Diversified Growth Through Innovation & Technology

Annual Report 2012

FITTERS
Diversified Berhad

COVER RATIONALE

Bamboo symbolizes positive energy, strength and flexibility; which is displayed by FITTERS, in its integral role as an innovative solutions provider.

Green further symbolizes nature. FITTERS shall strive towards achieving its goals in an eco-friendly manner as well as with great regard to the continued well-being of the environment.

The three (3) circles highlight the broad divisions that FITTERS will focus on and continue to seek opportunities for further and viable business expansion.

VISION

To be a global driving force in bringing cutting edge technology to enhance the quality of life

MISSION

Provide engineering and creative solutions through innovation and technology

CORE VALUES

Forefront in engineering
Innovative in meeting business challenges
Technology driven management and workforce – talent
Training the team to meet future challenges
Exceptional returns for stakeholders
Research emphasis towards delivery of reliable services
Social responsibility at the centre of the business model

FITTERS
Diversified Berhad

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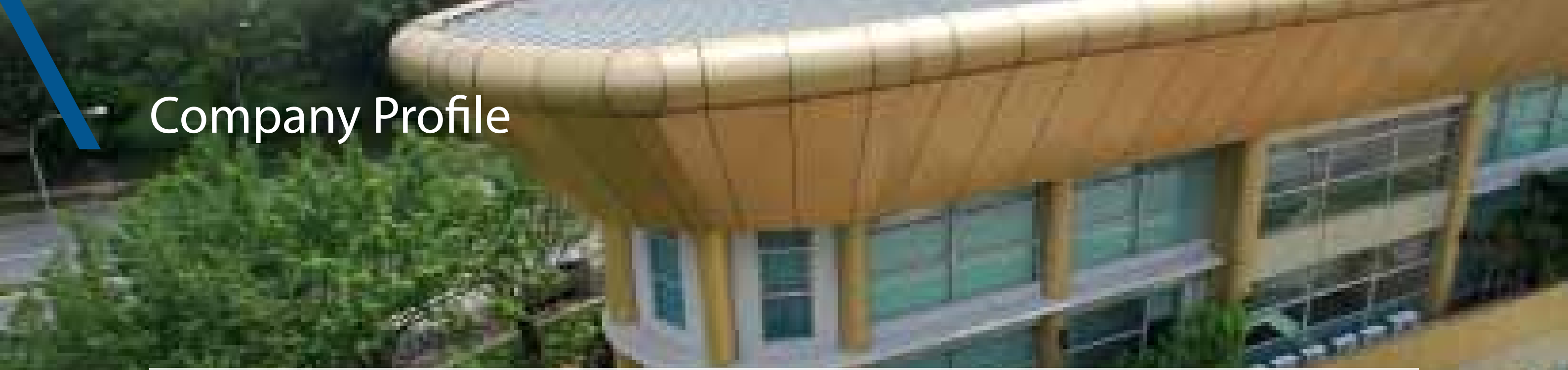


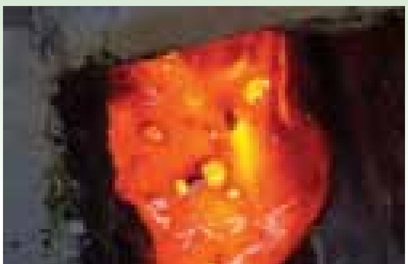
DIVERSIFIED GROWTH THROUGH INNOVATION & TECHNOLOGY

Having commenced operations in the 1970s, FITTERS was listed on the Second Board of Bursa Malaysia on 4 October 1994 until its promotion to the Main Board of Bursa Malaysia on 4 July 2007. This was shortly prior to its change of name, from FITTERS Holdings Berhad to FITTERS Diversified Berhad.

