FUTUTECH BERHAD
(122592-U)

Annual Report 2014

CONTENTS

CORPORATE **INFORMATION**

BOARD OF DIRECTORS

Datuk Tee Eng Ho
Executive Chairman

Mr Loo Soo Loong, Evan
Chief Executive Officer

Datin Toh Siew Chuon
Executive Director

Mr Tee Eng Seng
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)

Share 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

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

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

PROFILE OF **DIRECTORS**

DATUK TEE ENG HO
Executive Chairman, aged 51, Malaysian

Datuk 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, aged 51, Malaysian

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, aged 46, Malaysian

Tee Eng Seng was appointed as Non-Independent Non-Executive Director of Fututech Berhad on 31 March 2011 and was re-designated 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.

DATIN TOH SIEW CHUON
Executive Director, aged 49, Malaysian

Datin 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. Datin 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, aged 65, Malaysian

Khoo Siong Kee, a Charterred 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.

profile of directors (cont'd)

PROFESSOR DATUK DR. NIK MOHD ZAIN BIN NIK YUSOF
Independent Non-Executive Director, aged 69, Malaysian

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, aged 63, Malaysian

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. Datuk Tee Eng Ho and Tee Eng Seng are brothers and substantial shareholders of the Company. Datin Toh Siew Chuon is the spouse of Datuk Tee Eng Ho and ister-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.

CORPORATE **STRUCTURE**

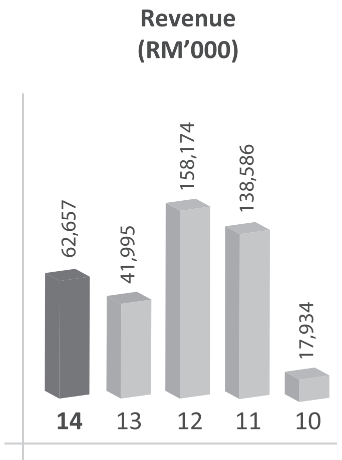
FUTUTECH 富德

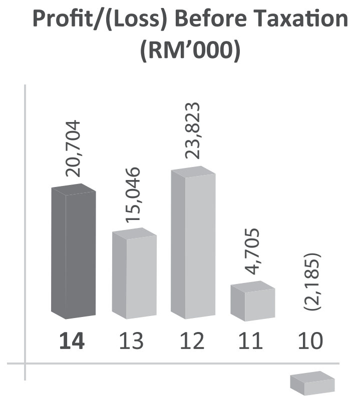
FUTUTECH BERHAD

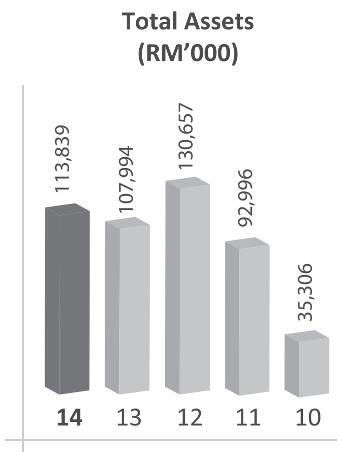
- 100% Acumen Industries Limited, Hong Kong
- 100% Acumen Marketing Sdn. Bhd.
- 100% Advance Industries Sdn. Bhd.
  - 100% Ace Equity Sdn. Bhd.
- 100% Aurizon Investments Limited
- 100% Bazarbayu Sdn. Bhd.
- 100% Futumeds Sdn. Bhd.
- 100% FutuProp Sdn. Bhd.
  - 100% Segi Rancak Sdn. Bhd.
  - 100% Senandung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

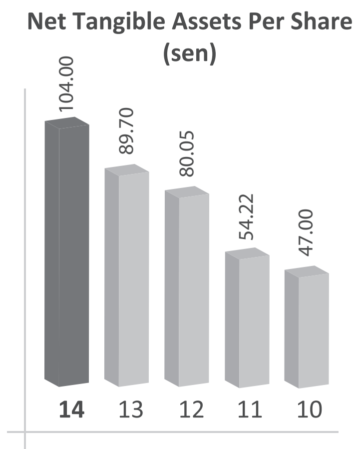
5-YEARS GROUP
FINANCIAL SUMMARY

	2014 RM'000	2013 RM'000	2012 RM'000	2011 RM'000	2010 RM'000
Revenue	62,657	41,995	158,174	138,586	17,934
Profit/(Loss) Before Taxation	20,704	15,046	23,823	4,705	(2,185)
Profit/(Loss) after taxation and minority interest	15,372	11,495	23,422	5,568	(2,453)
Total Assets	113,839	107,994	130,657	92,996	35,306
Shareholder's Fund	94,040	81,400	72,631	49,201	27,601
Net Tangible Assets	94,040	81,400	72,631	49,201	27,601
	sen	sen	sen	sen	sen
Net Tangible Assets per share	104.00	89.70	80.05	54.22	47.00
Profit/(loss) per share	16.94	12.67	25.81	8.17	(4.18)
Dividend per share (net of tax)	3.00	3.00	–	–	–









CHAIRMAN'S **STATEMENT**

DEAR SHAREHOLDERS,

ON BEHALF OF THE BOARD OF DIRECTORS OF FUTUTECH BERHAD ("FUTUTECH" OR THE "GROUP"), I AM PLEASED TO PRESENT THE ANNUAL REPORT AND FINANCIAL STATEMENT OF THE GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (FYE2014).

ECONOMIC OVERVIEW

Whilst the global economy expanded at a moderate pace in 2014, albeit at an uneven growth across and within regions, Malaysia recorded a strong economic growth of 6% in 2014 due to the continued strength of its private domestic demand and the positive growth in its net exports.

On the supply side, all economic sectors recorded higher growth in 2014. Of particular relevance, the construction sector registered a higher growth of 11.6% during the year (2013:10.9%) owing mainly to stronger growth in both the residential and non-residential sub-sectors. The robust growth in the residential sub-sector was attributed to continued progress in the high-end housing projects in Johor, Klang Valley and Penang whilst construction activities in the non-residential sub-sector were supported by commercial and industrial projects. The civil engineering sub-sector provided further support to the sector, underpinned by existing and new infrastructure projects.

[Source: Annual Report 2014, Bank Negara Malaysia]

PERFORMANCE REVIEW

Despite a challenging economic environment during FYE2014, Fututech has remained resilient to negative market effects and continued to post stronger earnings and turnover as compared to its financial year ended 31 December 2013 (FYE2013).

For FYE2014, the Group continued to improve its financial performance and reported a profit after tax (PAT) that increase of 34% with RM15.37 million, against its PAT of RM11.49 million seen in FYE2013.

Meanwhile, our turnover rose by 48% to RM62.26 million, from RM41.99 million that was reported last year. As a result, our earnings per share (EPS) increased to 16.9 sen per share as compared to 12.7 sen per share in FYE2013; whilst net asset per share strengthened to RM1.04 per share against 90 sen per share in FYE2013.

During the financial year under review, revenue for our construction division increased by approximately 50% as compared to its previous financial year, which has contributed approximately 87% to the Group's total revenue for FYE2014. This was attributed mainly to on-going projects, which have accelerated their momentum in construction activities, as they approach their respective completion dates.

The manufacturing division, which generally supports our construction division, contributed approximately 13% to the Group's overall revenue for the financial year under review. In line with the Group's revenue increase and construction works, this division also registered an increase, mainly due to higher progressive works on kitchen cabinetry projects being achieved.

As for our newly established property development division, efforts were made at the pre-development stage last year for the two pieces of existing development land in Genting Permai and Monterez Golf and Country Club. Presently, earthworks and piling activities have begun at Genting Permai whilst the latter is progressing at the planning stage. In the absence of any undue delay, the Group is targeting to launch its Genting Permai project in the second half of 2015 whilst the project in the Monterez Golf and Country Club area for next year. The Group is positive that these projects will widen and enhance the Group's revenue and earnings base moving forward.

chairman's statement (cont'd)

DIVIDEND

The Board believes in continuously building shareholder's interest and sharing our success with our shareholders whilst at the same time maintaining adequate funds to invest in strategic long-term growth of the Group.

For FYE2014, a net interim dividend of 3.0 sen per share was paid to shareholders in October 2014.

2015 MARKET OUTLOOK AND FUTURE PROSPECTS

In 2015, the Malaysian economy is estimated to grow between 4.5% - 5.5% with all economic sectors expected to expand at a more moderate pace. In line with this outlook, the construction sector is expected to continue to grow, although activities in the residential sub-sector may experience a more moderate increase due to lower housing approvals and property launches.

As 2015 may present a more challenging outlook in comparison to previous years, we will continue to exercise vigilance and prudence in achieving our objectives whilst seeking opportunities to expand our business activities.

In respect of Fututech's corporate developments, the Group had made an announcement in February 2015 to acquire two (2) construction-based companies. This proposed exercise will enable the Group to become a stronger and bigger player in the construction sector, as well as recognize our goal to be the top high rise contractor in the country. Upon completion of the proposed acquisitions, the Group believes that it will allow Fututech, to participate via the acquired companies' substantially larger projects, gain access to first tier developer/customer base, equipped with an extensive track record, competitiveness and the overall market standing of Fututech in the construction industry.

Moving forward, such opportunities will, amongst others, enlarge and secure our construction order book with top tier developers, improve profitability, acquire specialize and technical skills and greatly expand our network of resources. The proposed corporate exercise is subject to the approval of the shareholders and any relevant authorities (if required). Notwithstanding the Group's objective to expand its core business in construction, it will continue to explore property development and manufacturing based opportunities as part of its integrated business objective and strategy.

APPRECIATION & ACKNOWLEDGEMENT

On behalf of the Board of Directors and senior management team, I would like to express our gratitude to our valued customers, business partners, associates, bankers, shareholders and the regulatory authorities for their continued support and collaboration.

To our staff and employees, thank you for your dedication, diligence and team spirit.

DATUK TEE ENG HO
Executive Chairman

Date: 11 May 2015

STATEMENT ON **CORPORATE GOVERNANCE**

The Board of Directors ("the Board") of Fututech Berhad ("Fututech" or "the Company") is pleased to report that for the financial year ended 31st December 2014, 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").

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. 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 of 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. The Company does not have a formal ethnic and age diversity policy. In its selection of board members, the Board provides equal opportunity to candidates who have the relevant skills, experience, competencies and other qualities vis-a-vis the Group present business portfolios and prospective investments.

The Board members consist of members from diverse backgrounds and from various fields. Together they bring a broad range of skills, experience and knowledge in directing and managing the Group's businesses. Descriptions of the background of each director presented previously remain substantially unchanged. The profile of the Directors can be found on page 3 to 4 of this Annual Report. Such information is also available on the corporate website www.fututech.com.my.

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 the 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 guidance to stakeholders on the ethical behaviour to be expected from the Group.

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 Senior Management and has defined its sustainability policy outlining the Board and the Senior Management roles and responsibilities in ensuring the Group's strategies, business ventures and developments promote sustainability.

