman/Senior Independent Non-Executive Director*
ii. Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof – *Member*
iii. Lim Kien Lai @ Lim Kean Lai – *Member*

The remuneration packages of the Company's Executive and Non-Executive Directors are determined by the Board as a whole, with the Director concerned abstaining from participating in the decision making in respect of his own individual remuneration.

RC meeting is held at least once a year. During the financial year, one (1) RC meeting was held on 23 April 2012, which was attended by all members of the RC.

Re-election of Directors

The Company's Articles of Association stipulates that all Board members who are appointed by the Board shall be subject to election by shareholders at the first opportunity of their appointment.

The Company's Articles of Association also provides that at least one-third (1/3) of the Directors shall retire by rotation at each Annual General Meeting and that all Directors shall retire once in every three (3) years. A retiring Director shall be eligible for re-election.

Directors who are above seventy (70) years of age are required to offer themselves for re-appointment annually in accordance with Section129(6) of the Companies Act, 1965.

SUPPLY OF INFORMATION

The agenda for Board meetings together with the relevant reports and information for the Board's consideration are forwarded to all members prior to the Board meetings. During the meeting, Management provides information and clarification on issues raised by members of the Board during their deliberations and decision makings.

The Board has unrestricted and timely access to all information necessary for the discharge of its responsibilities. All Directors have access to the services and advice of the Company Secretary, management staff and other independent professionals, at the expense of the Group in the discharge of their duties.

The Directors are notified of any corporate announcements released to Bursa Securities. They are also notified of the impending restriction in dealing with the securities of the Company at least one (1) month prior to the release of the quarterly financial results announcement.

The proceedings and resolutions reached at each Board meeting are recorded in the Minutes Book kept at the registered office. Besides Board meetings, the Board also exercises control on matters that requires its approval through the circulation of Directors' resolutions.

BOARD INDEPENDENCE

Independence is important for ensuring objectivity and fairness in board's decision making. The roles and responsibilities of the Executive Chairman and Group Chief Executive Officer are separated and are held by separate members of the Board. Presently, the tenure of Independent Directors have not exceeded cummulative nine (9) years.

The Board had identified Mr. Khoo Siong Kee to act as the Senior Independent Director to provide shareholders with an alternative to convey their concerns and seek clarifications from the Board.

In order to uphold independence, the Board performs annual assessment on independence of its Independent Directors judging from events that would affect the ability of Independent Directors to continue bringing independent and objective judgment to board deliberation and the regulatory defintion of Independent Directors.

BOARD COMMITMENT

The underlying factors of directors' commitment to the Group are devotion of time and continuous improvement of knowledge and skillsets.

The Board meets at least every quarter and on other occasions, as and when necessary, to inter-alia approve quaterly financial results, statutory financial statements, the Annual Report, business plans as well as to review the performance of the company and its operating subsidiaries, governance matters and other business development matters. Board papers are circulated to the Board members prior to the Board meetings so as to provide the Directors with releveant and timely information to enable them to have proper deliberation on issues raised during Board meetings.

During the financial year, five (5) Board meetings were held. The details of attendance of the members are as below.

Director	No. of Meetings Attended/ No of Meeting Held
Mr. Tee Eng Ho	5/5
Mr. Tee Eng Seng	5/5
Mr. Loo Soo Loong	5/5
Mdm. Toh Siew Chuon	5/5
Mr. Khoo Siong Kee	5/5
Professor Datuk Dr. Nik Mohd Zain Bin Nik Yusof	4/5
Mr. Lim Kien Lai @ Lim Kean Lai	5/5

The Directors recognise the needs to attend training to enable them to discharge their duties effectively. The training needs of each Director would be identified and proposed by the individual Directors and Nomination Committee annually upon completion of Director performance appraisals.

BOARD COMMITMENT *cont'd*

Conferences, seminars and training programmes attended by Directors during the financial year ended 31 December 2012 are as follows:

Director	Name of Conferences, seminars and training programmes attended
Mr. Tee Eng Ho	• Corporate Governance Blueprint & Malaysian Code of Corporate Governance
Mr. Tee Eng Seng	• Corporate Governance Blueprint & Malaysian Code of Corporate Governance
Mr. Loo Soo Loong	• Corporate Governance Blueprint & Malaysian Code of Corporate Governance • Corporate Integrity System Malaysia : CEO Dialogue Session
Mdm. Toh Siew Chuon	• Corporate Governance Blueprint & Malaysian Code of Corporate Governance • Mandatory Accreditation Programme for Directors of Public Listed Companies
Mr. Khoo Siong Kee	• Corporate Governance Blueprint & Malaysian Code of Corporate Governance • Carrying out Business in Malaysia: Companies, Businesses and Limited Liability Partnership • Workshop on Making the Most of Double Tax Agreements • National Tax Conference 2012 • The Transfer Pricing Seminar 2012 • Merger & Affiliation Seminar 2012 • Enhancing Synergy to Face New Challenges in Public Sector Auditing
Professor Datuk Dr. Nik Mohd Zain Bin Nik Yusof	• Amendments of Listing Requirements of Bursa Malaysia New Corporate Disclosure Guide issued on 22 September 2011 & Corporate Governance Blueprint 2011 • Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers
Mr. Lim Kien Lai @ Lim Kean Lai	• Corporate Integrity System Malaysia : CEO Dialogue Session • Mandatory Accreditation Programme for Directors of Public Listed Companies

DIRECTORS' REMUNERATION

Executive Director is remunerated based on the Group's performance whilst the remuneration of the Non-Executive Directors is determined in accordance with their experience and the level of responsibilities assumed. For the financial year ended 31 December 2012, the number of Directors whose income falls within the following bands is set out as follows:

Remuneration Bands	Executive Directors	Non-Executive Directors
RM50,000 and below	-	3
RM100,000 - RM200,000	-	-
RM200,001 - RM250,000	3	-
RM250,001 - RM300,000	-	-
RM400,001 - RM450,000	-	-
RM450,001 - RM550,000	1	-

DIRECTORS' REMUNERATION *cont'd*

The aggregate remuneration paid or payable to all Directors of the Company are further categorised into the following components:

	Fees* (RM)	Salaries and other emoluments (RM)	EPF and SOCSO (RM)	Total (RM)
Executive Directors	-	1,286,800	143,136	1,429,936
Non-Executive Directors	106,590	-	-	106,590

* *Subject to the approval by shareholders at the Annual General Meeting ("AGM").*

FINANCIAL REPORTING

The Board is responsible to ensure that the quarterly financial reporting of the Company presents a fair and balance view and assessment of the Group's financial position, performance and prospects. The Board ensures that the Group's financial statements are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards. The Board is assisted by the Audit Committee in reviewing and scrutinising the information in terms of the overall accuracy, adequacy and completeness of disclosure and ensuring the Group's financial statements comply with applicable financial reporting standards.

As part of the AC review processes, the AC has obtained written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

Annually, the AC also reviews the appointment, performance and remuneration of the external auditors before recommending them to the shareholders for re-appointment in the AGM. The AC would convene meeting with the external auditors and internal auditors without the presence of the Executive Directors and employees of the Group as and when necessary.

RISK MANAGEMENT

The Board acknowledges that risk management is an integral part of good management practice. Risk is inherent in all business activities. It is however, not the Group's objective to eliminate risk totally, but to provide structural means to identify, prioritize and manage the risks involved in all the Group's activities and to balance between the cost of managing and treating risks, and the anticipated benefits that will be derived.

In order to further strengthening the present risk management and internal control systems in the Group, the Board would work with the management in formalising and approving the Group's Risk policy and Board's risk tolerance.

The Board has established an internal audit function which is currently outsourced to a professional firm. Functionally, the internal auditors report to the AC directly and they are responsible for conducting regular reviews and appraisals of the effectiveness of the governance, risk management and internal controls processes within the Group. Further details of the Group's state of risk management and internal control systems and processes are reported in the Statement on Risk Management and Internal Control on pages 24 to 25.

CORPORATE DISCLOSURE

Corporate disclosure and information are important for investors and shareholders. The Board is advised by the management, the Company Secretary and the external and internal auditors on the contents and timing of disclosure requirements of the Listing Requirements on the financial result and various announcements. The management is invited to attend the Board and AC meetings and to provide explanations to the Board on the operations of the Group.

The Board leverages on its corporate website to communicate disseminate and add depth to the governance reporting. The board charter was formalised and published in the corporate website.

SHAREHOLDERS' RIGHT

The Board recognises the need for transparency and accountability to the Company's shareholders and regular communication with its shareholders, stakeholders and investors on the performance and major developments in the Group. This is achieved through timely releases of quarterly financial results, circulars, Annual Reports, corporate announcement and press releases. In addition to various announcements made during the period, information on the Company is available in the Company's website at www.fututech.com.my.

The Company would respond to meetings with institutional shareholders, analysts and members of the press to convey information regarding the Group's performance and strategic direction as and when requested. General meetings are an important avenue through which shareholders can exercise their rights. The Board would ensure suitability of venue and timing of meeting and undertake other measures to encourage Shareholders' participation in the meetings. Shareholders are reminded that they have the right to demand a poll vote at general meetings. Also, effective 1 June 2013, poll voting is mandated for related party transactions that require specific shareholders' approval.

Other Compliance Information

1. NON-AUDIT FEE

The non-audit fee paid to the external auditor by the Group for the financial year ended 31 December 2012 amounted to RM1,000.

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

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, provision of general building and construction works and other related services by Kerjaya Prospek (M) Sdn Bhd Group and Permatang Bakti Sdn Bhd Group to Fututech Group and vice versa	4,601
Permatang Bakti Sdn Bhd § Ace Equity Sdn Bhd	Tee Eng Ho Φ Tee Eng Seng € Toh Siew Chuon £ Permatang Bakti Sdn Bhd §	Renting of the 2nd Floor of No. 1, Jalan Wangsa Permai, Bangunan One Wangsa, Taman Wangsa Permai, 52200 Kuala Lumpur from Permatang Bakti Sdn Bhd measuring approximately 7,000 square feet by Ace Equity Sdn Bhd for 2 years with rental of RM8,000 per month	104

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.*

3. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and/or its subsidiaries involving Directors' and/or Major Shareholders' interests, that are still subsisting at the end of the financial year or since then.

4. SHARE BUY-BACK

There were no share buy-back exercises undertaken by the Company during the financial year.

5. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There were no issuance of options, warrants or convertible securities during the financial year.

6. UTILISATION OF PROCEEDS

Rights Issue proceeds amounted to RM16,005,000 was raised by the Company during the financial year ended 31 December 2011.

The gross proceeds have been fully utilised in the following manner:

Purposes	RM'000
Working Capital	15,079
Expenses in relation to the Corporate Exercise	926
	16,005

7. DEPOSITORY RECEIPT PROGRAMME

There were no Depository Receipt Programme sponsored by the Company during the financial year.

8. SANCTIONS AND/OR PENALTIES

Saved for the tax penalty of RM17,803 imposed by Inland Revenue Board on the Company for additional tax assessment for year 2001 and 2002, there were no other sanctions and/or penalties imposed on the Company and/or its subsidiaries, Directors or Management by any regulatory bodies during the financial year.