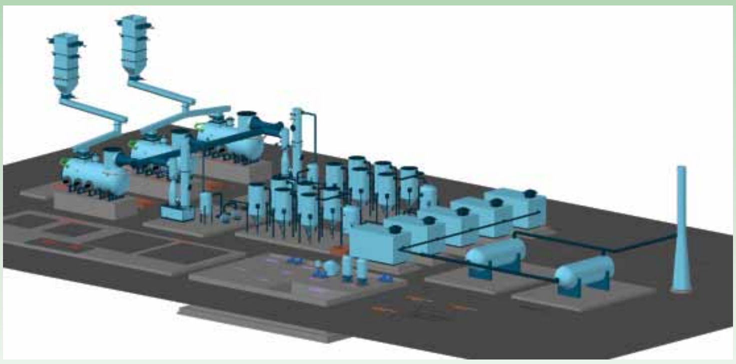
FITTERS has drawn strength from its diversity and agility in meeting growing demands of the current challenging business environment. At FITTERS, we always strive to emerge stronger across our core businesses and seize any viable opportunity that come our way, so that we could create a sustainable future.

At present, our core businesses are categorize into three (3) broad divisions, namely the Fire Services Division, Property Development & Construction Division and Renewable & Waste-to-Energy and Green Palm Oil Mill Division.

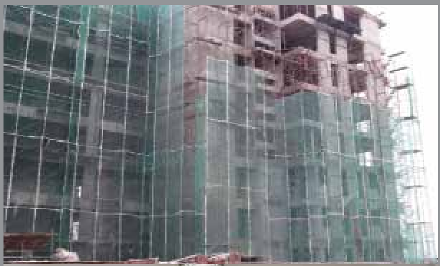
RENEWABLE & WASTE-TO-ENERGY/ GREEN PALM OIL MILL



FITTERS' subsidiary FUTURE NRG Sdn Bhd is a technology integrator and developer of renewable and alternative "Waste-To-Energy" projects as well as "Green Mill Zero-Waste" solutions through the use of advanced proprietary technologies in order to produce renewable and alternative energy.



WORK-IN-PROGRESS



FUTURE NRG focuses on the following market segments:

- Sustainable GREEN MILL
  - Empty fruit bunch processing into dry long fibres and biomass pellets
  - Anaerobic digestion biogas capture of palm oil mill effluents produces renewable energy for running of all plants and the palm oil mill (energy self-sustaining palm oil mill)

- Biomass to Renewable Energy
  - Rural electrification, captive power and grid-connected plants

- Waste to Energy
  - Plasma gasification of industrial, medical and hazardous wastes
  - Total solution for municipal solid wastes using plasma gasification or "plasma hybrid"
  - High-solids anaerobic digestion biogas capture for food and green wastes.

PROPERTY DEVELOPMENT & CONSTRUCTION

Transforming Setapak into a premier lifestyle destination

FITTERS maiden property development project on a prime commercial land in Setapak, sitting atop the vibrant Festival City Mall is fully sold. Progress work on the construction of SOHO & ZEN work suites and LOFT Residences @ ZetaPark is evident at site. Riding on this success, FITTERS will continue to identify niche property development opportunities to continue to generate a steady stream of income for the Group's expansion.

FIRE SERVICES DIVISION

Having established Fire Services as the bread-and-butter business, FITTERS' Fire Services Division delivers integrated fire protection and prevention solutions to a large and diverse range of customers. FITTERS has gained recognition as a "one-stop" fire protection specialist, and continues to engage in manufacturing, trading and specialized installation of firefighting materials, equipment as well as the supply of fire safety protection services and products.

Its diverse range of firefighting equipment includes but is not limited to:

- Sprinklers, hose-reels, smoke and gas detectors
- FITTERS Fire-X fire extinguishers
- Pyrodor fire resistant doorsets
- Synthetic foam concentrates
- Custom-made fire safety apparel
- TITAN Hi-Ten Access Flooring System

In order to complement FITTERS' position in the areas of fire protection, FITTERS has through its subsidiary, FITTERS Engineering Services Sdn Bhd (FESSB), been able to provide Mechanical and Electrical Services (M&E Services). With over thirty (30) years of experience in the building and construction industry, FESSB is able to provide mechanical engineering services such as fire protection installation, air conditioning and ventilation, gas supply, water supply & sanitary installation services. The electrical engineering services carried out by FESSB include a whole range of electrical power, extra low voltage installation, uninterruptible power supply and power engineering solutions.