BOARD COMMITTEES

The Board has delegated specific responsibilities to the respective committees of the Board namely the Audit Committee, Nomination Committee and Remuneration Committee (collectively refer to as "the Board Committees"), 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 AC are outlined in this Annual Report under the section of Audit Committee Report.

Nomination Committee ("NC")

In order to ensure that the selection and evaluation of board members are done objectively, the NC consists solely of Independent Non-Executive Board members and is chaired by a Senior Independent 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/Independent Non-Executive Director
iii. Lim Kien Lai @ Lim Kean Lai – Member/Independent Non-Executive Director

Functionally, the NC oversees matters relating to the nomination of new Directors, recommends to the Board, candidate for directorship of the Board and membership for the Board Committees. The NC reviews the required mix of skills, experience and other requisites qualities of Directors and thereafter, recommends its findings to the Board. The NC also conducts annual assessments on the effectiveness of the Board as a whole, its Board Committees and the contribution of each individual Director and ensures that the current composition of the Board functioning competently.

Appointment and Re-election of Directors

The Board nominating process is to facilitate and provide a guide for the NC to identify, evaluate, select and recommend to the Board the candidate to be appointed as a Director of the Company.

The Board does not set specific criteria for the assessment and selection of Director candidate. However, the consideration would be taken on the need to meet the regulatory requirement such as Companies Act, 1967 and Listing Requirements of Bursa, integrity, wisdom, and possession of the required skill, qualification and expertise that would add value to the Board and understanding of the business environment.

The NC also reviews the re-election of retiring Directors by rotation on annual basis. 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 Section 129(6) of the Companies Act, 1965.

BOARD COMMITTEES (CONT'D)

Performance Assessment and Independence of Directors

The NC has developed criteria to assess the effectiveness of the Board, the Board Committees and individual. They are assessed on, amongst others, the required mix of skills, knowledge, integrity and meeting attendance.

The NC also undertakes annual assessment of the independence of its independent Directors based on the guidelines of Bursa Listing Requirements. 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.

During the financial year, NC conducted a meeting on 22nd April 2014. In this meeting, the NC:

i. Reviewed the appraisals of individual director, Board Committees and the Board as a whole;
ii. Assessed and recommended the re-election of directors; and
iii. Reviewed and assessed the composition of the Board Committee and the mix of skill and experience and other qualities of the Board.

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/Independent Non-Executive Director
iii. Lim Kien Lai @ Lim Kean Lai – Member/Independent Non-Executive Director

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 22nd April 2014, which was attended by majority of the members of the RC.

For the financial year ended 31st December 2014, the number of Directors whose remuneration and fees received/ receivable from the Group falls within the following bands:

Remuneration Bands	Executive	Non-Executive
RM50,000 and below	–	3
RM100,000 – RM300,000	–	–
RM300,001- RM350,000	2	–
RM350,001- RM400,000	1	–
RM400,001- RM450,000	–	–
RM750,001- RM800,000	–	–
RM800,000 and above	1	–

BOARD COMMITTEES (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	–	1,752,202	203,808	1,956,010
Non-Executive Directors	117,532*	9,000	–	126,532

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

The remuneration policies and procedures are as follows:

Remuneration of Executive Directors

Executive Director is remunerated based on the individual performance and Group's performance. The remuneration shall be reviewed and proposed by the RC and thereafter recommends the reasonable package to the Board for approval. The remuneration of the Executive Directors is structured to attract, retain and motivate them in order to drive the Group successfully.

Remuneration of Non-Executive Directors

The remuneration of Non-Executive Directors, which made up of Director fee, meeting allowances and other benefits, if any is determined by the Board. The remuneration of the Non-Executive Directors is determined in accordance with their experience and the level of responsibilities assumed.

The Directors' fee will be subject to the approval of shareholders at the general meeting.

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, Senior 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 discharging their duties.

The Directors are being notified of any corporate announcements released to Bursa. They are also being reminded on 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 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 quarterly financial results, statutory financial statements, 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 relevant 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 Meetings Held
Datuk Tee Eng Ho	5/5
Mr. Tee Eng Seng	4/5
Mr. Loo Soo Loong	4/5
Datin Toh Siew Chuon	5/5
Mr. Khoo Siong Kee	4/5
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 Directors after assessing and identifying their own training needs, attended the following conferences, seminars and training programmes during the financial year:

Director	Name of Conferences, seminars and training programmes attended
Datuk Tee Eng Ho	• GST for Property Development & Construction • GST for Different Industries in Malaysia
Mr. Loo Soo Loong	• GST for Property Development & Construction • Board of Directors Breakfast Series - "Great Companies Deserve Great Boards"
Mr. Tee Eng Seng	• GST for Different Industries in Malaysia
Datin Toh Siew Chuon	• Auditing & Accounting of Property Developers and Contractors – Audit Focus Areas & Avoiding Duplication of Efforts • GST for Property Development & Construction
Mr. Khoo Siong Kee	• Enhancing Internal Audit Practice • Risk Management & Internal Control • Nominating Committee Programme 2 - Effective Board Evaluations • MIA By-Laws: Highlights On Recent Amendments • National Tax Conference 2014 • Seminar Percukaian Kebangsaan 2014 • 2015 Budget Seminar • MIA International Accountants 2014
Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof	• Global Competitiveness and the Malaysian Experience • PNB Nominee Directors Convention 2014 • 9th NAPREC Conference • Enhancing Internal Audit Practice • Nominating Committee Programme 2: Effective Board Evaluations • Risk Management & Internal Control
Mr. Lim Kien Lai @ Lim Kean Lai	• Enhancing Internal Audit Practice • GST for Property Development and Construction • Appreciation & Application of ASEAN Corporate Governance Scorecard • Nominating Committee Programme 2 - Effective Board Evaluations

FINANCIAL REPORTING

The Board is responsible to ensure that the quarterly financial reporting of the Group 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 AC 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 system in the Group, the Board would work with the Management in formalising and approving the Group's risk policy and the Board's risk appetite.

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 on 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 system and processes are reported in the Statement on Risk Management and Internal Control on page 24 to 25 of this Annual Report.

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 as stipulated in the Listing Requirements of Bursa for financial result and various announcements. Management is invited to attend the Board and AC meetings and to provide update on the operations of the Group and explanations to any queries raised by the Board.

The Board leverages on its corporate website to disseminate material information to shareholders 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 report, announcements and press releases. In addition to various announcements made during the year, information on the Company is available on 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 1st June 2013, poll voting is mandated for related party transactions that require specific shareholders' approval.

COMPLIANCE STATEMENT

This Statement on the Company's corporate governance practices is made in compliance with paragraphs 15.25 and 15.08A of the Bursa Listing Requirements. The Board strives to ensure that the Company complies with the principles and recommendations stipulated the Code and is satisfied that as at the date of the issuance of this Annual Report, the Company is in compliance with the Code.

OTHER
COMPLIANCE INFORMATION

1. NON-AUDIT FEE

The non-audit fees paid to the external auditor by the Group for the financial yar ended 31 December 2014 amounted to RM1,000.

2. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (“RRPT”)

The RRPT of the Group conducted persuant to the shareholders’ mandate during the financial year ended 31 December 2014 are as follows:-

Transacting Parties	Interested Related Parties	Nature of Transactions	Amount Transacted (RM’000)
Kerjaya Prospek (M) Sdn Bhd Group Permatang Bakti Sdn Bhd Group Fututech Berhad Group	Datuk Tee Eng Ho Tee Eng Seng Datin 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, which including but not limited to secondment of staffs, renting of machineries by Kerjaya Prospek (M) Sdn Bhd Group and Permatang Bakti Sdn Bhd Group to Fututech Berhad Group and vice versa	17,328
Permatang Bakti Sdn Bhd (“PBSB”) Ace Equity Sdn Bhd	Datuk Tee Eng Ho Tee Eng Seng Datin 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 PBSB measuring approximately 7,000 square feet by Ace Equity Sdn Bhd for 2 years with rental of RM8,000 per month commencing from 2 September 2013 to 1 September 2015	88
Kerjaya Photo Centre Sdn Bhd (“KPhoto”) Coco Mart (M) Sdn Bhd (“Cocomart”) Kerjaya Hotel Sdn Bhd (“KHotel”) MIO Boutique Hotel Sdn Bhd (“MIO”) Fututech Berhad Group	Datuk Tee Eng Ho Tee Eng Seng Datin Toh Siew Chuon Kerjaya Photo Centre Sdn. Bhd MIO Boutique Hotel Sdn. Bhd. Kerjaya Hotel Sdn. Bhd. Coco Mart (M) Sdn Bhd	Purchase of miscellaneous and sundry items from KPhoto or Cocomart by Fututech Berhad Group and staff benefits given by Fututech Berhad Group on accommodation at hotel owned by MIO and Khotel.	15

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.

4. SHARE BUY-BACK

There were no share buy-back exercise 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

There was no proceeds raised by the Company during the financial year.

7. DEPOSITORY RECEIPT PROGRAMME

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

8. SANCTIONS AND/OR PENALTIES

Saved for the tax penalty of RM12,967 imposed by Inland Revenue Board on the Company's subsidiaries for additional tax assessment for year 2014, 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 environment 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 endeavor to take appropriate and timely action in addressing corporate social responsibilities issues, if any.

DIRECTORS' RESPONSIBILTY 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 judgment 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 members of the Audit Committee ("the Committee") during the financial year ended 31st December 2014 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 ("MIA").

OBJECTIVES

The principle objectives of the Committee are to assist the Board of Directors ("the Board") in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the holding company and each of its subsidiaries. In addition, the Committee shall assess the suitability and independence of external auditors, evaluate the quality of the audits performed by the internal and external auditors, provide assurance that the financial information presented by Management is relevant, reliable and timely, oversee compliance with laws and regulations and applicable financial reporting standards, observe the 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 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.

At least one (1) member of the Committee shall be a member of the MIA or if he/she is not a member of MIA, he/she must have at least three (3) years working experience and;

(i) He/she must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or

(ii) He/she must be a member of one of the associated of accountants as specified in Part II of the First Schedule of the Accountants Act, 1967; or

(iii) Fulfills such other requirements as prescribed or approved by Bursa.

In the event of any vacancy on the Audit Committee resulting in the non-compliance with the Main Market Listing Requirements of Bursa, the Board shall within three (3) months of the event, appoint such new member as may be required to comply with the requirements.

The Board shall review the terms of reference and performance of the Committee and each of its members at least once every three (3) years. 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 discharging their duties and responsibilities at one time. 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.

- 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, without the presence of the Executive 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.

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 have been taken;
- 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's responses to ascertain that appropriate actions are taken on the recommendations of the internal audit function;
- Any appraisal or assessment conducted on the performance of members of the internal audit function and approve any appointment or termination of senior staff of the internal audit function

DUTIES AND RESPONSIBILITIES OF THE COMMITTEE (CONT'D)

(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 quarterly financial results and the year end financial statements of the Group and of the Company and 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.