9. PROFIT GUARANTEE

There was no profit guarantee given by the Company during the financial year.

10. VARIATION IN RESULTS

There were no variance of 10% or more between the audited results for the financial year and the unaudited results announced.

11. REVALUATION POLICY

The Group has not adopted any revaluation policy during the financial year.

12. 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 (“the Committee”) are as follows:-

Name	Designation	Directorship
Mr Khoo Siong Kee*	*Chairman*	*Senior 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*

** Mr Khoo Siong Kee is member of the Malaysian Institute of Accountants.*

OBJECTIVES

The principle objectives of the Committee are to assist the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the Company and each of its subsidiaries. In addition, the Committee shall evaluate the quality of the audits performed by the internal and external auditors, assess the suitability and independence of external auditors, provide assurance that the financial information presented by management is relevant, reliable and timely, oversee compliance with laws and regulations and applicable financial reporting standards, observance of proper code of conduct and determine the quality, adequacy and effectiveness of the Group’s control environment.

COMPOSITION OF THE COMMITTEE

The Committee shall be appointed by the Board from amongst the Directors of the Company which fulfills the Bursa Securities 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 Committee shall elect a Chairman from amongst themselves who is an Independent Non-Executive Director. No alternate Director shall be appointed as a member of the Committee.

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 at least four times in a year or upon the request of the Chairman at any time at the Chairman’s discretion subject to the quorum of at least two (2) Independent Directors in discharging its duties and responsibilities. The Executive Directors, Accountants, representatives of the internal and external auditors or any employee of the Company who the Committee thinks fit may attend its meetings upon invitation 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.

AUTHORITY OF THE COMMITTEE

- The Committee shall have explicit authority to investigate any matter within its terms of reference. It shall have the authority to seek any information it requires from any employee of the Group and all employees are directed to co-operate with any request made by the Committee.
- The Committee shall have full and unrestricted access to any information pertaining to the Company and all the resources required to perform its duties. The Committee can seek for external legal or other independent professional advice it considers necessary.

AUTHORITY OF THE COMMITTEE *cont'd*

- The Committee shall have direct communication channels with the internal and external auditors and be able to convene meetings with internal and/or external auditors, excluding the attendance of other Directors and employees of the Group whenever deemed necessary.
- Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the Committee shall report such matter to Bursa Securities.

DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

The Committee shall review and, where appropriate, report to the Board the following:

(a) External Audit

- The audit plan and scope, including the competency and resources arrangement of the external auditors;
- The external auditors' audit report and their evaluation of the system of internal controls;
- Significant audit findings and related management responses to ensure that appropriate and prompt remedial actions are taken by the management;
- The assistance given by the employees to the external auditors, and any difficulties encountered in the course of the audit work.
- The appointment of the external auditors, the audit fee and any questions of resignation or dismissal;
- The suitability and independence of the external auditors for re-appointment.

(b) Internal Audit

- 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;
- The internal audit programme and processes or investigation undertaken and together with management responses to ascertain that appropriate actions are taken on the recommendations of the internal audit function;
- 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.

(c) Risk Management and Internal Control

- The adequacy and effectiveness of risk management, internal control and governance systems instituted in the Company and the Group;
- The Group's risk management policy and implementation of the risk management framework.

(d) Financial Reporting

The unaudited quarterly financial statements and the audited year end financial statements of the Company and the Group for recommendation to the Board for approval, focusing particularly on:

- Changes in or implementation of accounting policies and practices
- Significant adjustments from the audit
- Significant unusual events
- Compliance with accounting standards and other legal requirements
- Going concern assumption

(e) Related Party Transactions

Any related party transaction and conflict of interest situation that may arise within the Company or the Group.

DUTIES AND RESPONSIBILITIES OF THE COMMITTEE *cont'd*

(f) Share Options

Review and verify on the allocation of share options to ensure compliance with the criteria for allocation of share options (if any).

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.

SUMMARY OF ACTIVITIES

The Committee held five (5) meetings during the financial year ended 31 December 2012.

Details of the attendance by the Members are as follows:

Name of Members	Directorship	Number of Meetings Attended
Mr Khoo Siong Kee	Senior Independent Non-Executive Director	5/5
Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof	Independent Non-Executive Director	4/5
Mr. Lim Kien Lai @ Lim Kean Lai	Independent Non-Executive Director	5/5

During the year, the Committee carried out its duties as set out in its terms of reference, including but not limited to:

- Review the audit plans prepared by external auditors;
- Review the unaudited quarterly financial statements during the financial year prior to submission to the Board for consideration and approval;
- Review the audited financial statements for the financial year ended 31 December 2012 and discuss significant audit issues and findings with the external auditors;
- Review the appropriateness and accuracy of various policies and procedures prior to submission to the Board for consideration and approval;
- Review the internal audit reports, audit recommendations and management responses to these recommendations and actions taken to improve the system of internal control and procedures;
- Review the risk management framework, Statement on Internal Control, Statement on Corporate Governance and recommend to the Board for inclusion in the Annual Report;
- Review the procedures for identification of related party transactions and the appropriateness of such transactions, if any, before recommending to the Board for approval;
- Review the recurrent related party transactions of a revenue or trading nature on quarterly basis in accordance with the mandate given by shareholders;
- Meet with the external auditors without the presence of the Executive Director and management.

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

INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to external consultants. The outsourced internal auditors assist the Board and the Committee in providing independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control systems. They report directly to the Committee. On annual basis, an internal audit plan is tabled to the Committee for review and approval. The internal auditors execute the audits based on the approved plan. The results of the audit reviews are reported to the 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 reported to the Committee. For the financial year ended 31 December 2012, the amount of fees and related expenses incurred in respect of the internal audit reviews performed by the professional service firm was RM13,298.50.

Statement on Risk Management and Internal Control

Pursuant to paragraph 15.26(b) of the Listing Requirements of Bursa Securities, the Board of Directors of Fututech Berhad Group ("the Group") is pleased to provide its Statement on Risk Management and Internal Control of the Group. In producing this Statement, the Board has considered and was guided by the latest "Statement on Risk Management and Internal Control – Guideline for Directors of Listed Issuers" issued by the Task Force on Internal Control with the support and endorsement of Bursa Securities.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group has continuously embedding the risk management processes in identifying, evaluating and managing significant risks face by the organization as part of its operating and business processes.

The key elements of the Group's internal control system are as follows:

- Standard Operating Procedures, which set out the policies, procedures and practices to be complied with, are in place for key operating units;

- regular internal quality inspection to monitor compliance of the ISO requirements by the relevant operating units;

- defined and structured lines of reporting and responsibilities within the Group including, 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 or estimated cash flow for major projects or potential collaborations for management's decision purpose;

- periodic meetings between management and business partners, which include but not limited to project developer, main-contractor, architect and consultant to discuss on the project progression, variation orders, defects, resources allocation, with significant variances and delay explained and management action taken, where necessary;

- regular factory visits by Executive Directors and senior management team to monitor the activities in the production.

BOARD RESPONSIBILITIES AND ASSURANCE

The Board recognises its responsibilities for the governance of risk and control as follow:

- Embedding risk management in all aspects of the Group's activities;
- Approving the Board's acceptable risk appetite; and
- Reviewing the risk management framework, processes, responsibilities and assessing whether they provide reasonable assurance that risks are managed with tolerable ranges.

The responsibility has been delegated to the Audit Committee, which is empowered by its terms of reference to obtain the necessary assurance from management, internal audit function and external audit function. However, the Board as a whole remains responsible for all the actions of the committee with regard to the execution of the delegated role.

For the financial year under review, the Chief Executive Officer and Chief Financial Officer assured the Board, to the best of their knowledge, that the Group's risk management and internal control systems are operating adequately and effectively, based on the risk management model adopted by the Group.

BOARD RESPONSIBILITIES AND ASSURANCE *cont'd*

The Board is also satisfied that the existing level of systems of internal control and risk management are effective to enable the Group to achieve its business objectives and there were no material losses resulted from significant control problem that would require separate disclosure in the annual report.

Nonetheless, the Board emphasises that the systems of internal control should be continuously improved in line with the evolving business development. It should also be noted that all risk management systems and systems of internal control could only manage rather than eliminate risks of failure to achieve business objectives. Therefore, these systems of internal control and risk management in the Group can only provide reasonable but not absolute assurance against material errors, misstatements, frauds, losses or any irregularities that beyond control.

THE REVIEW MECHANISM

There are two review mechanism of system of internal control in the organisation. The first aspect of the review is undertaken by the management while the second aspect constitutes the independent review by the Audit Committee with the assistance of internal audit function. The internal audit function provides independent assessment on the adequacy, efficiency and effectiveness of the Group's system of internal control and facilitates enhancement, where appropriate. The results of the audit reviews are reported directly to the Audit Committee. Follow-up reviews are also conducted to ensure that the recommendations for improvement have been implemented by management on timely basis.

Besides reviewing the systems of internal control, the Audit Committee also reviews the financial information and reports provided by the management. In this regard, the Audit Committee in consultation with the management deliberates the integrity of the financial information contained in the unaudited quarterly financial statements, audited financial statements and annual report before recommending the same to the Board for approval and adoption.

REVIEW OF STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in this annual report for the year ended 31st December 2012 and have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of the systems of internal control of the Group.

Financial Statements

Directors' Report
for the Financial Year Ended 31 December 2012

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

PRINCIPAL ACTIVITIES

The Company is principally engaged as an investment holding and provision of management services. The principal activities of the subsidiaries are described in Note 4 to the financial statements. There have been no significant changes in these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit/(loss) for the year	23,421,858	(491,176)

DIVIDENDS

No dividend has been paid, declared or proposed since the end of the previous financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUANCE OF SHARES

During the financial year, there was no issuance of shares.

SHARE OPTION

During the financial year, the Company did not grant any option to any person to take up the unissued shares of the Company.

DIRECTORS

The directors who served since the date of the last report are:

Tee Eng Ho
Loo Soo Loong
Tee Eng Seng
Toh Siew Chuon
Khoo Siong Kee
Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof
Lim Kien Lai @ Lim Kean Lai

DIRECTORS' INTEREST

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			
	Balance at 1.1.2012	**Bought**	**Sold**	**Balance at 31.12.2012**
Direct interest:				
Loo Soo Loong	5,560,000	-	(3,500,000)	**2,060,000**
Toh Siew Chuon	2,502,700	-	(120,000)	**2,382,700**
Lim Kien Lai @ Lim Kean Lai	20,000	-	-	**20,000**
Indirect interest:				
Tee Eng Ho *	63,173,790	-	-	**63,173,790**
Tee Eng Seng *	63,173,790	-	-	**63,173,790**

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

	Number of warrants 2007/2017			
	Balance at 1.1.2012	**Bought**	**Sold**	**Balance at 31.12.2012**
Direct interest:				
Loo Soo Loong	27,335	-	-	**27,335**
Toh Siew Chuon	372,443	-	-	**372,443**
Indirect interest:				
Tee Eng Ho *	11,247,442	-	-	**11,247,442**
Tee Eng Seng *	11,247,442	-	-	**11,247,442**

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

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.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company) 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.