FITTERS also operates and manages the Fire Department's privatized Centralized Fire Monitoring System (CMS System) through its subsidiary, Master Pyroserve Sdn Bhd.

SPECIALIST THEMED WORKS

FITTERS, through its subsidiary Z'ODD Design Sdn Bhd, offers a full range of design assisted development, art direction, manufacturing & installation of themed construction for facades, show sets, theme parks, rock work and water designs. Z'odd works with owners, design architects and contractors in order to deliver quality projects on time and on budget.

Today, Z'odd is qualified as an approved vendor for international theme park players including Universal Studios, Disneyland, Legoland, Kidzania, etc. Due to its quality finish and successful performance for some recent iconic projects in Malaysia (Kidzania, Puteri Harbour Family Entertainment Centre and Legoland included) and the Asian region. Going forward, Z'odd will continue to grow its portfolio and strive towards securing more notable theming projects, particularly in Malaysia and China.

BOARD OF DIRECTORS

Encik Mohammad Nizar Bin Idris	*Chairman – Independent Non-Executive Director*
Dato' Wong Swee Yee	*Managing Director*
Datuk Dr. Soh Chai Hock	*Independent Non-Executive Director*
Mr. Kong Sin Seng	*Independent Non-Executive Director*
Encik Zahedi Bin Haji Mohd Zain	*Independent Non-Executive Director*
Dato' Ir. Low Keng Kok	*Non-Independent Non-Executive Director*
Datin Goh Hooi Yin	*Executive Director*

COMPANY SECRETARY
Mr. Ng Yim Kong (LS 0009297)

REGISTRAR
Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
T : 03 78418000
F : 03 78418151

HEAD OFFICE & REGISTERED OFFICE
No. 1, Jalan Tembaga SD 5/2
Bandar Sri Damansara,
52200 Kuala Lumpur
T : 03 62767155
F : 03 62758692
E : fdb@fittersgroup.com

FIRE SERVICES DIVISION
Manufacturing & Trading
Contact : Mr. K K Fong / Mr. S K Lee
T : 03 62779009
F : 03 62752780
E : fdb@fittersgroup.com

M&E Engineering Services
Contact : Mr. Y S Chin
T : 03 62767155
F : 03 62758712
E : project@fittersgroup.com

CMS / Maintenance Services
Contact : En. Anuar Yusuf
T : 03 62767155
F : 03 62758692
E : mps@fittersgroup.com

PROPERTY DEVELOPMENT & CONSTRUCTION
Contact : Mr. David C S Hew/
Dr. H S Sian
T : 03 62767155
F : 03 62758692
E : fdb@fittersgroup.com

Specialist Themed Works
Contact : Mr. S K Lee / Mr. M H Yap
T : 03 62767155
F : 03 62751378
E : info@zodddesign.com.my

RENEWABLE & WASTE-TO-ENERGY
Contact : Mr. Chan Kok Hoe
T : 03 62772200
F : 03 62721535
E : enquiry@futurenrg.net

BRANCH OFFICES
Northern:
66B Lintang Angsana
Bandar Baru Ayer Itam
11500 Pulau Pinang
Contact : Mr. Tee Joo Seng
T : 04 8290734
F : 04 8290731
E : penang@fittersgroup.com

Central:
13 &13A Jalan Dato' Haji Megat Khas
Taman Bandaraya Utama
31400 Ipoh
Contact : Mr. David Tiong
T : 05 5477622
F : 05 5477623
E : ipoh@fittersgroup.com

Southern:
12 &12A Jalan Sagu 5
Taman Daya
81100 Johor Bahru
T : 07 3559585
F : 07 3559610
E : johor@fittersgroup.com

Sarawak
28, Ground Floor
Wisma Koperkasa
Jalan Simpang Tiga
93300 Kuching
Sarawak
T : 082 250221
F : 082 256221
E : sarawaku@fittersgroup.com

Singapore
83 Genting Lane #06-01
Singapore 349568
Contact : Mr. Pernod Sim
T : 02 67441171
F : 02 67414173
E : adminsg@fittersgroup.com