(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 2014.

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	4/5
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

SUMMARY OF ACTIVITIES (CONT'D)

During the financial year ended 31st December 2014, 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 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 2014 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 made and Management's responses to these recommendations and actions taken to improve the system of internal control and procedures.
- Review the Statement on Risk Management and 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 31st December 2014, the amount of fees and related expenses incurred in respect of the internal audit reviews performed by the professional service firm was RM22,629.80.

STATEMENT ON
RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa, the Board of Directors ("the Board") of Fututech Berhad Group ("the Group") is pleased to provide its Statement on Risk Management and Internal Control ("the Statement") 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.

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

(i) Documented Policies and Procedures

- Clearly defined policies, procedures and practices to be complied with are in place for key operating units. These policies and procedures are regularly reviewed and updated to address operational deficiencies and changes of risks.

(ii) Organisation Structure and Authorisation Procedures

- The Group maintains a formal organizational structure 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;

(iii) Budgeting, Monitoring and Reporting

- Operating companies in the Group prepare budgets or cash flow estimation for major projects or potential collaborations for Management's decision purpose and constantly review the projects' cash inflow and cash outflow to prevent any significant mismatch.

- 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 order, defect, resources allocation, with significant variances and delay explained and management action taken, where necessary;

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

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

BOARD RESPONSIBILITIES AND ASSURANCE

The Board recognises its responsibilities for the governance of the Group's risk management framework and internal control to safeguard shareholders' investments and the Group's assets.

The key aspects of risk management are set out below.

(i) Risk management is embedded in all aspects of the Group's activities;
(ii) The Board assesses and approves the overall acceptable risk appetite of the Group;
(iii) The risk management framework and processes are reviewed periodically to obtain reasonable assurance that risks are managed in accordance to the risk appetite; and
(iv) Any significant risks that require the Board's attention are escalated to it for deliberation.

BOARD RESPONSIBILITIES AND ASSURANCE (CONT'D)

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 framework adopted by the Group.

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 framework 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 Board is of the opinion that the risk management framework and the internal control were adequate for the financial year to address the risks which the Group considers relevant and material to its operations.

THE REVIEW MECHANISMS

There are two review mechanisms 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 quarterly reports, audited financial statements and annual report before recommending the same to the Board for approval and adoption.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement for inclusion in this annual report for the year ended 31st December 2014 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.

SUMMARY

The Board is of the view that the existing level of risk management system and the internal controls are satisfactory and have not resulted in any material losses that would require disclosure in the annual report.

The Board will continue to put in place appropriate actions, where necessary, to further improve the risk management system and the internal control to meet the Group's objectives.

FINANCIAL **STATEMENTS**

DIRECTORS' **REPORT**

for the year ended 31st December 2014

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, 2014.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements. There have been no significant changes in the activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the year	15,372,492	3,865,080

DIVIDEND

Since the end of the previous financial year, the Company has paid an interim single tier dividend of 3.00 sen per ordinary share totalling to RM2,722,110 in repect of the financial year ended 31st December, 2014 on 10th October, 2014.

RESERVES AND PROVISIONS

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

ISSUANCE OF SHARES

There were no issuance of shares during the financial year.

SHARE OPTION

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

DIRECTORS

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

Datuk Tee Eng Ho
Loo Soo Loong
Tee Eng Seng
Datin 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 1.1.2014	**Bought**	**Sold**	**Balance at 31.12.2014**
Direct interest:				
Loo Soo Loong	2,060,000	–	–	2,060,000
Datin Toh Siew Chuon	2,322,700	–	–	2,322,700
Lim Kien Lai @ Lim Kean Lai	68,900	–	–	68,900
Khoo Siong Kee	10,100	–	–	10,100
Indirect interest:				
Datuk 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 1.1.2014	**Bought**	**Sold**	**Balance at 31.12.2014**
Direct interest:				
Loo Soo Loong	27,335	–	–	27,335
Datin Toh Siew Chuon	372,443	–	–	372,443
Indirect interest:				
Datuk 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.*

Datuk 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 15 to the financial statements.

HOLDING COMPANY

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

OTHER STATUTORY INFORMATION

Before the Statement of Profit or Loss and Other 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, 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.

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 EVENT DURING THE FINANCIAL YEAR

Details of significant event during the financial year is disclosed in Note 36 to the financial statements.

EVENT SUBSEQUENT TO THE BALANCE SHEET DATE

Detail of event subsequent to the balance sheet date is disclosed in Note 37 to the financial statements.

AUDITORS

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

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

DATUK TEE ENG HO
Director

LOO SOO LOONG
Director

Dated: 15 April 2015
Kuala Lumpur

STATEMENT BY **DIRECTORS**

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

We, **DATUK TEE ENG HO** and **LOO SOO LOONG**, being two of the directors of **FUTUTECH BERHAD**, state that, in our opinion, the financial statements set out on pages 34 to 86 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, 2014 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 35 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.

DATUK TEE ENG HO
Director

LOO SOO LOONG
Director

Dated: 15 April 2015
Kuala Lumpur

STATUTORY **DECLARATION**

(Pursuant to Section 169[16] of the Companies Act, 1965)

I, **DATUK 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 34 to 86 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 15 April 2015)__________________________
) **DATUK TEE ENG HO**

Before me,

LEONG SEE KEONG
License No. W494
Commissioner of Oaths
Kuala Lumpur

INDEPENDENT
AUDITORS' REPORT
to the members of Fututech Berhad

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, 2014 of the Group and of the Company, and the statements of profit or loss and other 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 34 to 86.

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, 2014 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.

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 35 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

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
494/06/16(J/PH)
Partner of Firm

Dated: 15 April 2015
Kuala Lumpur

STATEMENTS OF **FINANCIAL POSITION**

as at 31st December, 2014

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	**7,374,426**	6,721,731	**–**	–
Investment properties	5	**1,554,660**	–	**–**	–
Investment in subsidiaries	6	–	–	**4,864,481**	4,614,483
Other investments	7	**43,000**	43,000	**–**	–
Intangible assets	8	**23,598**	37,154	**–**	–
Deferred tax assets	9(a)	**259,305**	333,801	**–**	–
Trade and other receivables	10	**9,560,734**	7,666,873	**–**	–
		18,815,723	14,802,559	**4,864,481**	4,614,483
Current assets					
Inventories	11	**37,042,347**	13,375,670	**–**	–
Trade and other receivables	10	**25,833,220**	14,390,667	**24,546,257**	29,896,563
Tax recoverable		**64,655**	706,839	**64,135**	129,507
Other current assets	12(a)	**3,456,317**	5,604,627	**–**	–
Cash and bank balances	14	**28,626,608**	59,113,846	**6,524,921**	193,994
		95,023,147	93,191,649	**31,135,313**	30,220,064
TOTAL ASSETS		**113,838,870**	107,994,208	**35,999,794**	34,834,547
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	15	**45,368,506**	45,368,506	**45,368,506**	45,368,506
Other reserves	16	**297,331**	307,210	**–**	–
Retained profit/(accumulated losses)		**48,374,275**	35,723,893	**(9,541,989)**	(10,684,959)
TOTAL EQUITY		**94,040,112**	81,399,609	**35,826,517**	34,683,547
Non-current liabilities					
Provisions	17	**–**	–	**–**	–
Deferred tax liabilities	9(b)	**525,236**	368,086	**–**	–
Trade and other payables	18	**2,680,787**	4,155,078	**–**	–
		3,206,023	4,523,164	**–**	–
Current liabilities					
Trade and other payables	18	**15,394,465**	9,112,961	**173,277**	151,000
Income tax payable		**923,560**	–	**–**	–
Other current liabilities	12(b)	**274,710**	12,958,474	**–**	–
		16,592,735	22,071,435	**173,277**	151,000
TOTAL LIABILITIES		**19,798,758**	26,594,599	**173,277**	151,000
TOTAL EQUITY AND LIABILITIES		**113,838,870**	107,994,208	**35,999,794**	34,834,547

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31st December, 2014

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Revenue	19	**62,257,418**	41,995,486	**–**	–
Cost of sales		**(39,130,416)**	(25,941,272)	**–**	–
Gross profit		**23,127,002**	16,054,214	**–**	–
Other operating income	20	**1,150,643**	2,610,266	**4,232,687**	5,453,658
		24,277,645	18,664,480	**4,232,687**	5,453,658
Administrative expenses		**(3,242,061)**	(3,244,844)	**(359,866)**	(444,059)
Other operating expenses		**(61,520)**	(36,511)	**–**	–
Profit from operations		**20,974,064**	15,383,125	**3,872,821**	5,009,599
Finance costs	21	**(270,192)**	(336,694)	**–**	–
Profit before taxation	22	**20,703,872**	15,046,431	**3,872,821**	5,009,599
Taxation	25	**(5,331,380)**	(3,551,912)	**(7,741)**	(1,352,968)
Profit after taxation		**15,372,492**	11,494,519	**3,865,080**	3,656,631
Other comprehensive expenses:					
Item that is or may be reclassified subsequently to profit or loss					
- Foreign currency translation	16	**(9,879)**	(3,363)	**–**	–
Total comprehensive income for the year		**15,362,613**	11,491,156	**3,865,080**	3,656,631
Attributable to:					
Equity holders of the Company		**15,362,613**	11,491,156		
Earnings per share attributable to equity holders of the Company (sen)	26	**16.94**	12.67		

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

STATEMENTS OF
CHANGES IN EQUITY
for the year ended 31st December, 2014

	Note	< --- Non-distributable --- > Share capital RM	Other reserves RM	Distributable Retained profit/ (accumulated losses) RM	Total RM
Group					
At 1st January, 2013		45,368,506	310,573	26,951,484	72,630,563
Total comprehensive income for the year		–	(3,363)	11,494,519	11,491,156
Dividend paid	27	–	–	(2,722,110)	(2,722,110)
At 31st December, 2013		45,368,506	307,210	35,723,893	81,399,609
Total comprehensive income for the year		–	(9,879)	15,372,492	15,362,613
Dividend paid	27	–	–	(2,722,110)	(2,722,110)
At 31st December, 2014		45,368,506	297,331	48,374,275	94,040,112
Company					
At 1st January, 2013		45,368,506	–	(11,619,480)	33,749,026
Total comprehensive income for the year		–	–	3,656,631	3,656,631
Dividend paid	27	–	–	(2,722,110)	(2,722,110)
At 31st December, 2013		45,368,506	–	(10,684,959)	34,683,547
Total comprehensive income for the year		–	–	3,865,080	3,865,080
Dividend paid	27	–	–	(2,722,110)	(2,722,110)
At 31st December, 2014		45,368,506	–	(9,541,989)	35,826,517