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

WARRANTS 2007/2017

The movement and salient terms of Warrants 2007/2017 are disclosed in Note 13 to the financial statements.

HOLDING COMPANY

The holding company of the Company is Egovision Sdn. Bhd., a company incorporated in Malaysia, which owns 69.62% of the Company's equity shareholdings.

OTHER STATUTORY INFORMATION

Before the Statement of Comprehensive Income and Statement 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 allowance for doubtful debts, and have satisfied themselves that there were no known bad or doubtful debts; and

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

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

i) which would require any amount to be written off as bad debts, or provided for as doubtful debts;

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

iii) which have arisen which render adherence to the existing methods of valuation of assets or liabilities in the financial statements of the Group and of the Company misleading or inappropriate; and

iv) not otherwise dealt with in this report or in the financial statements of the Group and of the Company, that would render any amount stated in the respective financial statements misleading.

OTHER STATUTORY INFORMATION *cont'd*

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

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

ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

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

In the opinion of the directors:

i) the results of the operations of the Group and of the Company for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature; 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 and of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 34 to the financial statements.

EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

Details of events subsequent to the balance sheet date are disclosed in Note 35 to the financial statements.

AUDITORS

The Auditors, ONG & WONG, have indicated their willingness to continue in office.

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

TEE ENG HO
Director

LOO SOO LOONG
Director

Kuala Lumpur
Dated: 26 April 2013

Statement by Directors

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

We, TEE ENG HO and LOO SOO LOONG, the two directors of FUTUTECH BERHAD, state that, in our opinion, the financial statements set out on pages 35 to 99 are drawn up in accordance with Malaysian Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31st December, 2012 and of the results and cash flows of the Group and of the Company for the financial year ended on that date.

Further to the Statement by directors pursuant to Section 169(15) of the Companies Act, 1965, the information set out in Note 33 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.

TEE ENG HO
Director

LOO SOO LOONG
Director

Kuala Lumpur
Dated: 26 April 2013

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 financial statements set out on pages 35 to 99 are drawn up, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed at Kuala Lumpur
in Wilayah Persekutuan
on 26 April 2013

TEE ENG HO

Before me,

LEONG SEE KEONG
License No. W 494
Commissioner of Oaths
Kuala Lumpur

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Fututech Berhad, which comprise the statements of financial position as at 31st December, 2012 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 35 to 99.

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 Malaysian Financial Reporting Standards and the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is 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 give a true and fair view of the financial position of the Group and of the Company as at 31st December, 2012 and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

a) In our opinion, the accounting and other records and the registers required by the 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 are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

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

c) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 33 to the financial statements 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

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

b) 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.

ONG & WONG
AF 0241
Chartered Accountants

ONG KONG LAI
494/06/14(J/PH)
Partner of Firm

Dated: 26 April 2013
Kuala Lumpur

Statements of Financial Position
as at 31 December 2012

		Group			Company		
	Note	31.12.2012	31.12.2011	1.1.2011	31.12.2012	31.12.2011	1.1.2011
		RM	RM	RM	RM	RM	RM
			(Restated)	(Restated)			
ASSETS							
Non-current assets							
Property, plant and equipment	3	**7,074,987**	9,539,818	9,233,740	**-**	228	585
Investment in subsidiaries	4	**-**	-	-	**4,614,483**	4,614,479	5,089,337
Other investments	5	**43,000**	53,810	53,810	**-**	-	-
Intangible assets	6	**50,709**	25,862	-	**-**	-	-
Deferred tax assets	7	**2,183,812**	2,447,237	-	**-**	-	-
Trade receivables	8	**6,853,387**	3,973,457	-	**-**	-	-
		16,205,895	16,040,184	9,287,550	**4,614,483**	4,614,707	5,089,922
Current assets							
Inventories	9	**2,389,306**	3,423,801	1,944,045	**-**	-	-
Trade and other receivables	8	**50,419,344**	58,880,896	12,179,890	**29,051,325**	29,122,384	15,132,115
Tax recoverable		**804,973**	905,384	1,159,334	**129,507**	129,507	129,507
Other current assets	10	**78,238**	93,262	5,679,438	**-**	-	-
Cash and bank balances	12	**60,759,279**	13,652,436	5,055,438	**99,772**	565,057	12,941
		114,451,140	76,955,779	26,018,145	**29,280,604**	29,816,948	15,274,563
TOTAL ASSETS		**130,657,035**	92,995,963	35,305,695	**33,895,087**	34,431,655	20,364,485

	Note	Group 31.12.2012 RM	Group 31.12.2011 RM (Restated)	Group 1.1.2011 RM (Restated)	Company 31.12.2012 RM	Company 31.12.2011 RM	Company 1.1.2011 RM
EQUITY AND LIABILITIES							
Equity attributable to equity holders of the Company							
Share capital	13	**45,368,506**	45,368,506	58,726,356	**45,368,506**	45,368,506	58,726,356
Other reserves	14	**310,573**	302,568	275,674	**-**	-	-
Retained profit/(accumulated losses)		**26,951,484**	3,529,626	(31,401,319)	**(11,619,480)**	(11,128,304)	(38,512,790)
Total equity		**72,630,563**	49,200,700	27,600,711	**33,749,026**	34,240,202	20,213,566
Non-current liabilities							
Provisions	15	**20,000**	20,000	20,000	**-**	-	-
Deferred tax liabilities	7	**-**	-	10,931	**-**	-	-
Trade payables	16	**3,616,039**	2,002,630	-	**-**	-	-
		3,636,039	2,022,630	30,931	**-**	-	-
Current liabilities							
Provisions	15	**-**	339,750	536,500	**-**	-	-
Trade and other payables	16	**21,250,306**	15,370,828	6,729,718	**146,061**	191,453	150,919
Loans and borrowings	17	**-**	-	215,027	**-**	-	-
Income tax payable		**23,395**	1,269,727	192,808	**-**	-	-
Other current liabilities	10	**33,116,732**	24,792,328	-	**-**	-	-
		54,390,433	41,772,633	7,674,053	**146,061**	191,453	150,919
Total liabilities		**58,026,472**	43,795,263	7,704,984	**146,061**	191,453	150,919
TOTAL EQUITY AND LIABILITIES		**130,657,035**	92,995,963	35,305,695	**33,895,087**	34,431,655	20,364,485

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

Statements of Comprehensive Income

for the Year Ended 31 December 2012

		Group		Company	
	Note	2012	2011	2012	2011
		RM	RM	RM	RM
Revenue	18	**158,173,904**	138,585,885	**-**	-
Cost of sales		**(127,507,937)**	(126,226,495)	**-**	-
Gross profit		**30,665,967**	12,359,390	**-**	-
Other operating income	19	**1,968,033**	1,253,825	**1,559**	5,291
		32,634,000	13,613,215	**1,559**	5,291
Selling & distribution expenses		**(16,997)**	(151,565)	**-**	-
Administrative expenses		**(6,311,635)**	(6,475,847)	**(477,900)**	(1,460,972)
Other operating expenses		**(1,477,501)**	(108,779)	**-**	(523,011)
Profit/(loss) from operations		**24,827,867**	6,877,024	**(476,341)**	(1,978,692)
Finance costs	20	**(1,005,229)**	(2,171,731)	**-**	-
Profit/(loss) before taxation	21	**23,822,638**	4,705,293	**(476,341)**	(1,978,692)
Taxation	24	**(400,780)**	862,474	**(14,835)**	-
Profit/(loss) after taxation		**23,421,858**	5,567,767	**(491,176)**	(1,978,692)
Other comprehensive income:					
- Foreign currency translation		**8,005**	26,894	**-**	-
Total comprehensive income/(losses) for the year		**23,429,863**	5,594,661	**(491,176)**	(1,978,692)
Attributable to:					
Equity holders of the Company		**23,429,863**	5,594,661		
Earnings per share attributable to equity holders of the company (sen)	25	**25.81**	8.17		

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

Statements of Changes in Equity
for the Year Ended 31 December 2012

	Note	← Non-distributable	→	Distributable	
				Retained profit/	
		Share	Other	(accumulated	
	Note	capital	reserves	losses)	Total
		RM	RM	RM	RM
Group					
At 1st 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	13	(29,363,178)	-	29,363,178	-
Issue of ordinary shares	13	16,005,328	-	-	16,005,328
At 31st December, 2011		45,368,506	302,568	3,529,626	49,200,700
Total comprehensive income for the year		-	8,005	23,421,858	23,429,863
At 31st December, 2012		**45,368,506**	**310,573**	**26,951,484**	**72,630,563**
Company					
At 1st January, 2011		58,726,356	-	(38,512,790)	20,213,566
Total comprehensive losses for the year		-	-	(1,978,692)	(1,978,692)
Reduction in par value of ordinary shares	13	(29,363,178)	-	29,363,178	-
Issue of ordinary shares	13	16,005,328	-	-	16,005,328
At 31st December, 2011		45,368,506	-	(11,128,304)	34,240,202
Total comprehensive losses for the year		-	-	(491,176)	(491,176)
At 31st December, 2012		**45,368,506**	**-**	**(11,619,480)**	**33,749,026**

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

	Note	Group		Company	
		2012	2011	2012	2011
		RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(loss) before taxation		**23,822,638**	4,705,293	**(476,341)**	(1,978,692)
Adjustments for:					
Interest income		**(790,213)**	(61,129)	**(1,559)**	(5,291)
Interest expense		**-**	65,092	**-**	-
Inventories written off		**10,505**	-	**-**	-
Depreciation of property, plant and equipment		**1,286,534**	1,185,314	**228**	357
Gain on disposal of property, plant and equipment		**(17,000)**	-	**-**	-
Impairment loss on					
- property, plant and equipment		**1,385,539**	-	**-**	-
- investment in subsidiaries		**-**	-	**-**	474,858
- other receivables		**-**	-	**-**	48,152
- other investments		**10,810**	-	**-**	-
Reversal of provision		**(204,750)**	(196,750)	**-**	-
Amortisation of intangible asset		**10,601**	6,466	**-**	-
Allowance for obsolete inventories		**61,289**	-	**-**	-
Net fair value adjustment		**(57,944)**	961,899	**-**	-
Unrealised gain on foreign exchange		**-**	(8,958)	**-**	-
Operating profit/(loss) before working capital changes		**25,518,009**	6,657,227	**(477,672)**	(1,460,616)
Decrease/(increase) in inventories		**962,701**	(1,479,756)	**-**	-
Decrease/(increase) in trade and other receivables		**4,576,393**	(60,720,251)	**71,059**	(14,038,421)
Decrease in other current assets		**15,024**	13,534,285	**-**	-
Increase/(decrease) in trade and other payables		**8,556,060**	11,788,478	**(45,392)**	40,534
Increase in other current liabilities		**8,189,404**	24,792,328	**-**	-
Cash generated from/(used in) operations		**47,817,591**	(5,427,689)	**(452,005)**	(15,458,503)
Interest received		**790,213**	61,129	**1,559**	5,291
Interest paid		**-**	(65,092)	**-**	-
Income taxes refund		**517,570**	-	**-**	-
Income taxes paid		**(1,800,846)**	(264,825)	**(14,835)**	-
Net cash generated from/(used in) operating activities		**47,324,528**	(5,696,477)	**(465,281)**	(15,453,212)

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		**(207,242)**	(1,491,392)	**-**	-
Purchase of intangible asset		**(35,448)**	(32,328)	**-**	-
Net proceeds from disposal of property, plant and equipment		**17,000**	-	**-**	-
Acquisition of subsidiary companies		**-**	-	**(4)**	-
Net cash used in investing activities		**(225,690)**	(1,523,720)	**(4)**	-
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		**-**	16,005,328	**-**	16,005,328
Repayment of obligations under finance leases		**-**	(215,027)	**-**	-
Net cash generated from financing activities		**-**	15,790,301	**-**	16,005,328
Net increase/(decrease) in cash and cash equivalents		**47,098,838**	8,570,104	**(465,285)**	552,116
Effect of foreign exchange rate changes		**8,005**	26,894	**-**	-
Cash and cash equivalents at beginning of year		**13,652,436**	5,055,438	**565,057**	12,941
Cash and cash equivalents at end of year	A	**60,759,279**	13,652,436	**99,772**	565,057

NOTE

A. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Cash & bank balances	**23,183,630**	13,652,436	**99,772**	565,057
Deposits with licensed banks	**37,575,649**	-	**-**	-
	60,759,279	13,652,436	**99,772**	565,057

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

1. GENERAL INFORMATION

The Company is principally engaged as an investment holding and provision of management services. The principal activities of the subsidiaries are described in Note 4.