AUDITORS
Baker Tilly Monteiro Heng
Baker Tilly MH Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
T : 03 22971000
F : 03 22829980

PRINCIPAL BANKERS
AmBank (M) Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
CIMB Bank Berhad
United Overseas Bank (M) Berhad
RHB Bank Berhad
HSBC Bank Malaysia Berhad

SOLICITORS
Chur Associates
H.S. Tay, Bahrin & Partners
Lau, Moghan & Ee
Manjit Singh Sachdev,
Mohamad Radzi & Partners
Soon Eng Thye & Co.
Susanna Lim & Partners
Yee How & Tan

WEBSITE
http:// www.fittersgroup.com

STOCK EXCHANGE LISTING
Main Market of
Bursa Malaysia Securities Berhad
Stock Short Name : FITTERS
Stock Code : 9318

Chairman's Statement

Dear Valued Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and the Audited Financial Statement of FITTERS Diversified Berhad ("FITTERS" or "the Company") for the financial year ended 31 December 2012.

FINANCIAL REVIEW

The year 2012 was a challenging year for FITTERS Diversified Berhad ("FITTERS") as we gathered all of our resources to strengthen ongoing operations and at the same time, explore new business opportunities both, locally and within the ASEAN region.

Against the backdrop of a continuing tough business environment, I am pleased to announce that FITTERS Group of Companies ("FITTERS Group") registered a revenue of RM410.90 million, and a profit after taxation of RM28.06 million in respect of the year under review, which signifies a 26% increase from that of the preceding year. I am equally pleased to present to you with our annual report for the financial year ended 31 December 2012 which highlights the key factors that contributed to FITTERS' overall performance.

Profit and revenue were principally derived from the property and construction division, which realised a sale of majority of the ZEN work suites and the LOFT Residences and increased revenue from the Engineering division. FITTERS core fire protection and prevention business continued to trade under stable conditions and provide a steady stream of income.

FITTERS achievements during the year under review can be attributed to our ability to diversify into selected niche and growth areas, as well as our ability to offer products and services that cater to diversified market needs.

KEY CORPORATE AND BUSINESS DEVELOPMENT

FITTERS warrant holders exercised the option to convert a total of 95,442,222 warrants into 95,442,222 new ordinary shares of RM0.50 each in the Company (collectively, "the Exercise of Warrants"). The said Exercise of Warrants that were duly converted into ordinary shares of the Company stems from the warrants 2007/2012, that expired at 5.00 p.m. on Tuesday, 27 November 2012.

FITTERS, through its subsidiary ZetaPark Development Sdn Bhd ("ZetaPark"), gathered focus and maximized marketing efforts throughout the year in order to market the sale of ***The Loft Residences*** at KL Festival City Mall (officially launched on 25 November 2011). The marketing efforts of ZetaPark had paid off as eighty five percent (85%) of the development had been sold out as at 31 December 2012. ZetaPark was able to capture a very good response from property and real estate investors alike, especially those in search of luxurious living in the new corridor of Kuala Lumpur. Through ZetaPark's experience in real estate development, namely its successful completion of the 3-storey KL Festival City Mall in year 2011 and its ongoing projects, it becomes foreseeable that there is potential in this sector of business. As such, FITTERS will continue to look at new opportunities that could benefit FITTERS Group as a whole.

Future NRG Sdn Bhd ("Future NRG"), a wholly-owned subsidiary of FITTERS, has kept to its focus of positioning itself as a provider of "Green Mill Zero-Waste" and "Waste-To-Energy" solutions and therefore entered into the following agreements in its ordinary course of business with PT United Kingdom Indonesia Plantations ("UKINDO"), a company incorporated under the laws of Indonesia:

(i) Equipment Supply, Installation and Commissioning Agreement wherein FNRG agreed to supply, install and commission the equipment for a Dry Long Fibre (DLF) and Biogas Power Generation plants ("the Project Facility") at UKINDO's palm oil mill located at Blankahan, Sumatra, Indonesia ("Blankahan Palm Oil Mill"). The total contract value of this agreement was agreed at US$3,875,805.00 and the Project Facility is pending completion;