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

STATEMENTS OF **CASH FLOWS**

for the year ended 31st December, 2014

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		**20,703,872**	15,046,431	**3,872,821**	5,009,599
Adjustments for:					
Amortisation of intangible asset		**13,556**	13,555	**–**	–
Allowance for impairment losses on					
- trade receivables		**53,520**	61,420	**–**	–
Depreciation of property, plant and equipment		**1,042,370**	1,004,596	**–**	–
Dividend income		**–**	–	**(4,200,000)**	(5,400,000)
Interest income		**(777,522)**	(1,753,816)	**(32,687)**	(53,658)
Other receivables written off		**8,000**	–	**–**	–
Inventories written off		**145,544**	181,055	**–**	–
Loss on disposal of property, plant and equipment		**6,667**	87,245	**–**	–
Net fair value adjustments		**137,159**	80,934	**–**	–
Reversal of impairment losses					
- trade receivables		**–**	(60,578)	**–**	–
Reversal of provision		**–**	(20,000)	**–**	–
Unrealised foreign exchange loss		**–**	29,731	**–**	–
Operating profit/(loss) before working capital changes		**21,333,166**	14,670,573	**(359,866)**	(444,059)
Increase in inventories:					
- property under development		**(23,490,340)**	(10,606,650)	**–**	–
- others		**(321,881)**	(560,769)	**–**	–
(Increase)/decrease in trade and other receivables		**(13,649,484)**	34,847,924	**5,350,307**	(845,238)
Decrease/(increase) in other current assets		**2,423,020**	(5,526,389)	**–**	–
Increase/(decrease) in trade and other payables		**4,921,603**	(11,342,546)	**22,277**	4,939
Decrease in other current liabilities		**(12,958,474)**	(20,158,258)	**–**	–
Cash (used in)/generated from operations		**(21,742,390)**	1,323,885	**5,012,718**	(1,284,358)
Interest received		**777,522**	1,753,816	**32,687**	53,658
Income taxes refund		**625,643**	479,839	**57,630**	–
Income taxes paid		**(4,159,632)**	(1,738,915)	**–**	(2,968)
Net cash (used in)/generated from operating activities		**(24,498,857)**	1,818,625	**5,103,035**	(1,233,668)

statements of cash flows (cont'd)

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		**(1,721,732)**	(738,585)	**–**	–
Purchase of investment properties		**(1,554,660)**	–	**–**	–
Net proceeds from disposal of property, plant and equipment		**20,000**	–	**–**	–
Net proceeds from disposal of subsidiary company		**–**	–	**–**	2
Acquisition of subsidiary company		**–**	–	**(249,998)**	(2)
Dividend received, net		**–**	–	**4,200,000**	4,050,000
Net cash (used in)/generated from investing activities		**(3,256,392)**	(738,585)	**3,950,002**	4,050,000
CASH FLOWS FROM FINANCING ACTIVITY					
Dividend paid		**(2,722,110)**	(2,722,110)	**(2,722,110)**	(2,722,110)
Net cash used in financing activity		**(2,722,110)**	(2,722,110)	**(2,722,110)**	(2,722,110)
Net (decrease)/increase in cash and cash equivalents		**(30,477,359)**	(1,642,070)	**6,330,927**	94,222
Effect of foreign exchange rate changes		**(9,879)**	(3,363)	**–**	–
Cash and cash equivalents at beginning of year		**59,113,846**	60,759,279	**193,994**	99,772
Cash and cash equivalents at end of year	A	**28,626,608**	59,113,846	**6,524,921**	193,994

NOTE

A. CASH AND CASH EQUIVALENTS

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

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Cash and bank balances	**14,769,890**	18,114,420	**18,724**	193,994
Deposits with licensed banks	**13,856,718**	40,999,426	**6,506,197**	–
	28,626,608	59,113,846	**6,524,921**	193,994

NOTES TO THE
FINANCIAL STATEMENTS
31st December, 2014

1. GENERAL INFORMATION

The Company is principally an investment holding company. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

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

The registered office is located at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at No. 1, 2nd Floor, Bangunan One Wangsa, Jalan Wangsa Permai, Taman Wangsa Permai, 52200 Kuala Lumpur.

2. BASIS OF PREPARATION

The financial statements for the financial year ended 31st December, 2014 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and the requirements of the Companies Act, 1965 in Malaysia.

(a) Changes in Accounting Policies and Effects Arising from Adoption of New and Revised Standards and Interpretations

The accounting policies adopted by the Group and by the Company are consistent with those adopted in the previous financial year except for the adoption of the following new, revised MFRSs and amendments which are effective for annual period beginning on or after 1st January, 2014.

Description		**Effective for annual period beginning on or after**
MFRS 132	Financial Instruments: Presentation (Amendments relating to Offsetting Financial Assets and Financial Liabilities)	1st January, 2014
MFRS 136	Impairment of Assets (Amendments relating to Recoverable Amount Disclosures for Non-Financial Assets)	1st January, 2014
MFRS 139	Financial Instruments: Recognition and Measurement (Novation of Derivatives and Continuation of Hedge accounting)	1st January, 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127		1st January, 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127 relating to Investment Entities		1st January, 2014

The adoption of the above Standards and Amendments has no material impact to the financial statements of the Group and of the Company.

2. BASIS OF PREPARATION (CONT'D)

(b) Standards and Amendments Issued But Not Yet Effective

At the date of authorisation for issue of the financial statements, the new and revised Standards and Amendments issued 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 119 Employee Benefits (Amendments relating to Defined Benefit Plans: Employee Contributions)	1st July, 2014
Amendments to MFRSs contained in the document entitled Annual Improvements 2010 – 2012 Cycle	1st July, 2014
Amendments to MFRSs contained in the document entitled Annual Improvements 2011 – 2013 Cycle	1st July, 2014
Amendments to MFRSs contained in the document entitled Annual Improvements 2012 - 2014 Cycle	1st January, 2016
MFRS 14, Regulatory Deferral Accounts	1st January, 2016
Amendments to MFRS 11, Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operation	1st January, 2016
Amendments to MFRS 116, Property, Plant and Equipment and MFRS 138, Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation	1st January, 2016
Amendments to MFRS 116, Property, Plant and Equipment and MFRS 141, Agriculture – Agriculture; Bearer Plants	1st January, 2016
Amendments to MFRS 101, Presentation of Financial Statements - Disclosure initiative	1st January, 2016
Amendments to MFRS 10, 12, 127 and 128	1st January, 2016
MFRS 15, Revenue from Contracts with Customers	1st January, 2017
MFRS 9, Financial Instruments	1st January, 2018
Amendments to MFRS 7, Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosure	1st January, 2018

2. BASIS OF PREPARATION (CONT'D)

(b) Standards and Amendments Issued But Not Yet Effective (Cont'd)

The directors anticipate that abovementioned Standards and Amendments will be adopted in the annual financial statements of the Group and the Company when they become effective. The impacts of adopting these Standards and Amendments on the financial statements in the period of initial application are discussed below:

(i) Amendments to MFRSs: Annual Improvements 2010 - 2012 Cycle

The Annual Improvements 2010 - 2012 Cycle include a number of amendments to various MFRSs. The amendments to MFRSs include:

- Amendments to MFRS 2, Share-based Payment;
- Amendments to MFRS 3, Business Combinations;
- Amendments to MFRS 8, Operating Segments;
- Amendments to MFRS 13, Fair Value Measurement
- Amendments to MFRS 116, Property, Plant and Equipment;
- Amendments to MFRS 119, Employee Benefits – Defined Benefit Plans: Employee Contributions
- Amendments to MFRS 124, Related Party Disclosures; and
- Amendments to MFRS 138, Intangible Assets.

<u>Amendments to MFRS 3</u>

The amendments to MFRS 3 clarify the treatment of changes in fair value of contingent consideration. The directors do not anticipate that the amendments to MFRS 3 will have a significant effect on the Group and the Company's financial statements.

<u>Amendments to MFRS 8</u>

The amendments to MFRS 8 require the disclosure of judgements made by management in applying the aggregation criteria in MFRS 8. The directors anticipate that the amendments to MFRS 8 may result in more disclosures being made with regard to operating segments.

<u>Amendments to MFRS 116</u>

The amendments to MFRS 116 stipulate the treatment of an asset at the date of revaluation under revaluation model. The directors do not anticipate that the amendments to MFRS 116 will have a significant effect on the Group and the Company's financial statements.

<u>Amendments to MFRS 124</u>

The amendments to MFRS 124 added a new condition in which an entity is related to a reporting entity. The directors anticipate that the amendments to MFRS 124 may result in more disclosures being made with regard to related party transactions.

<u>Amendments to MFRS 138</u>

The amendments to MFRS 138 clarify the treatment of the carrying amount of intangible assets upon revaluation. The directors do not anticipate that the amendments to MFRS 138 will have a significant effect on the Group and the Company's financial statements.

2. BASIS OF PREPARATION (CONT'D)

(b) Standards and Amendments Issued But Not Yet Effective (Cont'd)

(ii) Amendments to MFRSs: Annual Improvements 2011 - 2013 Cycle

The Annual Improvements 2011 - 2013 Cycle include a number of amendments to various MFRSs. The amendments to MFRSs include:

- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards;
- Amendments to MFRS 3, Business Combinations;
- Amendments to MFRS 13, Fair Value Measurement; and
- Amendments to MFRS 140, Investment Property.

Amendments to MFRS 3

The amendments to MFRS 3 clarify that this Standard does not apply to the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself. The directors do not anticipate that the amendments to MFRS 3 will have a significant effect on the Group and the Company's financial statements.

Amendments to MFRS 13

The amendments to MFRS 13 allow other contracts within the scope of MFRS 139, *Financial Instruments*: *Recognition and Measurement* or MFRS 9, *Financial Instruments* to have similar application as financial assets and financial liabilities. The directors do not anticipate that the amendments to MFRS 13 will have a significant effect on the Group and the Company's financial statements.

Amendments to MFRS 140

The amendments to MFRS 140 added that in applying this Standard, an entity has to exercise judgments in determine whether the acquisition of investment property is the acquisition of an asset or a group of assets or a business combination within the scope of MFRS 3, *Business Combinations*. These amendments are to be applied prospectively.

(iii) Amendments to MFRSs: Annual Improvements 2012 - 2014 Cycle

The Annual Improvements 2012 - 2014 Cycle include a number of amendments to various MFRSs. The amendments to MFRSs include:

- Amendments to MFRS 5, Non-current Assets Held for Sale and Discontinued Operations;
- Amendments to MFRS 7, Financial Instruments: Disclosures;
- Amendments to MFRS 119, Employee Benefits; and
- Amendments to MFRS 134, Interim Financial Reporting.

Amendments to MFRS 7

The amendments to MFRS 7 provide further guidance on assessment of continuing involvement in a transferred financial asset. The directors do not anticipate that the amendments to MFRS 7 will have a significant effect on the Group's and on the Company's financial statements.

Amendments to MFRS 119

The amendments to MFRS 119 clarify the reference used in determining the discount rate for post-employment benefit obligations. The directors do not anticipate that the amendments to MFRS 119 will have a significant effect on the Group's and on the Company's financial statements.