The Company is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Bursa Malaysia Securities Berhad ("Bursa Malaysia").

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.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements for the financial year ended 31st December, 2012 are the Group's and the Company's first financial statements prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"). For all periods up to and including the financial year ended 31st December, 2011, the Group and the Company prepared its financial statements in accordance with Financial Reporting Standards ("FRSs").

The transition to MFRSs is accounted for in accordance with MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards, with 1st January, 2011 as the date of transition. The transition to MFRSs has not had a material impact on the financial statements.

At the date of authorisation for issue of the financial statements, the new and revised Standards and Amendments which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:

Description		Effective for annual period beginning on or after
MFRS 7	Financial Instruments: Disclosures [Amendments relating to Mandatory Effective Date of MFRS 9 and Transition Disclosures (IFRS 9 issued by IASB in November 2009 and October 2010 respectively)]	1st March, 2012
MFRS 7	Financial Instruments: Disclosures (Amendments relating to Disclosures - Offsetting Financial Assets and Liabilities)	1st January, 2013
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)	1st January, 2015
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)	1st January, 2015
MFRS 10	Consolidated Financial Statements	1st January, 2013
MFRS 10	Consolidated Financial Statements (Amendments relating to Transition Guidance)	1st January, 2013
MFRS 11	Joint Arrangements	1st January, 2013
MFRS 11	Joint Arrangements (Amendments relating to Transition Guidance)	1st January, 2013
MFRS 12	Disclosures of Interests in Other Entities	1st January, 2013
MFRS 12	Disclosures of Interests in Other Entities (Amendments relating to Transition Guidance)	1st January, 2013

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

At the date of authorisation for issue of the financial statements, the new and revised Standards and Amendments which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below: *cont'd*

Description		**Effective for annual period beginning on or after**
MFRS 13	Fair Value Measurement	1st January, 2013
MFRS 101	Presentation of Financial Statements (Amendments relating to Presentation of Items of Other Comprehensive Income)	1st July, 2012
MFRS 119	Employee Benefits (IAS 19 as amended by IASB in June 2011)	1st January, 2013
MFRS 127	Separate Financial Statements (IAS 27 as amended by IASB in May 2011)	1st January, 2013
MFRS 128	Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)	1st January, 2013
MFRS 132	Financial Instruments: Presentation (Amendments relating to Offsetting Financial Assets and Financial Liabilities)	1st January, 2014
Amendments to MFRSs contained in the document entitled Annual Improvements 2009 - 2011 Cycle		1st January, 2013

The directors anticipate that abovementioned Standards and Amendments will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these Standards and Amendments will have no material impact on the financial statements of the Group and of the Company in the period of initial application, except as discussed below.

Amendments to MFRS 7 and MFRS 132: Offsetting Financial Assets and Financial Liabilities and the related disclosures

The amendments to MFRS 132 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to MFRS 7 introduce new disclosure requirements relating to rights of offset and related arrangements for financial instruments under an enforceable master netting agreements or similar arrangements. Both MFRS 132 and MFRS 7 require retrospective application upon adoption.

To date, the Group and the Company have not entered into any such agreements or similar arrangements. However, the directors anticipate that the application of these amendments to MFRS 132 and MFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

MFRS 9 and Amendments relating to Mandatory Effective Date of MFRS 9 and Transition Disclosures

MFRS 9 (IFRS 9 issued by IASB in November 2009) introduces new requirements for the classification and measurement of financial assets. MFRS 9 (IFRS 9 issued by IASB in October 2010) includes the requirements for the classification and measurement of financial liabilities and for derecognition.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

MFRS 9 and Amendments relating to Mandatory Effective Date of MFRS 9 and Transition Disclosures *cont'd*

The amendments to MFRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010 respectively) ("MFRS 9") relating to "Mandatory Effective Date of MFRS 9 and Transition Disclosures" which become immediately effective on the issuance date of 1st March, 2012 amended the mandatory effective date of MFRS 9 to annual periods beginning on or after 1st January, 2015 instead of on or after 1st January, 2013, with earlier application still permitted as well as modified the relief from restating prior periods. MFRS 7 which was also amended in tandem with the issuance of the aforementioned amendments introduces new disclosure requirements that are either permitted or required on the basis of the entity's date of adoption and whether the entity chooses to restate prior periods.

Key requirements of MFRS 9 are described as follows:

- all recognised financial assets that are within the scope of MFRS 139 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under MFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of equity instrument (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, MFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under FRS 139, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

To date, the Group and the Company do not hold significant investments or similar investments that are not measured at amortised cost or fair value except as disclosed in Note 5. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 9 until a detailed review has been completed.

MFRS 10, MFRS 11, MFRS 12, MFRS 127 and MFRS 128

In November 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, comprising MFRS 10, MFRS 11, MFRS 12, MFRS 127 (IAS 27 as amended by IASB in May 2011) and MFRS 128 (IAS 28 as amended by IASB in May 2011).

Key requirements of these five Standards are described below.

MFRS 10 replaces the parts of MFRS 127 Consolidated and Separate Financial Statements that deal with consolidated financial statements. IC Int. 112 Consolidation - Special Purpose Entities will be withdrawn upon the effective date of MFRS 10. Under MFRS 10, there is only one basis for consolidation, that is, control. In addition, MFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in MFRS 10 to deal with complex scenarios.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

MFRS 10, MFRS 11, MFRS 12, MFRS 127 and MFRS 128 *cont'd*

MFRS 11 replaces MFRS 131 Interests in Joint Ventures. MFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. IC Int. 113 Jointly Controlled Entities - Non-monetary Contributions by Venturers will be withdrawn upon the effective date of MFRS 11. Under MFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under MFRS 131, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under MFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under MFRS 131 can be accounted for using the equity method of accounting or proportionate consolidation.

MFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in MFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to MFRS 10, MFRS 11 and MFRS 12 were issued to clarify certain transitional guidance on the application of these MFRSs for the first time.

The directors anticipate that the application of the above mentioned standards may not have a material effect to the financial statements except for more extensive disclosure in the financial statements.

MFRS 13: Fair Value Measurement

MFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of MFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRS s require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in MFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under MFRS 7 Financial Instruments: Disclosures will be extended by MFRS 13 to cover all assets and liabilities within its scope.

The directors anticipate that the application of the new Standard may affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income

The amendments to MFRS 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to MFRS 101 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments also introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to MFRS 101, the “statement of comprehensive income” is renamed “statement of profit or loss and other comprehensive income” and the “income statement” is renamed the “statement of profit or loss”.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income *cont'd*

The amendments will be applied retrospectively upon adoption and hence, the presentation of items of other comprehensive income will be modified accordingly to reflect the changes. Other than the abovementioned presentation changes, the application of the amendments to MFRS 101 would not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

MFRS 119 (IAS 19 as amended by IASB in June 2011)

The amendments to MFRS 119 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of MFRS 119 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Further, the interest cost and expected return on plan assets used in the previous version of MFRS 119 are replaced with a "net-interest" amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

Amendments to MFRSs: Annual Improvements 2009 - 2011 Cycle

The Annual Improvement 2009 - 2011 Cycle include a number of amendments to various MFRSs. The amendments to MFRSs include:

- Amendments to MFRS 101 Presentation of Financial Statements;
- Amendments to MFRS 116 Property, Plant and Equipment; and
- Amendments to MFRS 132 Financial Instruments: Presentation.

Amendments to MFRS 101

MFRS 101 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to MFRS 101 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position. Hence, the adoption of the amendments when it becomes effective will affect the presentation of the third statement of financial position and related notes in the future periods.

Amendments to MFRS 116

The amendments to MFRS 116 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in MFRS 116 and as inventory otherwise. The directors do not anticipate that the amendments to MFRS 116 will have a significant effect on the Group's and the Company's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

Amendments to MFRSs: Annual Improvements 2009 - 2011 Cycle *cont'd*

Amendments to MFRS 132

The amendments to MFRS 132 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with MFRS 112 Income Taxes. The directors anticipate that the amendments to MFRS 132 will have no effect on the Group's and the Company's financial statements as this treatment has already been adopted.

a. Basis of Preparation

The financial statements of the Group and of the Company have been prepared in accordance with MFRSs and the provisions of the Companies Act, 1965 in Malaysia. 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").

b. Basis of Consolidation

(i) 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.

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 MFRS 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.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

b. Basis of Consolidation *cont'd*

(i) Business Combinations *cont'd*

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(e)(i). 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.

(ii) 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.

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.

c. Foreign Currencies

(i) Functional and Presentation Currency

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

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

c. Foreign Currencies *cont'd*

(ii) 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.

(iii) 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.

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.

d. 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.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

d. Property, Plant and Equipment and Depreciation *cont'd*

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 and 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.

e. Intangible Assets

(i) Goodwill

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

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.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

e. Intangible Assets *cont'd*

(i) Goodwill *cont'd*

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 1st 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(c).

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1st 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.

(ii) 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.

f. 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")).

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

f. Impairment of Non-Financial Assets *cont'd*

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

Impairment losses are recognised in profit or loss 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.

g. 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.

h. Financial Assets

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

h. Financial Assets *cont'd*

(i) 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.

(ii) 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.

(iii) Held-to-Maturity Investments

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

h. Financial Assets *cont'd*

(iv) 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.

i. 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.

(i) 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.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

i. Impairment of Financial Assets *cont'd*

(i) Trade and Other Receivables and Other Financial Assets Carried at Amortised Cost *cont'd*

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.

(ii) 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.

j. 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. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

k. 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.

l. 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.

m. Provisions

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

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

(a) Financial Liabilities at Fair Value through Profit or Loss

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

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

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

(b) Other Financial Liabilities

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

o. 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.

p. 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.

q. 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.

r. 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.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

r. Leases *cont'd*

As Lessee *cont'd*

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.

s. 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(k).