(ii) Management Services Agreement wherein FNRG agreed to provide management services in favour of UKINDO, in connection with the Project Facility situated at Blankahan Palm Oil Mill for a term of five (5) years with an option to renew for a further period of time upon mutually agreed terms. FNRG shall receive a management services fee equivalent to ten percent (10%) of the actual revenue of DLF; and

(iii) Off-Take Agreement wherein UKINDO agreed to grant FNRG exclusive rights to off-take any and all DLF end-products as shall be produced at the Blankahan Palm Oil Mill (estimated at between 9,000 – 10,000 metric tonnes per annum) for a term of five (5) years with an option to renew for a further period of time upon mutually agreed terms. The price of the DLF end-Products has been fixed regardless of the quantity of DLF purchased from Blankahan Palm Oil Mill and FNRG shall engage with third parties for an on-sale of the Products, subject to a mark-up in price for purposes of marketing the Products.

As you may recall, FITTERS' wholly-owned subsidiary, Z'odd Design Sdn Bhd ("Z'odd") has been involved in theme park construction and development and over the last few years, Z'odd has successfully completed theme park packages for Universal Studios Singapore and Resorts World, Sentosa. On this note, I am pleased to inform that during the year under review, Z'odd Design Sdn Bhd ("Z'odd"), a wholly-owned subsidiary of FITTERS was awarded a main contract for theming works in respect of Puteri Harbour Family Entertainment Centre, an integrated urban waterfront development located in Nusajaya, Johor Darul Takzim. The contract value of this theme park project was RM18,380,000.00. Z'odd also participated in the themed construction of a facade in respect of Legoland Malaysia, Malaysia's first international theme park.

During the year, FITTERS' bread-and-butter manufacturing, trading and services business remained profitable and cash generative, and FITTERS was able to strengthen its related services and move up the value chain while at the same time preserve its existing reputation as a "one-stop" fire protection specialist in the country. Having withstood challenges in this manufacturing, trading and services business, FITTERS aims to explore ways in order to enhance the value of this sector of business.

CORPORATE SOCIAL RESPONSIBILITY

Although FITTERS adheres to the principle of creating long term value for its shareholders, significant emphasis is also given towards corporate social responsibility, be it in relation to the workplace, community, marketplace or environment.

Consistent with its corporate social responsibility strategy, FITTERS Group decided to continue its tradition of investing in the community by implementing the ***"One-Home-One-Extinguisher"*** and ***"One-Car-One-Extinguisher"*** campaigns, which were introduced by the Local Government in year 2006. In doing so, FITTERS is hopeful of meeting its objective of creating fire safety and prevention awareness amongst members of the public and at the same time ensuring that more Malaysian homes and cars be equipped with ***"first line of fire defence tools".***

Meanwhile, during the year under review, FITTERS' continued its participation in KidZania Kuala Lumpur's ("KidZania") FIRE Station Pavilion at Kidzania for a total sponsorship fee of RM1,700,000.00. This pavilion, which became operational on 28 February 2012, is aimed at promoting fire safety and awareness to the public, in particular, the younger generation and will allow children to learn amongst others, basic fire prevention and awareness skills, hands-on experience in putting out fires and driving fire engines. It is also encouraging to note that Kidzania expects to attract 500,000 visitors to its educational theme park annually, since FITTERS will then be able to take advantage of the targetted visitors to this awareness programme in its continued commitment to the "One-Home-One-Extinguisher" campaign.

ECONOMIC LANDSCAPE

In 2012, the global economy experienced economic instability, mainly due to the fragile United States market and the continued Eurozone crisis. The United States and Europe recorded minimal growth rates whereas East Asia and Asia Pacific were significant drivers of the global economy.

Despite the soft global macroeconomic conditions, the Malaysian economy delivered stable growth in terms of Gross Domestic Product (GDP), which averaged at 5.6% for the full year (2012). This was mainly due to robust domestic demand as well as solid year-on-year growth in private and public spending.