2. BASIS OF PREPARATION (CONT'D)

(b) Standards and Amendments Issued But Not Yet Effective (Cont'd)

(iv) MFRS 15, Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfer of Assets from Customers* and IC Interpretation 131, *Revenue – Barter Transactions Involving Advertising Services*. Upon adoption of MFRS 15, it is expected that the timing of revenue recognition might be different as compared with the current practices.

The adoption of MFRS 15 will result in a change in accounting policy. The Group is currently assessing the financial impact of adopting MFRS 15.

(v) MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets. Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost. It is expected that the Group's investment in unquoted shares will be measured at fair value through other comprehensive income.

The adoption of MFRS 9 will result in a change in accounting policy. The Group is currently assessing the financial impact of adopting MFRS 9.

(vi) Amendments to MFRS 101, Presentation of Financial Statements – Disclosure initiatives

The amendments to MFRS 101 provide further guidance on the presentation and disclosure of the financial statements. When applying this amendments, an entity shall decide, taking into consideration all relevant facts and circumstances, how it aggregates information in its financial statements, which include notes. An entity shall not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures and functions. The directors anticipate that the amendments may result in more substantial disclosures being made in the financial statements.

(c) Basis of Measurement

The financial statements have been prepared on the historical cost basis except for the significant accounting policies as disclosed in Note 3 below.

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

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

(i) <u>Business Combinations</u>

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of Consolidation (Cont'd)

(i) Business Combinations (Cont'd)

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.

Acquisitions 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.

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 3(d)(i) to the financial statements. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) 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.

(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.

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 deniminated 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Property, Plant and Equipment and Depreciation

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

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

Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

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

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

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

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

(d) 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Intangible Assets (Cont'd)

(i) Goodwill (Cont'd)

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 3(b) to the financial statements.

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.

(e) Investment Properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciation. Leasehold land and building are depreciated over the remaining period of their leases of 99 years.

Investment properties are derecognised when either they have been disposed or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Investment property under construction (IPUC) is measured at fair value (when the fair value is reliably determinable). When assessing whether the fair value of IPUC can be determined reliably the Company considers, among other things:

(a) Is the asset being constructed in a developed liquid market?
(b) Has a construction contract with the contractor been signed?
(c) Have the required building and letting permits been obtained?
(d) What percentage of rentable area has been pre-leased to tenants?

IPUC for which fair value cannot be determined reliably is measured at cost less impairment.

IPUC are not depreciated as these assets are not yet available for use.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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")).

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, investments 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.

3. 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.

3. 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.

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.

3. 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)

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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Construction Contract (Cont'd)

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 lower of cost and net realisable value.

(i) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any impairment losses.

Land held for property development is reclassified as inventories – properties under development at the point when development activities have been commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commission, conversion fees and other relevant levies.

(ii) Property under development

Property under development comprise all costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. Borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Cost of properties under development not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value.

(iii) Others

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a weighted average 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 weighted average 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

(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 and loans and borrowings.

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

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

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

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

3. 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 3(k) to the financial statements.

(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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Income Taxes (Cont'd)

(ii) Deferred Tax (Cont'd)

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.

(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 34 to the financial statements, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

(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, 2014 were RM4,864,481 (2013: RM4,614,483). Further details are disclosed in Note 6 to the financial statements. 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 10 to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(x) Significant Accounting Judgements and Estimates (Cont'd)

(ii) Key Sources of Estimation Uncertainty (Cont'd)

(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 4 to the financial statements.

(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 RM3,044,000 (2013: RM3,983,000). The unrecognised tax losses, capital allowances and provisions of the Group and of the Company were approximately RM23,793,000 (2013: RM23,564,000) and RM706,000 (2013: RM2,034,000) respectively.

(e) Construction Contracts

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

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

4. PROPERTY, PLANT AND EQUIPMENT

	As at 1.1.2014 RM	Addition RM	Disposal/ Retirement RM	As at 31.12.2014 RM
Group				
2014				
COST				
Long term leasehold land	**1,051,975**	**–**	**–**	**1,051,975**
Buildings	**3,292,729**	**–**	**–**	**3,292,729**
Plant and machinery	**23,137,431**	**1,462,723**	**–**	**24,600,154**
Other assets *	**6,624,708**	**259,009**	**(318,000)**	**6,565,717**
	34,106,843	**1,721,732**	**(318,000)**	**35,510,575**

	As at 1.1.2014 RM	Charge for the year RM	Disposal/ Retirement RM	As at 31.12.2014 RM
ACCUMULATED DEPRECIATION/ IMPAIRMENT				
Long term leasehold land	**191,769**	**14,195**	**–**	**205,964**
Buildings	**557,071**	**65,855**	**–**	**622,926**
Plant and machinery	**21,715,809**	**514,744**	**–**	**22,230,553**
Other assets *	**4,920,463**	**447,576**	**(291,333)**	**5,076,706**
	27,385,112	**1,042,370**	**(291,333)**	**28,136,149**

	As at 31.12.2014 RM
NET BOOK VALUE	
Long term leasehold land	**846,011**
Buildings	**2,669,803**
Plant and machinery	**2,369,601**
Other assets *	**1,489,011**
	7,374,426

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

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	As at 1.1.2013 RM	Addition RM	Disposal/ Retirement RM	Written off RM	As at 31.12.2013 RM
2013					
COST					
Long term leasehold land	1,051,975	–	–	–	1,051,975
Buildings	3,292,729	–	–	–	3,292,729
Plant and machinery	22,949,121	188,310	–	–	23,137,431
Other assets *	6,324,315	550,275	(184,882)	(65,000)	6,624,708
	33,618,140	738,585	(184,882)	(65,000)	34,106,843

	As at 1.1.2013 RM	Charge for the year RM	Disposal/ Retirement RM	Written off RM	As at 31.12.2013 RM
ACCUMULATED DEPRECIATION/ IMPAIRMENT					
Long term leasehold land	177,574	14,195	–	–	191,769
Buildings	491,216	65,855	–	–	557,071
Plant and machinery	21,209,038	506,771	–	–	21,715,809
Other assets *	4,665,325	417,775	(97,637)	(65,000)	4,920,463
	26,543,153	1,004,596	(97,637)	(65,000)	27,385,112

	As at 31.12.2013 RM
NET BOOK VALUE	
Long term leasehold land	860,206
Buildings	2,735,658
Plant and machinery	1,421,622
Other assets *	1,704,245
	6,721,731

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

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	As at 1.1.2014/31.12.2014 RM
Company	
COST	
Office equipment	57,022
Furniture and fittings	2,376
	59,398

	As at 1.1.2014/31.12.2014 RM
ACCUMULATED DEPRECIATION	
Office equipment	57,022
Furniture and fittings	2,376
	59,398

	As at 1.1.2014/31.12.2014 RM
NET BOOK VALUE	
Office equipment	–
Furniture and fittings	–
	–

5. INVESTMENT PROPERTIES

	Group	
	2014 RM	2013 RM
Leasehold land and buildings, at cost	**1,554,660**	–

The leasehold land and building is still under construction as at 31st December, 2014.

6. INVESTMENT IN SUBSIDIARIES

	Company 2014 RM	2013 RM
Unquoted shares, at costs	**29,202,007**	28,952,007
Accumulated impairment	**(24,337,526)**	(24,337,524)
	4,864,481	4,614,483

Name	Country of Incorporation	Principal Activities	Proportion (%) of Ownership Interest 2014	2013
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
Acumen Marketing Sdn. Bhd.	Malaysia	Supply of lightings, light fittings, outdoor fittings advertising point-of-sale, furniture and related products.	**100**	100
Lighting Louvres Manufacturing Sdn. Bhd.	Malaysia	Manufacturing and sale of aluminium lighting louvres.	**100**	100
Futumeds Sdn. Bhd.	Malaysia	Construction, sub-contractors, installation and sale of light fittings, advertising point-of-sale, furniture and related products.	**100**	100
Fututech (Labuan) Limited	Malaysia	Investment holding.	**100**	100
Acumen Industries Limited *	Hong Kong	Dormant. Intended principal activity is investment holding.	**100**	100
Bazarbayu Sdn. Bhd.	Malaysia	Property development.	**100**	100
FutuProp Sdn. Bhd.	Malaysia	Investment holding and has not commenced business since the date of incorporation.	**100**	100
Aurizon Investments Limited*	British Virgin Islands	Investment holding and has not commenced business since the date of incorporation.	**100**	100

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name	Country of Incorporation	Principal Activities	Proportion (%) of Ownership Interest 2014	2013
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
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
Held by FutuProp Sdn. Bhd.:				
Senandung Raya Sdn. Bhd.	Malaysia	Property development.	**100**	100
Segi Rancak Sdn. Bhd.	Malaysia	Investment holding and has not commenced business since the date of incorporation.	**100**	100

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

In the financial year 2013, the Company had acquired 3 subsidiaries, directly or indirectly. 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 follow:

	Group 2013 RM
Other receivables and deposits	1,002
Other payables and accruals	(2,470)
	(1,468)

7. OTHER INVESTMENTS

	Group 2014 RM	2013 RM
Available for sale financial assets:		
(a) Equity instuments	**2,310**	2,310
Allowance for impairment	**(2,310)**	(2,310)
	–	–
(b) Club membership	**93,500**	93,500
Allowance for impairment	**(50,500)**	(50,500)
	43,000	43,000
Total other investments	**43,000**	43,000

There is no movement in the allowance for impairment account during the year.

8. INTANGIBLE ASSETS

	Group 2014 RM	2013 RM
Computer Software		
COST		
At beginning of financial year	**67,776**	67,776
Addition	**–**	–
At end of financial year	**67,776**	67,776
ACCUMULATED AMORTISATION		
At beginning of financial year	**30,622**	17,067
Amortisation charged (Note 22)	**13,556**	13,555
At end of financial year	**44,178**	30,622
Net carrying amount		
At beginning of financial year	**37,154**	50,709
At end of financial year	**23,598**	37,154

9. DEFERRED TAX (LIABILITIES)/ ASSETS

	Group	
	2014	2013
	RM	RM
At beginning of financial year	**(34,285)**	2,183,812
Transfer to statement of profit or loss and other comprehensive income (Note 25)	**(231,646)**	(2,218,097)
At end of financial year	**(265,931)**	(34,285)

Presenting after appropriate offsetting as follows:

	Group	
	2014	2013
	RM	RM
(a) Deferred tax assets	**259,305**	333,801
(b) Deferred tax liabilities	**(525,236)**	(368,086)
	(265,931)	(34,285)

The deferred tax (liabilities)/assets recognised is in respect of the followings:		
- Temporary difference between depreciation and capital allowance	**(1,026,981)**	(1,030,060)
- Unused tax losses and unabsorbed capital allowances	**–**	263,835
- Provision and others	**761,050**	731,940
	(265,931)	(34,285)

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

	Group		Company	
	2014	2013	**2014**	2013
	RM	RM	**RM**	RM
Unused tax losses	**5,872,811**	5,644,191	**705,781**	2,034,114
Unabsorbed capital allowances	**13,542,965**	13,542,965	**–**	–
Other deductible temporary differences	**4,376,746**	4,376,746	**–**	–
	23,792,522	23,563,902	**705,781**	2,034,114

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.