(iii) Interest Income

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

t. Income Taxes

(i) Current Tax

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

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

(ii) 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.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

t. Income Taxes *cont'd*

(ii) Deferred Tax *cont'd*

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

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

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

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

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

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

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

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

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

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. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

u. 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 32, including the factors used to identify the reportable segments and the measurement basis of segment information.

v. 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.

w. 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.

x. 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.

(i) 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.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

x. Significant Accounting Judgements and Estimates *cont'd*

(ii) 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 or based on total shareholders' equity of the subsidiaries.

The carrying amount of investment in subsidiaries as at 31st December, 2012 were RM4,614,483 (2011: RM4,614,479). Further details are disclosed in Note 4. 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 8.

(c) Useful Lives of Property, Plant and Equipment

The cost of property, 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 property, plant and equipment at the reporting date is disclosed in Note 3.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

x. Significant Accounting Judgements and Estimates *cont'd*

(ii) 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 RM13,222,000 (2011: RM14,814,000). The unrecognized tax losses, capital allowances and provisions of the Group and of the Company were approximately RM25,050,000 (2011: RM47,712,000) and RM706,000 (2011: RM706,000) 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.

3. PROPERTY, PLANT AND EQUIPMENT

	As at 1.1.2012	Addition	Disposal/ Retirement	Written off	As at 31.12.2012
	RM	RM	RM	RM	RM
Group					
2012					
COST					
Long term leasehold land	1,051,975	-	-	-	1,051,975
Buildings	3,292,729	-	-	-	3,292,729
Plant and machinery	22,875,595	73,526	-	-	22,949,121
Other assets *	6,295,883	133,716	(105,284)	-	6,324,315
	33,516,182	207,242	(105,284)	-	33,618,140

	As at 1.1.2012	Charge for the year	Disposal/ Retirement	Impairment	As at 31.12.2012
	RM	RM	RM	RM	RM
ACCUMULATED DEPRECIATION					
Long term leasehold land	163,378	14,196	-	-	177,574
Buildings	425,361	65,855	-	-	491,216
Plant and machinery	19,021,309	802,190	-	1,385,539	21,209,038
Other assets *	4,366,316	404,293	(105,284)	-	4,665,325
	23,976,364	1,286,534	(105,284)	1,385,539	26,543,153

	As at 31.12.2012
	RM
NET BOOK VALUE	
Long term leasehold land	874,401
Buildings	2,801,513
Plant and machinery	1,740,083
Other assets *	1,658,990
	7,074,987

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

	As at 1.1.2011 RM	Addition RM	Disposal/ Retirement RM	As at 31.12.2011 RM
2011				
COST				
Long term leasehold land	1,051,975	-	-	1,051,975
Buildings	3,292,729	-	-	3,292,729
Plant and machinery	22,875,595	-	-	22,875,595
Other assets *	4,875,548	1,491,392	(71,057)	6,295,883
	32,095,847	1,491,392	(71,057)	33,516,182

	As at 1.1.2011 RM	Charge for the year RM	Disposal/ Retirement RM	As at 31.12.2011 RM
ACCUMULATED DEPRECIATION				
Long term leasehold land	149,182	14,196	-	163,378
Buildings	359,506	65,855	-	425,361
Plant and machinery	18,164,675	856,634	-	19,021,309
Other assets *	4,188,744	248,629	(71,057)	4,366,316
	22,862,107	1,185,314	(71,057)	23,976,364

	As at 31.12.2011 RM	As at 1.1.2011 RM
NET BOOK VALUE		
Long term leasehold land	888,597	902,793
Buildings	2,867,368	2,933,223
Plant and machinery	3,854,286	4,710,920
Other assets *	1,929,567	686,804
	9,539,818	9,233,740

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

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

	As at 1.1.2012 RM	Addition RM	Disposal/ Retirement RM	As at 31.12.2012 RM
Company				
2012				
COST				
Office equipment	57,022	-	-	57,022
Furniture and fittings	2,376	-	-	2,376
	59,398	-	-	59,398

	As at 1.1.2012 RM	Charge for the year RM	Disposal/ Retirement RM	As at 31.12.2012 RM
ACCUMULATED DEPRECIATION				
Office equipment	57,011	11	-	57,022
Furniture and fittings	2,159	217	-	2,376
	59,170	228	-	59,398

	As at 31.12.2012 RM
NET BOOK VALUE	
Office equipment	-
Furniture and fittings	-
	-

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

	As at 1.1.2011	Addition	Disposal/ Retirement	As at 31.12.2011
	RM	RM	RM	RM
2011				
COST				
Office equipment	57,022	-	-	57,022
Furniture and fittings	2,376	-	-	2,376
	59,398	-	-	59,398

	As at 1.1.2011	Charge for the year	Disposal/ Retirement	As at 31.12.2011
	RM	RM	RM	RM
ACCUMULATED DEPRECIATION				
Office equipment	56,891	120	-	57,011
Furniture and fittings	1,922	237	-	2,159
	58,813	357	-	59,170

	As at 31.12.2011	As at 1.1.2011
	RM	RM
NET BOOK VALUE		
Office equipment	11	131
Furniture and fittings	217	454
	228	585

<u>Assets held under Finance Leases</u>

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

Leased assets in previous year were pledged as security for the related finance lease liabilities (Note 17).

4. INVESTMENT IN SUBSIDIARIES

	Company		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
Unquoted shares, at costs	**28,952,007**	28,952,003	28,952,003
Impairment losses	**(24,337,524)**	(24,337,524)	(23,862,666)
	4,614,483	4,614,479	5,089,337

Name	Country of Incorporation	Principal Activities	Proportion (%) of Ownership Interest		
			31.12.2012	**31.12.2011**	**1.1.2011**
Held by the Company:					
Advance Industries Sdn. Bhd.	Malaysia	Construction, sub-contractors, manufacturing, assembly, installation and sales of light fittings, advertising point-of-sale, furniture and related products.	**100**	100	100
Acumen Marketing Sdn. Bhd.	Malaysia	Supply of lightings, light fittings, outdoor fittings advertising point-of-sale, furniture and related products.	**100**	100	100
Lighting Louvres Manufacturing Sdn. Bhd.	Malaysia	Manufacturing and sale of aluminium lighting louvres.	**100**	100	100
Futumeds Sdn. Bhd.	Malaysia	Construction, sub-contractors, installation and sale of light fittings, advertising point-of-sale, furniture and related products.	**100**	100	100
Fututech (Labuan) Limited	Malaysia	Investment holding.	**100**	100	100
Acumen Industries Limited *	Hong Kong	Dormant. Intended principal activity is investment holding.	**100**	100	100
Bazarbayu Sdn. Bhd.	Malaysia	Investment holding.	**100**	-	-
Senandung Raya Sdn. Bhd.	Malaysia	Investment holding.	**100**	-	-

4. INVESTMENT IN SUBSIDIARIES *cont'd*

Name	Country of Incorporation	Principal Activities	Proportion (%) of Ownership Interest		
			31.12.2012	31.12.2011	1.1.2011
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	100
Held by Fututech (Labuan) Limited.:					
Acumen Design & Development Solutions Limited *	Hong Kong	Provision of consultancy services and supply of advertising point-of-sale products.	**100**	100	100

* *Audited by firms of auditors other than Ong & Wong*

During the financial year, the Company acquired 2 subsidiaries as disclosed in Note 34. These acquisitions have not had significant impact on the financial results and cash flows of the Group. The effect of these acquisitions on the financial position of the Group at the end of the financial year is as follows:-

	Group 2012 RM
Other receivables and deposits	1,810,500
Other payables and accruals	(2,420)
Increase in Group net assets	1,808,080

5. OTHER INVESTMENTS

	Group		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
Available for sale financial assets:			
Equity instruments (quoted in Malaysia)	**-**	2,310	2,310
Club memberships	**93,500**	93,500	93,500
Less: Accumulated impairment losses	**(50,500)**	(42,000)	(42,000)
	43,000	51,500	51,500
Total other investments	**43,000**	53,810	53,810

6. INTANGIBLE ASSETS

	Group	
	2012	**2011**
	RM	**RM**
Computer Software		
Cost		
At beginning of year	**32,328**	-
Addition	**35,448**	32,328
At end of year	**67,776**	32,328
Accumulated amortisation		
At beginning of year	**6,466**	-
Amortisation charged (Note 21)	**10,601**	6,466
At end of year	**17,067**	6,466
Net carrying amount		
At beginning of year	**25,862**	-
At end of year	**50,709**	25,862

7. DEFERRED TAX ASSETS/ (LIABILITIES)

	Group	
	2012	**2011**
	RM	**RM**
At beginning of year	**2,447,237**	(10,931)
Transfer (to)/from statement of comprehensive income (Note 24)	**(263,425)**	2,458,168
At end of year	**2,183,812**	2,447,237

	Group		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
The deferred tax assets/(liabilities) recognised is in respect of the following:			
- Temporary difference between depreciation and capital allowance	**(1,121,687)**	(1,338,348)	(1,096,694)
- Unused tax losses and unabsorbed capital allowance	**2,605,443**	2,865,519	482,119
- Provision	**700,056**	920,066	603,644
	2,183,812	2,447,237	(10,931)

The deferred tax assets which are not been recognised in the financial statements are as follows:

	Group			Company		
	31.12.2012	**31.12.2011**	**1.1.2011**	**31.12.2012**	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**
		(Restated)	**(Restated)**		**(Restated)**	
Unused tax losses	**7,149,432**	21,041,739	30,262,302	**705,781**	705,781	705,196
Unabsorbed capital allowances	**13,525,965**	23,083,584	22,899,398	**-**	-	-
Other deductible temporary differences	**4,374,732**	3,586,575	3,885,018	**-**	-	-
	25,050,129	47,711,898	57,046,718	**705,781**	705,781	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.