Given the fact that the Malaysian government reaffirmed its commitment towards full implementation of the Economic Transformation Plan (ETP) with emphasis on National Key Economic Activities (NKEAs) such as palm oil, property and construction including the Mass Rapid Transit (MRT) project, communications and infrastructure, FITTERS is confident that the Malaysian economy will remain robust throughout 2013.

CORPORATE GOVERNANCE

Our Corporate Governance Statement contained in this Annual Report is testament to FITTERS' commitment to upholding the highest standards of corporate governance and ethical business conduct.

FUTURE OUTLOOK

Despite the global economic challenges and uncertainties posed in 2012, FITTERS stood by its commitment to ensure quality and sustainability of its business. Likewise, FITTERS is cautiously optimistic about the prospects that the coming year will present and will remain focused on its core businesses with the primary aim of enhancing shareholder value. In the year ahead, FITTERS will also explore new ways that could enhance the growth and value of its shareholders. Further, with the Malaysian Government's aim to propel our nation towards high income status by the year 2020, it is foreseen that this drive will have a positive impact on the property development and construction businesses.

DIRECTORATE & ACKNOWLEDGMENT

On behalf of FITTERS Group, I wish to welcome Dato' Ir. Low Keng Kok, who was appointed Non-Independent Non-Executive Director on 21 November 2012 and brings with him a wealth of experience that will benefit the Board and FITTERS Group.

It is imperative that the assistance, guidance and support received from all parties concerned during the financial year under review is given due recognition. On this note and on behalf of FITTERS Group, I wish to convey my deepest appreciation to the Board of Directors for their vast experience and wisdom that proved fundamental in steering FITTERS towards success.

FITTERS Group would not have achieved success without the support and commitment of its pool of dedicated and talented employees. Without a doubt, a debt of gratitude is also owed to all customers, suppliers, partners and bankers, who have all played a part in FITTERS' success over the last year.

MOHAMMAD NIZAR BIN IDRIS
Chairman
Dated this 2 May, 2013

ENCIK MOHAMMAD NIZAR BIN IDRIS

Encik Mohammad Nizar bin Idris, 70, a Malaysian is the **Chairman of the Board** and an **Independent Non-Executive Director**. He was first appointed to the Board on 21 November 2000. He is also a member of the Audit Committee.

He holds a Bachelor of Law (Honours) degree, AMP (Harvard) and he is a member of the Malaysian Bar.

He started his career in the Civil Service and the Judicial and Legal Service. Prior to joining the private sector, he was the Senior Federal Counsel responsible for tax and treasury matters. In 1976, he joined the Royal Dutch Shell Group. He worked in Malaysia, The Hague (Netherlands) and London. He was the first non-European to head the Legal Division of Shell International Petroleum Co. Ltd in London which dealt with the Royal Dutch Shell Group's business, investments and joint ventures for the world. Before retiring from Shell, he returned to Malaysia to assume the position of Deputy Chairman and Executive Director of Shell Companies in Malaysia and the Chairman of Shell Chemicals. He retired in 1997.

After his retirement, he served on the boards of several companies including a bank, investment bank, insurance and unit trust management companies. He is also on the Board of Eversendai Corporation Berhad. He has no other directorship in other public companies and neither is there any family relationship with any director and/or substantial shareholder. There is no conflict of interest with the Company. There are no convictions for any offences within the last 10 years.

Encik Mohammad Nizar attended all five (5) Board Meetings of the Company held during the financial year ended 31 December 2012.

DATO' WONG SWEE YEE, DSSA

Dato' Wong Swee Yee, 55, a Malaysian is the founder of the Company and was first appointed to the Board on 18 January 1986. He is the **Managing Director** and an **Executive Non-Independent Director** of the Company. He is the Chairman of the Executive Committee as well as member of the Remuneration and Risk Management Committees.

He is an Associate Member of Harvard Business School Alumni Club of Malaysia and also Vice-President of the Table Tennis Association of Malaysia.