10. TRADE AND OTHER RECEIVABLES

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Non-Current				
Trade Receivables				
Retention sum	**9,560,734**	7,666,873	**–**	–
Current				
Trade Receivables				
Third parties	**19,657,620**	10,574,708	**–**	–
Retention sum	**3,970,366**	5,186,438	**–**	–
	23,627,986	15,761,146	**–**	–
Less: Allowance for impairment				
- Third parties	**(5,778,858)**	(5,725,338)	**–**	–
	17,849,128	10,035,808	**–**	–
Other Receivables				
Amount due from subsidiaries	**–**	–	**47,308,576**	52,658,883
Prepayment	**6,702,031**	2,428,414	**6,122**	6,121
Deposits	**1,239,051**	1,842,590	**–**	–
Other receivables	**43,010**	83,855	**–**	–
	7,984,092	4,354,859	**47,314,698**	52,665,004
Less: Allowance for impairment				
- Amount due from subsidiaries	**–**	–	**(22,768,441)**	(22,768,441)
	7,984,092	4,354,859	**24,546,257**	29,896,563
Total - current	**25,833,220**	14,390,667	**24,546,257**	29,896,563
Total trade and other receivables	**35,393,954**	22,057,540	**24,546,257**	29,896,563

(a) Trade Receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 (2013: 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.

10. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade Receivables (Cont'd)

Ageing analysis of trade receivables

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

	Group 2014 RM	Group 2013 RM
Neither past due nor impaired	**22,461,291**	16,877,937
1 to 30 days past due not impaired	**1,276,053**	196,628
31 to 60 days past due not impaired	**1,294,700**	96,997
61 to 90 days past due not impaired	**1,075,455**	-
More than 90 days past due not impaired	**836,620**	81,327
More than 365 days past due not impaired	**465,743**	449,792
	4,948,571	824,744
Impaired	**5,778,858**	5,725,338
	33,188,720	23,428,019

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 RM4,948,571 (2013: RM824,744) that are past due at the reporting date but not impaired. Based on their payment history, the Group believes that no allowance for impairment is necessary. These receivables are unsecured.

Receivables that are impaired

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

	Group 2014 RM	Group 2013 RM
At 1st January	**5,725,338**	5,724,496
Charge for the year (Note 22)	**53,520**	61,420
Reversal of impairment losses (Note 20)	**–**	(60,578)
At 31st December	**5,778,858**	5,725,338

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.

10. TRADE AND OTHER RECEIVABLES (CONT'D)

(b) Other Receivables

Other receivables that are impaired

There is no movement in the allowance for impairment account during the year.

(c) Amounts Due From Subsidiaries

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

11. INVENTORIES

	Group	
	2014 RM	2013 RM
At cost/realisable value		
(i) **Property Under Development**		
Leasehold Land		
At 1st January	**9,042,540**	–
Costs incurred during the year	**16,450,958**	9,042,540
At 31st December	**25,493,498**	9,042,540
Development Costs		
At 1st January	**1,564,110**	–
Costs incurred during the year	**7,039,382**	1,564,110
At 31st December	**8,603,492**	1,564,110
Total property under development	**34,096,990**	10,606,650

(ii) Others

	Group	
	2014 RM	2013 RM
Raw materials	**2,396,205**	2,397,056
Work-in-progress	**320,930**	336,345
Finished goods	**228,222**	35,619
	2,945,357	2,769,020
Total inventories	**37,042,347**	13,375,670

During the financial year, inventories amounted to RM2,962,985 (2013: RM3,786,551) has been recognised in the cost of sales of the Group.

Inventories amounted to RM145,544 (2013: RM181,055) has been written off during the financial year.

12. OTHER CURRENT ASSETS AND OTHER CURRENT LIABILITIES

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
(a) Other Current Assets				
Prepayments	**270,224**	86,349	**–**	–
Amount due from customers for contract works (Note 13)	**3,186,093**	5,518,278	**–**	–
	3,456,317	5,604,627	**–**	–
(b) Other Current Liabilities				
Amount due to customers for contract works (Note 13)	**(274,710)**	(12,958,474)	**–**	–

13. AMOUNT DUE TO CUSTOMERS FOR CONTRACT WORKS

	Group 2014 RM	Group 2013 RM
Construction contract costs incurred to date	**312,119,492**	256,484,467
Attributable profits	**85,124,782**	58,871,671
	397,244,274	315,356,138
Less: Progress billings	**(394,332,891)**	(322,796,334)
	2,911,383	(7,440,196)
Presenting after appropriate offsetting as follows:		
Amount due from customers for contract works	**3,186,093**	5,518,278
Amount due to customers for contract works	**(274,710)**	(12,958,474)
	2,911,383	(7,440,196)

14. CASH AND BANK BALANCES

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Cash in hand and at bank	**14,769,891**	18,114,420	**18,724**	193,994
Deposits with licensed banks	**13,856,717**	40,999,426	**6,506,197**	–
	28,626,608	59,113,846	**6,524,921**	193,994

The fixed deposits earned interest rates ranging from 3.06% to 3.48% (2013: 3.06% to 3.25%) per annum and have average maturities range from 9 to 30 (2013: 30) days.

15. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2014	2013	**2014 RM**	2013 RM
Authorised				
At 1st January/ 31st December	**300,000,000**	300,000,000	**150,000,000**	150,000,000
Issued and fully paid				
At 1st January/31st December	**90,737,012**	90,737,012	**45,368,506**	45,368,506

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, 2013 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.

15. SHARE CAPITAL (CONT'D)

The Company's unexercised warrants arising from the adjustments were as follow and there is no movement during the financial year.

	2014 **RM**	2013 RM
At beginning/end of financial year	**26,754,754**	26,754,754

16. OTHER RESERVES

	Group	
	2014 **RM**	2013 RM
Other reserve	**475,000**	475,000
Foreign currency translation reserve	**(177,669)**	(167,790)
	297,331	307,210

The movements in each category of reserves were as follows:

Other reserve

	2014 **RM**	2013 RM
At beginning/end of financial year	**475,000**	475,000

Foreign currency translation reserve

	2014 **RM**	2013 RM
At beginning of financial year	**(167,790)**	(164,427)
Charged during the year	**(9,879)**	(3,363)
At end of financial year	**(177,669)**	(167,790)

(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.

17. PROVISIONS

	Group		
	Restoration of office RM	Legal claims RM	Total RM
At 1st January, 2013	20,000	–	20,000
Reversal during the year	(20,000)	–	(20,000)
At 31st December, 2013	–	–	–
Reversal during the year	–	–	–
At 31st December, 2014	–	–	–

Restoration of office

On 1st May, 2010, the Group entered into an operating lease for an office building for a term of 3 years. The provision made represents Management's best estimate of the restoration cost, being a quotation obtained from a third party as at the reporting date. During the financial year, the balance of the provision has been reversed against property, plant and equipment.

Legal claims

On 25th May, 2010, claims made against competitors of the Group in infringing its intellectual property right failed. The Company was obliged to repay legal costs incurred by the defendant in the suit. The provision made represents proposed claims by the respective solicitors of the defendants. In previous year, payments were made to settle the claims whereas balance of the provision relating to those claims has been reversed to profit or loss.

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2014 RM	2013 RM	**2014 RM**	2013 RM
Non-Current				
Trade Payables				
Retention sum	**2,680,787**	4,155,078	**–**	–
Current				
Trade Payables				
Third parties	**10,681,561**	6,350,946	**–**	–
Retention sum	**3,431,833**	1,709,407	**–**	–
	14,113,394	8,060,353	**–**	–
Other Payables				
Accruals	**986,687**	668,849	**173,277**	151,000
Other payables	**148,075**	383,759	**–**	–
Deposit received	**146,309**	–	**–**	–
	1,281,071	1,052,608	**173,277**	151,000
Total - current	**15,394,465**	9,112,961	**173,277**	151,000
Total trade and other payables	**18,075,252**	13,268,039	**173,277**	151,000

18. TRADE AND OTHER PAYABLES (CONT'D)

(a) Trade Payables

Trade payables are non-interest bearing and are normally settled on 30 to 90 (2013: 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 (2013: 90) days term.

19. REVENUE

	Group	
	2014 **RM**	2013 RM
Construction revenue	**54,014,708**	38,930,652
Sale of goods	**8,242,710**	3,064,834
	62,257,418	41,995,486

20. OTHER OPERATING INCOME

	Group		Company	
	2014 **RM**	2013 RM	**2014** **RM**	2013 RM
Dividend income	**–**	–	**4,200,000**	5,400,000
Fair value adjustment on discounting of retention sum payables	**133,033**	255,760	**–**	–
Gain on disposal of property, plant and equipment	**3,000**	-	**–**	–
Interest income from loans and receivables	**777,522**	1,753,816	**32,687**	53,658
Proceeds from insurance claims	**93,120**	61,498	**–**	–
Proceeds from legal suit	**–**	437,937	**–**	–
Rental of machinery	**109,935**	–	**–**	–
Reversal of impairment losses:				
- trade receivables (Note 10(a))	**–**	60,578	**–**	–
Sales of scrap	**28,718**	40,677	**–**	–
Miscellaneous	**5,315**	–	**–**	–
	1,150,643	2,610,266	**4,232,687**	5,453,658

21. FINANCE COSTS

	Group	
	2014	2013
	RM	RM
Fair value adjustment on discounting of retention sum receivables	**270,192**	336,694

22. PROFIT/(LOSS) BEFORE TAXATION

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

	Group		Company	
	2014	2013	**2014**	2013
	RM	RM	**RM**	RM
Auditors' remuneration				
- statutory audits				
- current year	**89,272**	89,606	**30,000**	30,000
- underprovision in previous year	**2,400**	1,997	**–**	–
- other services				
- current year	**1,000**	1,000	**1,000**	1,000
Allowance for impairment losses:				
- trade receivables (Note 10(a))	**53,520**	61,420	**–**	–
Other receivables written off	**8,000**	–	**–**	–
Amortisation of intangible asset (Note 8)	**13,556**	13,555	**–**	–
Depreciation of property, plant and equipment (Note 4)	**1,042,370**	1,004,596	**–**	–
Employee benefits expense (Note 23)	**5,768,688**	5,515,796	**–**	–
Foreign exchange loss				
- realised	**–**	6,780	**–**	–
- unrealised	**–**	29,731	**–**	–
Loss on disposal of property, plant and equipment	**9,667**	87,245	**–**	–
Inventories written off (Note 11)	**145,544**	181,055	**–**	–
Non-executive directors' remuneration (Note 24)	**120,397**	131,390	**120,397**	131,390
Rental expenses				
- Machinery and equipment	**–**	60,796	**–**	–
- Premises	**215,412**	194,228	**–**	–
Reversal of provision (Note 17)	**–**	(20,000)	**–**	–

23. EMPLOYEE BENEFITS EXPENSE

	Group	
	2014	2013
	RM	RM
Wages and salaries	**4,809,468**	4,552,668
Social security contributions	**24,333**	21,631
Contributions to defined contribution plan	**442,323**	453,758
Other benefits	**492,564**	487,739
	5,768,688	5,515,796

Included in employee benefits expense of the Group is executive directors' remuneration amounting to RM1,956,010 (2013: RM1,770,115), as further disclosed in Note 24 below.