8. TRADE AND OTHER RECEIVABLES

	Group			Company		
	31.12.2012	**31.12.2011**	**1.1.2011**	**31.12.2012**	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**
Current						
Trade Receivables						
Third parties	**48,811,257**	55,779,469	9,750,076	**-**	-	-
Retention sum receivables	**5,127,799**	5,690,554	-	**-**	-	-
	53,939,056	61,470,023	9,750,076	**-**	-	-
Less: Allowance for impairment						
- Third parties	**(5,724,496)**	(5,724,496)	(5,724,496)	**-**	-	-
	48,214,560	55,745,527	4,025,580	**-**	-	-
Other Receivables						
Amount due from subsidiaries	**-**	-	-	**51,811,958**	51,890,825	37,852,404
Prepayment	**146,562**	-	-	**7,808**	-	-
Deposits	**1,989,755**	281,459	130,168	**-**	-	-
Other receivables	**68,467**	2,853,910	8,024,142	**-**	-	-
	2,204,784	3,135,369	8,154,310	**51,819,766**	51,890,825	37,852,404
Less: Allowance for impairment						
- Amount due from subsidiaries	**-**	-	-	**(22,768,441)**	(22,768,441)	(22,720,289)
	2,204,784	3,135,369	8,154,310	**29,051,325**	29,122,384	15,132,115
	50,419,344	58,880,896	12,179,890	**29,051,325**	29,122,384	15,132,115
Non-Current						
Trade Receivables						
Retention sum receivables	**6,853,387**	3,973,457	-	**-**	-	-
Total trade and other receivables	**57,272,731**	62,854,353	12,179,890	**29,051,325**	29,122,384	15,132,115
Add: Cash and bank balances	**60,759,279**	13,652,436	5,055,438	**99,772**	565,057	12,941
Total loans and receivables	**118,032,010**	76,506,789	17,235,328	**29,151,097**	29,687,441	15,145,056

8. TRADE AND OTHER RECEIVABLES *cont'd*

(a) Trade Receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 (2011: 30 to 90) days term. 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		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
Neither past due nor impaired	**27,304,742**	58,146,730	1,853,098
1 to 30 days past due not impaired	**-**	-	104,393
31 to 60 days past due not impaired	**6,995,928**	9,032	117,270
61 to 90 days past due not impaired	**12,211,376**	263,064	126,936
More than 90 days past due not impaired	**7,738,664**	1,261,364	1,202,335
More than 365 days past due not impaired	**817,237**	38,794	621,548
	27,763,205	1,572,254	2,172,482
Impaired	**5,724,496**	5,724,496	5,724,496
	60,792,443	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 RM27,763,205 (2011: RM1,572,254) 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.

8. 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		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
Trade receivables - nominal amounts	**5,724,496**	5,724,496	5,724,496
Less: Allowance for impairment losses	**(5,724,496)**	(5,724,496)	(5,724,496)
	-	-	-

Movements in allowance accounts:

	Group	
	2012	**2011**
	RM	**RM**
At beginning/end of year	**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		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
Other receivables - nominal amounts	**22,768,441**	22,768,441	22,720,289
Less: Allowance for impairment losses	**(22,768,441)**	(22,768,441)	(22,720,289)
	-	-	-

8. TRADE AND OTHER RECEIVABLES *cont'd*

(b) Other Receivables *cont'd*

Movement in allowance accounts:

	Company	
	2012	**2011**
	RM	**RM**
At beginning of year	**22,768,441**	22,720,289
Charge for the year (Note 21)	**-**	48,152
At end of year	**22,768,441**	22,768,441

(c) Amounts Due From Subsidiaries

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

9. INVENTORIES

	Group		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
At cost			
Raw materials	**1,977,815**	2,736,016	1,157,685
Work-in-progress	**299,262**	687,785	542,775
Finished goods	**112,229**	-	243,585
	2,389,306	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 RM2,535,428 (2011: RM6,991,504).

10. OTHER CURRENT ASSETS/ (LIABILITIES)

	Group		
	31.12.2012	31.12.2011	1.1.2011
	RM	RM	RM
Prepayments	**78,238**	93,262	45,133
Amount due from customers for contract work (Note 11)	**-**	-	5,634,305
	78,238	93,262	5,679,438
Amount due to customers for contract work (Note 11)	**(33,116,732)**	(24,792,328)	-

11. AMOUNT DUE TO CONTRACT CUSTOMERS

	Group		
	31.12.2012	31.12.2011	1.1.2011
	RM	RM	RM
Construction contract costs incurred to date	**219,201,907**	149,975,982	6,778,392
Attributable profits	**39,669,558**	10,271,192	888,963
	258,871,465	160,247,174	7,667,355
Less: Progress billings	**(291,988,197)**	(185,039,502)	(2,033,050)
	(33,116,732)	(24,792,328)	5,634,305
Presented as			
Gross amount due (to)/from customers for contract work (Note 10)	**(33,116,732)**	(24,792,328)	5,634,305

12. CASH AND BANK BALANCES

	Group			Company		
	31.12.2012	31.12.2011	1.1.2011	31.12.2012	31.12.2011	1.1.2011
	RM	RM	RM	RM	RM	RM
Deposits with licensed banks	**37,575,649**	-	-	**-**	-	-
Cash in hand and at bank	**23,183,630**	13,652,436	5,055,438	**99,772**	565,057	12,941
	60,759,279	13,652,436	5,055,438	**99,772**	565,057	12,941

During the financial year, the fixed deposits earned interest rates ranging from 3.06% to 3.25% per annum and have average maturities of 16 to 30 days.

13. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2012	2011	2012 RM	2011 RM
Authorised				
At 1st January	**300,000,000**	300,000,000	**150,000,000**	300,000,000
Reduction in par value of ordinary shares	**-**	-	**-**	(150,000,000)
At 31st December	**300,000,000**	300,000,000	**150,000,000**	150,000,000
Issued and fully paid				
At 1st January	**90,737,009**	58,726,356	**45,368,506**	58,726,356
Reduction in par value of ordinary shares	**-**	-	**-**	(29,363,178)
Issuance of ordinary shares	**-**	32,010,653	**-**	16,005,328
At 31st December	**90,737,009**	90,737,009	**45,368,506**	45,368,506

2011

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.

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.

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.

13. SHARE CAPITAL *cont'd*

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 22nd November, 2007 ("Warrants 2007/2017 Deed Poll") and issued on 21st 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 20th 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 during the financial year ended 31st December, 2011 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 20th December, 2017;

(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 were as follows:

	2012 RM	2011 RM
At beginning of year	**26,754,754**	23,490,542
Issue of warrants	-	3,264,212
At end of year	**26,754,754**	26,754,754

14. OTHER RESERVES

	Group		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
Other reserve	**475,000**	475,000	475,000
Foreign currency translation reserve	**(164,427)**	(172,432)	(199,326)
	310,573	302,568	275,674

The movements in each category of reserves were as follows:

Other reserve

	2012	**2011**
	RM	**RM**
At beginning/end of year	**475,000**	475,000

Foreign currency translation reserve

	2012	**2011**
	RM	**RM**
At beginning of year	**(172,432)**	(199,326)
Arose during the year	**8,005**	26,894
At end of year	**(164,427)**	(172,432)

(a) Other reserve

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

(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.

15. PROVISIONS

	Restoration of Office RM	Legal Claims RM (Restated)	Total RM (Restated)
Group			
At 1st January, 2011	20,000	536,500	556,500
Reversal (Note 21)	-	(196,750)	(196,750)
At 31st December, 2011	20,000	339,750	359,750
Reversal (Note 21)	-	(204,750)	(204,750)
Payment made	-	(135,000)	(135,000)
At 31st December, 2012	**20,000**	**-**	**20,000**
At 31st December, 2012			
Non-current			
- later than two years but not later than five years	20,000	-	20,000
At 31st December, 2011			
Current	-	339,750	339,750
Non-current			
- later than two years but not later than five years	20,000	-	20,000
Total current and non-current provisions	20,000	339,750	359,750
At 1st January, 2011			
Current	-	536,500	536,500
Non-current			
- later than two year but not later than five years	20,000	-	20,000
Total current and non-current provisions	20,000	536,500	556,500

15. PROVISIONS *cont'd*

Restoration of office

On 1st 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 25th 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.

During the financial year, payments were made to settle the claims whereas balance of the provision relating to those claims has been reversed to profit or loss.

16. TRADE AND OTHER PAYABLES

	Group			Company		
	31.12.2012	**31.12.2011**	**1.1.2011**	**31.12.2012**	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**
		(Restated)	**(Restated)**			
Current						
Trade Payables						
Third parties	**18,314,176**	12,672,367	5,860,748	**-**	-	-
Retention sum payables	**1,618,094**	1,989,370	-	**-**	-	-
	19,932,270	14,661,737	5,860,748	**-**	-	-
Other Payables						
Amount due to subsidiaries	**-**	-	-	**2**	-	-
Accruals	**1,142,119**	406,800	521,820	**133,700**	167,500	132,626
Other payables	**175,917**	302,291	347,150	**12,359**	23,953	18,293
	1,318,036	709,091	868,970	**146,061**	191,453	150,919
	21,250,306	15,370,828	6,729,718	**146,061**	191,453	150,919
Non-Current						
Trade Payables						
Retention sum payables	**3,616,039**	2,002,630	-	**-**	-	-
Total trade and other payables	**24,866,345**	17,373,458	6,729,718	**146,061**	191,453	150,919

16. TRADE AND OTHER PAYABLES *cont'd*

(a) Trade Payables

Trade payables are non-interest bearing and are normally settled on 30 to 90 (2011: 30 to 90) days term.

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 (2011: 90) days term.

17. LOANS AND BORROWINGS

		Group		
	Maturity	31.12.2012	31.12.2011	1.1.2011
		RM	RM	RM
Secured				
Obligations under finance leases (Note 27)	2011			
- current		**-**	-	215,027
- non-current		**-**	-	-
		-	-	215,027

These obligations were secured by a charge over certain leased assets (Note 3). The average discount rate implicit in the leases in the year 2010 was 3.2% per annum. These obligations were denominated in RM.

18. REVENUE

	Group	
	2012	2011
	RM	RM
Sale of goods	**3,005,257**	3,683,235
Construction revenue	**155,168,647**	134,902,650
	158,173,904	138,585,885

19. OTHER OPERATING INCOME

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Interest income from loans and receivables	**790,213**	61,129	**1,559**	5,291
Foreign exchange gain				
- realised	**-**	3,038	**-**	-
- unrealised	**-**	8,958	**-**	-
Fair value adjustment on discounting of retention sum payables	**1,063,173**	1,144,740	**-**	-
Gain on disposal of property, plant and equipment	**17,000**	-	**-**	-
Bad debts recovered	**60,319**	-	**-**	-
Sales of scrap	**1,177**	31,498	**-**	-
Miscellaneous	**36,151**	4,462	**-**	-
	1,968,033	1,253,825	**1,559**	5,291

20. FINANCE COSTS

	Group	
	2012	2011
	RM	RM
Interest expense on		
- obligations under finance lease	**-**	3,357
- bank guarantee	**-**	61,735
Fair value adjustment on discounting of retention sum receivables	**1,005,229**	2,106,639
	1,005,229	2,171,731

21. PROFIT/(LOSS) BEFORE TAXATION

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

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Auditors' remuneration				
- statutory audits				
- current year	**83,836**	98,700	**30,000**	40,000
- underprovision in prior year	**20,354**	9,480	**20,000**	-
- other services				
- underprovision in prior year	**5,000**	75,000	**5,000**	75,000
Employee benefits expense (Note 22)	**5,486,885**	5,248,773	**-**	-
Non-executive directors' remuneration (Note 23)	**118,939**	100,000	**118,939**	100,000
Depreciation of property, plant and equipment (Note 3)	**1,286,534**	1,185,314	**228**	357
Amortisation of intangible asset (Note 6)	**10,601**	6,466	**-**	-
Impairment loss on				
- investment in subsidiaries	**-**	-	**-**	474,858
- other investments (Note 5)	**10,810**	-	**-**	-
- other receivables (Note 8(b))	**-**	-	**-**	48,152
Allowance for obsolete inventories	**61,289**	-	**-**	-
Inventories written off	**10,505**	-	**-**	-
Operating lease, minimum lease payments for office	**181,877**	358,810	**-**	-
Foreign exchange loss				
- realised	**22,320**	53,968	**271**	-
Reversal of provision (Note 15)	**(204,750)**	(196,750)	**-**	-

22. EMPLOYEE BENEFITS EXPENSE

	Group	
	2012	2011
	RM	RM
Wages and salaries	**4,845,261**	4,717,598
Social security contributions	**26,573**	24,914
Contributions to defined contribution plan	**439,084**	260,297
Other benefits	**175,967**	245,964
	5,486,885	5,248,773

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM1,335,936 (2011: RM822,740), as further disclosed in Note 23.