24. DIRECTORS' REMUNERATION

	Group		Company	
	2014	2013	**2014**	2013
	RM	RM	**RM**	RM
Executive				
- salaries and other emoluments	**1,752,202**	1,580,460	**–**	–
- contributions to defined contribution plan	**203,808**	189,655	**–**	–
	1,956,010	1,770,115	**–**	–
- estimated money value of benefits-in-kind	–	43,000	**–**	–
Total executive directors' remuneration	**1,956,010**	1,813,115	**–**	–
Non-executive				
- fees	**111,397**	122,890	**111,397**	122,890
- other emoluments	**9,000**	8,500	**9,000**	8,500
Total non-executive directors' remuneration (Note 22)	**120,397**	**131,390**	**120,397**	131,390
	2,076,407	1,944,505	**120,397**	131,390

24. 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	
	2014	2013
Executive directors		
- RM300,001 - RM350,000	**2**	2
- RM350,001 - RM400,000	**1**	1
- RM500,001 - RM550,000	**–**	–
- RM700,001 - RM750,000	**–**	–
- RM750,001 - RM800,000	**–**	1
- RM800,001 and above	**1**	–
Non-executive directors		
- below RM50,000	**3**	3

25. TAXATION

	Group		Company	
	2014 RM	2013 RM	**2014 RM**	2013 RM
Current income tax				
- Malaysian income tax	**5,098,953**	1,334,221	**7,741**	1,350,000
- Under/(over)provision in previous year	**781**	(406)	**–**	2,968
	5,099,734	1,333,815	**7,741**	1,352,968
Deferred income tax (Note 9)				
- relating to origination and reversal of temporary differences	**231,836**	2,264,261	**–**	–
- Underprovision of net deferred tax assets in previous year	**(190)**	(46,164)	**–**	–
	231,646	2,218,097	**–**	–
Income tax expense recognised in statement of profit or loss and other comprehensive income	**5,331,380**	3,551,912	**7,741**	1,352,968

25. TAXATION (CONT'D)

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31st December, 2014 and 2013 is as follows:

	Group		Company	
	2014 RM	2013 RM	**2014 RM**	2013 RM
Profit before tax	**20,703,872**	15,046,431	**3,872,821**	5,009,599
Taxation at Malaysian statutory tax rate of 25% (2013: 25%)	**5,175,968**	3,761,608	**968,205**	1,252,400
Income not subject to tax	**(28,106)**	(60,080)	**(1,050,000)**	-
Non-deductible expenses	**125,772**	311,937	**47,559**	64,289
Deferred tax assets not recognised	**98,960**	53,481	**41,977**	33,311
Deferred tax assets recognised on previously unrecognised tax losses and capital allowance	**(41,805)**	(425,038)	**–**	–
Utilisation of current year's capital allowance	**–**	(43,426)	**–**	–
Underprovision of net deferred tax assets in previous year	**(190)**	(46,164)	**–**	–
Under/(over)provision of income tax in previous year	**781**	(406)	**–**	2,968
	5,331,380	3,551,912	**7,741**	1,352,968

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

26. 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	
	2014 RM	2013 RM
Profit, net of tax attributable to owners of the parent	**15,372,492**	11,494,519
Weighted average number of ordinary shares outstanding	**90,737,012**	90,737,012
Basic earnings per share (sen)	**16.94**	12.67

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.

27. DIVIDEND

	Net dividend per share RM	Total Amount RM	Date of payment
2014			
Interim single tier	0.03	2,722,110	10th October, 2014
2013			
Interim ordinary	0.03	2,722,110	5th December, 2013

28. 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:

	2014 RM	2013 RM
Rental expenses		
- A company related to directors	**96,000**	96,000
Staff secondment expenses		
- A company related to directors	**298,885**	262,210
Construction contract revenue		
- A company related to directors	**43,332,994**	9,206,975
Sub-construction contracts		
- A company related to directors	**–**	321,066
Sale of finished goods		
- A company related to directors	**382,797**	268,552

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

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

(b) Compensation of key management personnel

The key management personnel comprised mainly executive and non-executive directors of the Group and of the Company. The directors' remuneration is disclosed in Note 24.

29. COMMITMENTS

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	
	2014	2013
	RM	RM
Not later than one year	**88,400**	119,400
Later than one year and not later than five years	**3,200**	69,200
	91,600	188,600

30. HOLDING COMPANY

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

31. FAIR VALUE OF FINANCIAL 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)	10
Deposits with licensed banks	14
Trade and other payables (current)	18

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.

<u>Non-current trade receivables and payables</u>

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.

32. 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 10 to the financial statements.

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 4 (2013: 2) debtors in the construction segment representing 93% (2013: 97%) 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 10 to the financial statements.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 10 to the financial statements.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity Risk

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

Analysis of Financial Instruments by Remaining Contractual Maturities

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

	<-----------------------31.12.2014----------------		---------------->
Group	**On demand or within one year RM**	**One to five years RM**	**Total RM**
Financial Liabilities			
Trade and other payables	**15,394,465**	**2,680,787**	**18,075,252**
Company			
Trade and other payables	**173,277**	**–**	**173,277**

	<-----------------------31.12.2013----------------		---------------->
Group	**On demand or within one year RM**	**One to five years RM**	**Total RM**
Financial Liabilities			
Trade and other payables	9,112,961	4,155,078	13,268,039
Company			
Trade and other payables	151,000	–	151,000

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Interest Rate Risk

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

As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits or occasionally, in short term commercial papers.

Borrowings at floating rates shall expose the Group to cash flow interest rate risk whereas borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group's policy is to manage its interest rate exposure by maintaining a mix of fix and floating rate of borrowings when the need arise.

As at the balance sheet date, the Group has no financial liabilities that expose to interest rate risk.

(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 ("USD") and Australian Dollar ("AUD"). Foreign exchange exposures in these transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

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

	Group	
	2014	2013
	RM	RM
United States Dollar ("USD")	**282,491**	349,503
Australian Dollar ("AUD")	**59,456**	40,909
	341,947	390,412

As at the balance sheet date, the Group has no unhedged financial liabilities that are not denominated in the functional currency.

<u>Sensitivity Analysis for Foreign Currency Risk</u>

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

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Foreign Currency Risk (Cont'd)

		Gain/(loss) in profit or loss	
		2014	2013
		RM	RM
USD/RM	- strengthened 10%	**28,249**	34,950
	- weakened 10%	**(28,249)**	(34,950)
AUD/RM	- strengthened 2%	**1,189**	818
	- weakened 2%	**(1,189)**	(818)

33. 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, 2014 and 2013.

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 limit. 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	
	2014	2013	**2014**	2013
	RM	RM	**RM**	RM
Trade and other payables	**18,075,252**	13,268,039	**173,277**	151,000
Less: Cash and bank balances	**(28,626,608)**	(59,113,846)	**(6,524,921)**	(193,994)
	(10,551,356)	(45,845,807)	**(6,351,644)**	(42,994)
Equity attributable to the owners of the parent, representing total capital	**94,040,112**	81,399,609	**35,826,517**	34,683,547
Capital and net debt, excluding net credit	**94,040,112**	81,399,609	**35,826,517**	34,683,547
Gearing ratio	**0%**	0%	**0%**	0%

34. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has four 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) Properties – Development of residential or commercial properties.

(iv) Investments and others.

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

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

31st December, 2014	Construction RM	Manufacturing RM	Properties RM	Investments and others RM	Elimination RM	Total RM
Revenue						
External sales	54,014,708	8,242,710	–	–	–	62,257,418
Inter-segment sales	24,148,201	3,308,891	–	–	(27,457,092)	–
Total revenue	78,162,909	11,551,601	–	–	(27,457,092)	62,257,418
Results						
Segment results	17,250,515	4,423,129	(25,860)	3,838,523	(4,512,243)	20,974,064
Finance costs						(270,192)
Profit before tax						20,703,872
Taxation						(5,331,380)
Profit for the year						15,372,492
Assets						
Segment assets	61,075,532	85,553,996	28,451,407	37,260,949	(98,567,669)	113,774,215
Unallocated assets						64,655
Consolidated total assets						113,838,870
Liabilities						
Segment liabilities	(46,735,741)	(63,644,417)	(27,679,131)	(41,583,675)	159,844,206	(19,798,758)
Unallocated liabilities						–
Consolidated total liabilities						(19,798,758)
Other information						
Depreciation of property, plant and equipment	452,631	589,739	–	–	–	1,042,370
Amortisation of intangible assets	13,556	–	–	–	–	13,556

34. SEGMENT INFORMATION (CONT'D)

31st December, 2013	Construction RM	Manufacturing RM	Properties RM	Investments and others RM	Elimination RM	Total RM
Revenue						
External sales	36,070,529	5,924,957	–	–	–	41,995,486
Inter-segment sales	28,523,526	6,076,042	–	–	(34,599,568)	–
Total revenue	64,594,055	12,000,999	–	–	(34,599,568)	41,995,486
Results						
Segment results	16,988,130	855,310	(9,157)	4,980,842	(7,432,000)	15,383,125
Finance costs						(336,694)
Profit before tax						15,046,431
Taxation						(3,551,912)
Profit for the year						11,494,519
Assets						
Segment assets	64,408,948	87,317,076	12,260,194	34,700,742	(91,399,591)	107,287,369
Unallocated assets						706,839
Consolidated total assets						107,994,208
Liabilities						
Segment liabilities	(66,095,390)	(60,731,532)	(12,277,206)	(41,245,300)	153,754,829	(26,594,599)
Unallocated liabilities						–
Consolidated total liabilities						(26,594,599)
Other information						
Depreciation of property, plant and equipment	330,716	673,880	–	–	–	1,004,596
Amortisation of intangible assets	13,555	–	–	–	–	13,555

35. 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, 2014 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	
	2014 RM	2013 RM	**2014 RM**	2013 RM
Total retained profit/(accumulated losses) of the Company and its subsidiaries				
- Realised	**(17,036,224)**	(31,646,563)	**(9,541,989)**	(10,684,959)
- Unrealised	**368,805**	2,328,762	**–**	–
	(16,667,419)	(29,317,801)	**(9,541,989)**	(10,684,959)
Less: Consolidation adjustments	**65,041,694**	65,041,694	**–**	–
Retained profit/(accumulated losses)	**48,374,275**	35,723,893	**(9,541,989)**	(10,684,959)

36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

On 31st January, 2014, Senandung Raya Sdn. Bhd. ("SRSB"), a wholly-owned subsidiary of the Company had Proposed Acquisition 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 has been completed and the title has been duly registered under the SRSB name.

37. EVENT SUBSEQUENT TO THE BALANCE SHEET DATE

On 6th February, 2015, the Company has entered into a Heads of Agreement with Datuk Tee Eng Ho, Datin Toh Siew Chuon and Mr. Tee Eng Seng ("Vendors") to explore and negotiate further with the vendors on a proposed acquisitions by the Company of the entire issued and paid-up share capital of each Kerjaya Prospek (M) Sdn. Bhd. and Permatang Bakti Sdn. Bhd. from the vendors for a total indicative purchase consideration of RM380 million ("Proposed Injection").

38. AUTHORISATION FOR ISSUE

The financial statements of the Group and of the Company for the financial year ended 31st December, 2014 were authorised for issue in accordance with a resolution of the Board of Directors on 15 April 2015.

LIST OF PROPERTY
OWNED BY THE GROUP
as at 31st December, 2014

Address/Location	Tenure	Area (square metre)	Description/ Existing use	Approximate Age of	Net Carrying Amount (RM'000)	Date of Last Revaluation (R)/Acquisition (A)
Pajakan Mukim PM640 Lot No. 10492 Tempat Batu 28 Ijok Mukim Ijok District Kuala Selangor Negeri Selangor	Leasehold Expiring In 2077	13,961	Factory	12 years	3,516	R: 11.05.2011

ANALYSIS OF SHAREHOLDINGS

as at 6 May 2015

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 vote per shareholder on a show of hands or one vote per ordinary share on a poll

ANALYSIS BY SIZE OF HOLDINGS AS AT 6 MAY 2015
(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNT BELONGING TO THE SAME PERSON)

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issue Share Capital
Less than 100	304	17.90	7,851	0.01
100 – 1,000	535	31.51	339,604	0.37
1,001 – 10,000	627	36.93	2,676,779	2.95
10,001 – 100,000	186	10.95	5,878,851	6.48
100,001 to less than 5% of issued shares	44	2.59	18,660,134	20.57
5% and above of issued shares	2	0.12	63,173,790	69.62
Total	1,698	100.00	90,737,009	100.00

THE 30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 6 MAY 2015

No.	Holder Name	No. of Shares	% of Issued Share Capital
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
8	SEE BOON YONG	1,281,700	1.41
7	MAYBANK NOMINEES (TEMPATAN) SDN BHD TEE TIONG LAI	1,000,000	1.10
9	TAI KOK WEI	736,300	0.81
10	MAYBANK NOMINEES (TEMPATAN) SDN BHD HO KOK LAM	699,400	0.77
11	LOH LEE FONG	504,300	0.56

THE 30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 6 MAY 2015 (CONT'D)

No.	Holder Name	No. of Shares	% of Issued Share Capital
12	HO WEI FUN	497,400	0.55
13	LIM CHEE KIAT	436,934	0.48
14	UOBM NOMINEES (TEMPATAN) SDN BHD UOB ASSET MANAGEMENT (MALAYSIA) BERHAD FOR GIBRALTAR BSN AGGRESSIVE FUND	388,800	0.43
15	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	358,600	0.40
16	TAN KIM HENG	341,300	0.38
17	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAWRENCE LIM SWEE LIM (470393)	300,000	0.33
18	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD EXEMPT AN FOR AFFIN HWANG ASSET MANAGEMENT BERHAD (TSTAC/CLNT-T)	300,000	0.33
19	TAN JOO TIAN	285,800	0.31
20	KENANGA NOMINEES (TEMPATAN) SDN BHD DERRICK KONG YING KIT (PCS)	270,000	0.30
21	CHONG MEEI FEN	268,000	0.30
22	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TOH SIEW HII	237,800	0.26
23	KOH SOOI KWANG	235,100	0.26
24	KHOO SIEW HEONG	217,500	0.24
25	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA INSURANCE BERHAD (BALANCE FUND)	213,300	0.24
26	LEONG YUEN YEE	210,400	0.23
27	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOO KIM CHUN	200,000	0.22
28	TAN TEONG HENG	200,000	0.22
29	TAN WEE MIN	180,000	0.20
30	ANG KAH KEEM	172,000	0.19
	TOTAL	78,720,324	87.86

analysis of shareholdings (cont'd)

DIRECTORS' SHAREHOLDINGS IN THE COMPANY
(as per Register of Directors' Shareholdings as at 6 May 2015)

	No. of Shares Held			
Name of Directors	**Direct**	**%**	**Indirect**	**%**
Datuk Tee Eng Ho	–		*1 63,173,790	*1 69.62
Tee Eng Seng	–		*1 63,173,790	*1 69.62
Datin Toh Siew Chuon	2,322,700	2.56	–	–
Loo Soo Loong	2,060,000	2.27	–	–
Khoo Siong Kee	10,100	0.01	–	–
Lim Kien Lai @ Lim Kean Lai	68,900	0.08	–	–
Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof	–	–	–	–

Note:-

*1 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 Register of Substantial Shareholders' as at 6 May 2015)

	No. of Shares Held			
Name of Substantial Shareholdings	**Direct**	**%**	**Indirect**	**%**
Egovision Sdn. Bhd.	63,173,790	69.62	–	–
Datuk Tee Eng Ho	–	–	*1 65,496,490	*1 72.18
Tee Eng Seng	–	–	*2 63,173,790	*2 69.62

Notes:-

*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 Register of Directors' Shareholdings as at 6 May 2015)

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

ANALYSIS OF **WARRANTHOLDINGS**
as at 6 May 2015

No. of 2007/2017 Warrants Issued	:	26,754,754
No. of 2007/2017 Warrants Outstanding	:	26,754,754

ANALYSIS BY SIZE OF HOLDINGS AS AT 6 MAY 2015
(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNT BELONGING TO THE SAME PERSON)

Size of Warrantholdings	No. of Holders	%	No. of Holdings	%
Less than 100	144	24.53	6,346	0.02
100 to 1,000	73	12.44	44,505	0.17
1,001 to 10,000	223	37.99	1,146,716	4.29
10,001 to 100,000	110	18.74	3,812,873	14.25
100,001 to less than 5% of issued shares	36	6.13	10,496,872	39.23
5% and above of issued shares	1	0.17	11,247,442	42.04
Total	587	100.00	26,754,754	100.00

THE 30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 6 MAY 2015

No.	Holder Name	No. of Holdings	%
1	EGOVISION SDN BHD	11,247,442	42.04
2	I-WEN MORSINGH	1,297,000	4.85
3	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR YAP CHING LOON (SMART)	1,045,828	3.91
4	MAYBANK NOMINEES (TEMPATAN) SDN BHD NG HAU HING	805,300	3.01
5	LEE KOK GUAN	517,688	1.93
6	CHOY WEE CHIAP	403,500	1.51
7	DERICK KONG YING KIT	400,096	1.50
8	YAP SWEE HANG	399,800	1.49
9	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TOH SIEW CHUON	372,443	1.39
10	HO WEI FUN	316,800	1.18
11	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	310,400	1.16
12	LOH LEE FONG	309,900	1.16

analysis of warrantholdings (cont'd)

THE 30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 6 MAY 2015 (CONT'D)

No.	Holder Name	No. of Holdings	%
13	SEE BOON YONG	271,000	1.01
14	ALLAN TEO	264,500	0.99
15	RHB NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN LEE GEK	261,000	0.98
16	PUA GEOK TAN	257,500	0.96
17	NG LI-SHING	250,000	0.93
18	TEE KIAN KOK	242,000	0.90
19	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN TEONG HENG (CEB)	209,500	0.78
20	LIM CHEE KIAT	199,040	0.74
21	KOH SOOI KWANG	188,373	0.70
22	LIM KOK WEI	173,926	0.65
23	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOW YING HOON	172,300	0.64
24	CHIA SOW TECK	165,228	0.62
25	CIMSEC NOMINEES (TEMPTAN) SDN BHD CIMB BANK FOR ALLAN PILLAI A/L V KANAPATHI PILLAI (MY0295)	153,017	0.57
26	KING HUAT @ TAN KING HUAT	150,000	0.56
27	ONG LAM HUAT	150,000	0.56
28	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN LIAM KWEE	140,074	0.52
29	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	136,676	0.51
30	MAYBANK NOMINEES (TEMPATAN) SDN BHD NY YEE PANG	135,000	0.50
	TOTAL	20,945,331	78.29

DIRECTORS' WARRANTHOLDINGS
(as per Register of Directors' Warrantholdings as at 6 May 2015)

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

Note:-

*[1] 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 Thirty-First 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 Tuesday, 23 June 2015 at 11.00 a.m. to transact the following businesses:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2014 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. Loo Soo Loong *Ordinary Resolution 3*
   (ii) Datin Toh Siew Chuon *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 allot and 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

   "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 29 May 2015 ("Recurrent RPTs") provided that such transactions are:- *Ordinary Resolution 7*

   (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
29 May 2015

Notes:

1. *Only depositors whose names appear in the Record of Depositors as at 16 June 2015 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:*

   Ordinary 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 Thirty-First 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 Thirtieth Annual General Meeting held on 23 June 2014 and which will lapse at the conclusion of the Thirty-First 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.

   Ordinary 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 29 May 2015, which is despatched together with the Company's Annual Report 2014.

FUTUTECH

FUTUTECH BERHAD (122592-U)

(Incorporated in Malaysia)

FORM OF PROXY

I/We ....

(FULL NAME IN BLOCK)

of...

(ADDRESSS)

being a member/members of FUTUTECH BERHAD (the "Company") hereby appoint

.... of

(FULL NAME IN BLOCK)

....

(ADDRESSS)

or failing him/her ....

(FULL NAME)

of...

(ADDRESSS)

as *my/our proxy, to vote for *me/us and on *my/our behalf at the Thirty-First 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 Tuesday, 23 June 2015 at 11.00 a.m., or at any adjournment thereof and to vote as indicated below:-

	FOR	AGAINST
ORDINARY RESOLUTION 1		
ORDINARY RESOLUTION 2		
ORDINARY RESOLUTION 3		
ORDINARY RESOLUTION 4		
ORDINARY RESOLUTION 5		
ORDINARY RESOLUTION 6		
ORDINARY RESOLUTION 7		

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 ___________________ 2015

No. of ordinary shares held

____

Signature of Member / Common Seal

Notes:

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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

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FUTUTECH 富德

FUTUTECH BERHAD

(122592-U)

FORTE® KITCHENS | BRITE-LITE® Energy management through intelligent lighting solutions

Fututech Berhad

No 1, Jalan Wangsa Permai, 2nd Floor,

Bangunan One Wangsa, Taman Wangsa Permai 52200 Kuala Lumpur.

Tel : 603-6277 2480 Fax : 603-6276 2482