23. DIRECTORS' REMUNERATION

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Executive				
- salaries and other emoluments	**1,192,800**	739,400	**-**	-
- contributions to defined contribution plan	**143,136**	83,340	**-**	-
	1,335,936	822,740	**-**	-
- estimated money value of benefits-in-kind	**94,000**	17,000	**-**	-
Total executive directors' remuneration	**1,429,936**	839,740	**-**	-
Non-executive				
- fees	**100,939**	95,000	**100,939**	95,000
- other emoluments	**18,000**	5,000	**18,000**	5,000
Total non-executive directors' remuneration (Note 21)	**118,939**	100,000	**118,939**	100,000
	1,548,875	939,740	**118,939**	100,000

23. DIRECTORS' REMUNERATION *cont'd*

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

	Number of Directors	
	2012	2011
Executive directors		
- below RM50,000	-	2
- RM100,001 - RM200,000	-	-
- RM200,001 - RM250,000	3	-
- RM250,001 - RM300,000	-	1
- RM400,001 - RM450,000	-	1
- RM500,001 - RM550,000	1	-
Non-executive directors		
- below RM50,000	3	3

24. TAXATION

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Current income tax				
- Malaysian income tax	407,592	1,633,086	-	-
- (Over)/underprovision in prior years	(270,237)	(37,392)	14,835	-
	137,355	1,595,694	14,835	-
Deferred income tax (Note 7)				
- relating to origination and reversal of temporary differences	1,004,580	(2,477,397)	-	-
- (under)/overprovision of net deferred tax assets in prior year	(741,155)	19,229	-	-
	263,425	(2,458,168)	-	-
Income tax expense/(benefit) recognised in statement of comprehensive income	400,780	(862,474)	14,835	-

24. TAXATION *cont'd*

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 2012 and 2011 are as follows:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Profit/(loss) before tax	**23,822,638**	4,705,293	**(476,341)**	(1,978,692)
Taxation at Malaysian statutory tax rate of 25% (2011: 25%)	**5,955,660**	1,176,323	**(119,085)**	(494,673)
Income not subject to tax	**(203,942)**	(227,525)	**-**	-
Non-deductible expenses	**1,325,896**	540,596	**119,085**	491,183
Deferred tax assets not recognised	**417,011**	191,297	**-**	3,490
Deferred tax assets recognised on previously unrecognised tax losses and capital allowance	**(6,082,453)**	(2,525,002)	**-**	-
(Under)/overprovision of net deferred tax assets in prior year	**(741,155)**	19,229	**-**	-
(Over)/underprovision of income tax in prior years	**(270,237)**	(37,392)	**14,835**	-
	400,780	(862,474)	**14,835**	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2011: 25%) of the estimated assessable profit for the year.

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

25. EARNINGS PER SHARE

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

	Group	
	2012	**2011**
	RM	**RM**
Profit, net of tax attributable to owners of the parent	**23,421,858**	5,567,767
Weighted average number of ordinary shares outstanding	**90,737,012**	68,110,302
Basic earnings per share (sen)	**25.81**	8.17

25. EARNINGS PER SHARE *cont'd*

The outstanding warrants have been excluded from the computation of fully diluted earnings 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.

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	
	31.12.2012	**31.12.2011**
	RM	**RM**
Construction contract revenue		
- A company related to directors	**133,909,452**	108,670,874
- Related companies of a former corporate shareholder	**-**	24,973,728
Sub-construction contracts		
- A company related to directors	**13,542,167**	31,541,457
Sale of finished goods		
- A company related to directors	**260,000**	-
Purchase of motor vehicles		
- A company related to directors	**-**	380,000
- Related companies of a former corporate shareholder	**-**	154,000
Rental expenses		
- A company related to directors	**98,400**	48,800
Staff secondment expenses		
- A company related to directors	**292,107**	-

A company related to directors during the financial year under the construction contract revenue, purchase of motor vehicle and rental expenses 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 and staff secondment 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.

26. RELATED PARTY DISCLOSURES *cont'd*

(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 23.

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		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
Not later than one year	**64,000**	96,000	153,600
Later than one year and not later than five years	**-**	64,000	126,400
	64,000	160,000	280,000

(b) Finance lease commitments

The Group has finance leases for certain plant and machinery and motor vehicle (Note 3). 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		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
Minimum lease payments			
Not later than one year	**-**	-	218,384
Later than one year but not later than two years	**-**	-	-
Total minimum lease payments	**-**	-	218,384
Less: Amounts representing finance charges	**-**	-	(3,357)
Present value of minimum lease payments	**-**	-	215,027

27. COMMITMENTS *cont'd*

(b) Finance lease commitments *cont'd*

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

	Group		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
Present value of payments			
Not later than one year	-	-	215,027
Later than one year but not later than two years	-	-	-
Present value of minimum lease payments	-	-	215,027
Less: Amount due within 12 months (Note 17)	-	-	(215,027)
Amount after 12 months (Note 17)	-	-	-

28. HOLDING COMPANY

The holding company of the Company is Egovision Sdn. Bhd., a company incorporated in Malaysia, which owns 69.62% of the Company's equity shareholdings.

29. FAIR VALUE OF FINANCE INSTRUMENTS

Determination of Fair Value

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

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)	8
Deposits with licensed banks (current)	12
Trade and other payables (current and non-current)	16
Loans and borrowings (current)	17

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.

29. FAIR VALUE OF FINANCE INSTRUMENTS *cont'd*

Determination of Fair Value *cont'd*

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.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The 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 8.

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

(a) Credit Risk *cont'd*

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 2 (2011: 3) debtors in the construction segment representing 97% (2011: 95%) 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 8.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 8.

(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.

	31.12.2012			
	On demand or within one year	One to five years	Over five years	Total
	RM	RM	RM	RM
Group				
Financial Liabilities				
Trade and other payables	21,250,306	3,616,039	-	24,866,345

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

(b) Liquidity Risk *cont'd*

Analysis of Financial Instruments by Remaining Contractual Maturities *cont'd*

	31.12.2012			
	On demand or within one year RM	**One to five years RM**	**Over five years RM**	**Total RM**
Company				
Financial Liabilities				
Trade and other payables	**146,061**	**-**	**-**	**146,061**

	31.12.2011			
	On demand or within one year RM (Restated)	**One to five years RM**	**Over five years RM**	**Total RM (Restated)**
Group				
Financial Liabilities				
Trade and other payables	15,370,828	2,002,630	-	17,373,458
Company				
Financial Liabilities				
Trade and other payables	191,453	-	-	191,453

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

(b) Liquidity Risk *cont'd*

Analysis of Financial Instruments by Remaining Contractual Maturities *cont'd*

	1.1.2011			
	On demand or within one year RM (Restated)	**One to five years RM**	**Over five years RM**	**Total RM (Restated)**
Group				
Financial Liabilities				
Trade and other payables	6,729,718	-	-	6,729,718
Company				
Financial Liabilities				
Trade and other payables	150,919	-	-	150,919

(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 17.

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

(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, Australian Dollar and Hong Kong 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:

	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Net unhedged financial assets:			
United States Dollar ("USD")	**2,070,573**	1,971,645	3,440,617
Australian Dollar ("AUD")	**124,447**	129,892	463,722
Hong Kong Dollar ("HKD")	**202,660**	-	-
	2,397,680	2,101,537	3,904,339

Sensitivity Analysis for Foreign Currency Risk

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

		Gain/(loss) in profit or loss 2012 RM	2011 RM
USD/RM	- strengthened 10%	**207,057**	197,165
	- weakened 10%	**(207,057)**	(197,165)
AUD/RM	- strengthened 2%	**2,489**	2,598
	- weakened 2%	**(2,489)**	(2,598)
HKD/RM	- strengthened 2%	**4,053**	-
	- weakened 2%	**(4,053)**	-

31. 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 31st December, 2012 and 2011.

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	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Trade and other payables	**24,866,345**	17,373,458	**146,061**	191,453
Less: Cash and bank balances	**(60,759,279)**	(13,652,436)	**(99,772)**	(565,057)
	(35,892,934)	3,721,022	**46,289**	(373,604)
Equity attributable to the owners of the parent, representing total capital	**72,630,563**	49,200,700	**33,749,026**	34,240,202
Capital and net debt, excluding net credit	**72,630,563**	52,921,722	**33,795,315**	34,240,202
Gearing ratio	**0%**	8%	**0%**	0%

32. 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

32. SEGMENT INFORMATION *cont'd*

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
31st December, 2012					
Revenue					
External sales	155,309,372	2,864,532	-	-	158,173,904
Inter-segment sales	116,486,532	14,750,190	-	(131,236,722)	-
Total revenue	271,795,904	17,614,722	-	(131,236,722)	158,173,904
Results					
Segment results	26,099,085	(821,435)	(449,783)	-	24,827,867
Finance costs					(1,005,229)
Profit before tax					23,822,638
Taxation					(400,780)
Profit for the year					23,421,858
Assets					
Segment assets	84,855,436	112,204,239	46,498,273	(113,705,886)	129,852,062
Unallocated assets					804,973
Consolidated total assets					130,657,035
Liabilities					
Segment liabilities	(109,148,540)	(81,822,495)	(42,191,365)	175,159,323	(58,003,077)
Unallocated liabilities					(23,395)
Consolidated total liabilities					(58,026,472)
Other information					
Depreciation	647,680	638,626	228	-	1,286,534
Amortisation of intangible assets	10,601	-	-	-	10,601

32. SEGMENT INFORMATION *cont'd*

	Construction	Manufacturing	Investments and others	Elimination	Total
	RM	RM	RM	RM	RM
31st 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
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 assets	6,466	-	-	-	6,466

33. 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 31st December, 2012 into realised and unrealised profit/(losses) is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25th 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	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Total retained profit/(accumulated losses) of the Company and its subsidiaries				
- Realised	**(38,295,690)**	(61,900,103)	**(11,619,480)**	(11,128,304)
- Unrealised	**205,481**	158,820	**-**	-
	(38,090,209)	(61,741,283)	**(11,619,480)**	(11,128,304)
Less: Consolidation adjustments	**65,041,693**	65,270,909	**-**	-
Retained profit/(accumulated losses) as per financial statements	**26,951,484**	3,529,626	**(11,619,480)**	(11,128,304)

34. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

1) On 29th May, 2012, the Company had acquired two (2) ordinary shares of RM1.00 each in Bazarbayu Sdn. Bhd. ("Bazarbayu"), representing 100% of the issued and paid-up share capital of Bazarbayu for a total consideration of RM2.00. The intended principal activity of Bazarbayu is disclosed in Note 4.

2) On 19th November, 2012, the Company had acquired two (2) ordinary shares of RM1.00 each in Senandung Raya Sdn. Bhd. ("SR"), representing 100% of the issued and paid-up share capital of SR for a total consideration of RM2.00. The intended principal activity of SR is disclosed in Note 4.

3) On 12th December, 2012, Senandung Raya Sdn. Bhd., a wholly-owned subsidiary of the Company, had entered into a Conditional Sale & Purchase Agreement with Creative Interlink Sdn. Bhd. to acquire a piece of land measuring in area approximately 35,310 square metres held under Mukim Bukit Raja, Daerah Petaling Negeri Selangor for a total purchase consideration of RM16,500,000 ("Proposed Acquisition").

35. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

1) On 21st January, 2013, Bazarbayu Sdn. Bhd., a wholly-owned subsidiary of the Company, had entered into a Conditional Sale & Purchase Agreement with KYM Leisure Sdn. Bhd. to acquire 3 pieces of leasehold land measuring in area approximately 1,932.6 square metres each aggregating to 5,797.8 square metres all in Tempat Genting Highlands, Mukim Bentong, Daerah Bentong, Negeri Pahang for a total purchase consideration of RM8,000,000.

2) On 28th March, 2013, the shareholders' of the Company have at the Extraordinary General Meeting passed the resolution pertaining to the Proposed Acquisition.

36. AUTHORISATION FOR ISSUE

The financial statements of the Group and of the Company for the financial year ended 31st December, 2012 were authorised for issue in accordance with a resolution of the Board of Directors on 26 April 2013.

List of Property Owned by the Group
as at 31 December 2012

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	10 years	3,676	R: 11.05.2011

Analysis of Shareholdings
as at 30 April 2013

Authorised Share Capital : RM150,000,000.00
Paid-up Share Capital : RM45,368,504.50
Class of Shares : Ordinary Shares of RM0.50 each
Voting Rights : One (1) vote per shareholder on a show of hands or one vote per ordinary share on a poll

ANALYSIS BY SIZE OF HOLDINGS AS AT 30 APRIL 2013
(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME PERSON)

Size of Shareholdings	No. of Holders	%	No. of Holdings	%
1 – 99	294	19.37	7,520	0.01
100 – 1,000	558	36.76	348,281	0.38
1,001 – 10,000	482	31.75	1,731,551	1.91
10,001 – 100,000	141	9.29	4,852,700	5.35
100,001 – 4,536,849 (*)	41	2.70	20,623,167	22.73
4,536,850 and above (**)	2	0.13	63,173,790	69.62
Total	1,518	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 2013

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*	2,322,700	2.56
4	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)*	1,171,800	1.29
8	MAYBANK NOMINEES (TEMPATAN) SDN BHD *TEE TONG LAI*	1,000,000	1.10
9	SEE BOON YONG	1,000,000	1.10
10	TAI KOK WEI	700,000	0.77
11	SOONG CHEE KEONG	655,400	0.72

THE 30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 30 APRIL 2013 *cont'd*

No.	Holder Name	No. of Holdings	%
12	MAYBANK NOMINEES (TEMPATAN) SDN BHD *HO KOK LAM*	642,300	0.71
13	HO WEI FUN	547,400	0.60
14	HUANG PHANG LYE	520,000	0.57
15	HDM NOMINEES (TEMPATAN) SDN BHD *DBS VICKERS SECS (S) PTE LTD FOR YEAP POH CHIM*	467,000	0.51
16	LOH LEE FONG	446,100	0.49
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	HLIB NOMINEES (TEMPATAN) SDN BHD *HONG LEONG BANK BHD FOR TEH SHIOU CHERNG*	375,700	0.41
20	ECML NOMINEES (TEMPATAN) SDN BHD *DERRICK KONG YING KIT (PCS)*	365,000	0.40
21	AFFIN NOMINEES (ASING) SDN BHD *UOB KAY HIAN PTE LTD FOR CHAN TZE LEUNG ROBERT*	358,600	0.40
22	NETUREN CO LTD	326,667	0.36
23	TAN JOO TIAN	308,800	0.34
24	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LAWRENCE LIM SWEE LIN (470393)*	300,000	0.33
25	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD *EXEMPT AN FOR HWANG INVESTMENT MANAGEMENT BERHAD (TSTAC/CLNT-T)*	300,000	0.33
26	TAN KIM HENG	300,000	0.33
27	CHIM LUANG ENG	271,500	0.30
28	CHONG MEEI FEN	268,000	0.30
29	ECML NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR YEAP GEK @ YEAP POH CHIM*	262,800	0.29
30	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TOH SIEW HII*	237,800	0.26
		81,820,157	**90.17**

DIRECTORS' SHAREHOLDINGS IN THE COMPANY
as per the Register of Directors' Shareholdings as at 30 April 2013

	No. of Shares Held			
Name of Directors	**Direct**	**%**	**Indirect**	**%**
Tee Eng Ho	-	-	63,173,790 *	69.62 *
Loo Soo Loong	2,060,000	2.27	-	-
Tee Eng Seng	-	-	63,173,790 *	69.62 *
Toh Siew Chuon	2,322,700	2.56	-	-
Khoo Siong Kee	10,100	0.01	-	-
Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof	-	-	-	-
Lim Kien Lai @ Lim Kean Lai	68,900	0.08	-	-

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 2013

		No. of Shares Held			
No.	**Name of Substantial Shareholders**	**Direct**	**%**	**Indirect**	**%**
1	Egovision Sdn. Bhd.	63,173,790	69.62	-	-
2	Tee Eng Ho	-	-	65,496,490 [1]	72.18 [1]
3	Tee Eng Seng	-	-	63,173,790 [2]	69.62 [2]

Note:-
[1] *Deemed interested by virtue of his spouse's direct shareholding and his interest in Egovision Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.*
[2] *Deemed interested by virtue of his interest in Egovision Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.*

DIRECTORS' SHAREHOLDINGS IN RELATED CORPORATION
as per the Register of Directors' Shareholdings as at 30 April 2013

	Direct		Indirect	
	No. of Ordinary Shares of RM1.00 each in Egovision Sdn. Bhd.	**%**	**No. of Ordinary Shares of RM1.00 each in Egovision Sdn. Bhd.**	**%**
Tee Eng Ho	30,001	50.00	-	-
Tee Eng Seng	30,001	50.00	-	-

Analysis of Warrantholdings
as at 30 April 2013

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

1. ANALYSIS BY SIZE OF HOLDINGS AS AT 30 APRIL 2013

Size of Warrantholdings	No. of Holders	%	No. of Holdings	%
1 – 99	108	23.28	5,375	0.02
100 – 1,000	84	18.10	49,388	0.18
1,001 – 10,000	162	34.91	594,563	2.22
10,001 – 100,000	76	16.38	2,680,841	10.02
100,001 – 1,337,736 (*)	31	6.68	8,042,029	30.06
1,337,737 and above (**)	3	0.65	15,382,558	57.49
Total	464	100.00	26,754,754	100.00

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

2. THE 30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 30 APRIL 2013

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)*	2,649,688	9.90
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	468,188	1.75
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	HLIB NOMINEES (TEMPATAN) SDN BHD *HONG LEONG BANK BHD FOR TEH SHIOU CHERNG*	331,800	1.24
12	HO WEI FUN	316,800	1.18
13	TAN LIAM KWEE	305,530	1.14
14	SOONG CHEE KEONG	298,560	1.12

2. THE 30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 30 APRIL 2013 *cont'd*

No.	Holder Name	No. of Holdings	%
15	ECML NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR YEAP GEK @ YEAP POH CHIM*	225,472	0.84
16	KOH SOOI KWANG	208,773	0.78
17	HUANG PHANG LYE	201,558	0.75
18	HLIB NOMINEES (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	CHIM LUANG ENG	165,007	0.62
25	ECML NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR THAM CHI HOW (013)*	150,000	0.56
26	HLB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR NG YOKE YEN*	149,455	0.56
27	CHIM LUANG ENG	140,758	0.53
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
		22,947,766	85.77

3. DIRECTORS' WARRANTHOLDINGS AS AT 30 APRIL 2013

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

Note:-

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

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Ninth 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, 19 June 2013 at 11.30 a.m. to transact the following businesses:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2012 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 Article 89 of the Company's Articles of Association:-

   (i) Mr. Tee Eng Ho ***Ordinary Resolution 3***
   (ii) Mr. Khoo Siong Kee ***Ordinary Resolution 4***

4. To appoint Messrs Ong & Wong as Auditors of the Company and authorise the Directors to determine their remuneration. ***Ordinary Resolution 5***

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 6***

   ORDINARY RESOLUTION - PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ***Ordinary Resolution 7***

   "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 2.2.2 of Proposed Shareholders' Mandate in the Circular to Shareholders dated 28 May 2013 ("Recurrent RPTs") provided that such transactions are:-

(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."

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

Petaling Jaya
28 May 2013

Notes:

1. *Only depositors whose names appear in the Record of Depositors as at 12 June 2013 shall be regarded as members and entitled to attend, speak and vote at the meeting.*

2. *A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. There shall be no restriction as to the qualification of the proxy. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*

3. *A member may appoint not more than two (2) proxies to attend the meeting. Where a member appoints two (2) 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 Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.*

5. *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.*

6. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised.*

7. *The instrument appointing a 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 at least forty eight (48) hours before the time for holding the meeting or any adjournment thereof.*

8. *Explanatory notes on Special Business:*

   Resolution 6 – Authority to Issue Shares

   The Proposed Ordinary Resolution 6, if passed, will give the Directors of the Company, from the date of the Twenty-Ninth 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-Eighth Annual General Meeting held on 13 June 2012 and which will lapse at the conclusion of the Twenty-Ninth 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 7 – Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

   The proposed Ordinary Resolution 7, 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 28 May 2013, which is despatched together with the Company's Annual Report 2012.

FUTUTECH 富德

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

CDS Account No.

PROXY FORM

I/We ____
(FULL NAME IN BLOCK)

of ____
(ADDRESS)

being a member/members of **FUTUTECH BERHAD** (the "Company") hereby appoint ______________________
____ of
(FULL NAME)
____
(ADDRESS)

or failing him/her, ____
(FULL NAME)

of ____
(ADDRESS)

as *my/our proxy, to vote for *me/us and on *my/our behalf at the Twenty-Ninth 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, 19 June 2013 at 11.30 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		

Please indicate with an "X" in the space above on how you wish to cast your vote. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.

Dated this _________ day of ____________________ 2013

Number of Ordinary Shares Held

____
Signature of Member/Common Seal

Notes:

1. *Only depositors whose names appear in the Record of Depositors as at 12 June 2013 shall be regarded as members and entitled to attend, speak and vote at the meeting.*
2. *A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. There shall be no restriction as to the qualification of the proxy. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
3. *A member may appoint not more than two (2) proxies to attend the meeting. Where a member appoints two (2) 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 Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.*
5. *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.*
6. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised.*
7. *The instrument appointing a 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 at least forty eight (48) hours before the time for holding the meeting or any adjournment thereof.*

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