Having been actively involved in the fire safety and prevention industry since 1979, and as the founder of the Company, he has been instrumental in the growth of FITTERS Group over the years. His visionary entrepreneurial skills, undying passion and foresight had led the Company to move into both, upstream and downstream activities in the fire fighting industry. He has also contributed greatly to the fire safety industry by introducing state-of-the-art technology to Malaysia and through the set-up of a comprehensive network of distributorship rights for specialised fire fighting equipment and systems for FITTERS. In recent years, he has been instrumental in taking the Group to greater heights, that is, by diversifying into new areas of property and renewable energy development.

He has no other directorship in other public companies. Datin Goh Hooi Yin, his spouse, is also a member of the Board. Save for recurrent related party transactions noted in the Annual Report, there is no conflict of interest with the Company. There are no convictions for any offences within the last 10 years.

Dato' Wong attended all five (5) Board Meetings of the Company held during the financial year ended 31 December 2012.

MR KONG SIN SENG

Mr Kong Sin Seng, 57, a Malaysian was first appointed to the Board on 22 December 2001. He is an **Independent Non-Executive Director**. He is the Chairman of the Audit and Risk Management Committee and is a member of the Nomination Committee and Remuneration Committee.

Mr Kong holds a Bachelor of Accounting (Hons) from the Kent University, England. He is also a member of the Institute of Chartered Accountants in England & Wales.

He started his career as an article clerk with Reeves & Neylan, Chartered Accountants in the United Kingdom from 1978 to 1982 and subsequently joined Price Waterhouse in 1983. He joined Promet Berhad as Group Financial Executive in 1983 and United Detergent Industries as Financial Controller in 1986. In 1987 he was attached to Promet Petroleum Ltd in Jakarta and subsequently with the Dharmala Group, Indonesia in 1989 as Group Financial Controller. He subsequently became the Managing Director of Heavy Equipment Division and the Director of Financial Services Division. He joined FACB Berhad as the Chief Financial Officer in 1995 and in 1997 was the PA to the Chief Executive Officer of MBF Capital Berhad and as Senior Vice President in MBF Finance Berhad. Since 2000, he became the Chief Executive Officer of Goldwealth Capital Sdn Bhd and is currently the Chief Executive Officer of Widetech (M) Berhad.

He is also on the Board of Widetech (M) Berhad since September 2004. He has no other directorship in other public companies. He has no family relationship with any director and/or substantial shareholder. There is no conflict of interest with the Company. There are no convictions for any offences within the last 10 years.

Mr. Kong attended all five (5) Board Meetings of the Company held during the financial year ended 31 December 2012.

ENCIK ZAHEDI BIN HAJI MOHD ZAIN

Encik Zahedi bin Haji Mohd Zain, 58, a Malaysian was first appointed to the Board on 26 January 1994. On 22 December 2001, he was appointed as the Alternate Director to the late Tan Sri Datuk Paduka Dr Hajjah Saleha binti Haji Mohd Ali and ceased on 21 March 2011 after her demise. He was appointed as an **Independent Non-Executive Director** on 1 April 2011. He is also a member of the Audit Committee and Nomination Committee.

He holds a Bachelor of Science Honours Degree (Applied Science) from Brighton Polytechnic, United Kingdom.

He started his career as a production engineer with Petronas in 1981. In 1985 he left Petronas to work in his family businesses which included automotive component parts manufacturing, property development and investment holdings.

He has been appointed Independent Director of Fajarbaru Builder Group Bhd in November 2012 and has no other directorship in other public companies. There is no conflict of interest with the Company. There are no convictions for any offences within the last 10 years.

Encik Zahedi attended three (3) of the five (5) Board Meetings of the Company held during the financial year ended 31 December 2012.

DATUK DR. SOH CHAI HOCK
PJN, DSSA, DSM, JSM, KMN, AMN, PBM, LLD (USA), HON F.I.(FIRE) E.(UK), MMIM

Datuk Dr. Soh Chai Hock, 68, a Malaysian was first appointed to the Board on 1 April 2011. He is an **Independent Non-Executive Director**. He is also the Chairman of both the Nomination Committee and Remuneration Committee.

Datuk Dr. Soh is National Chairman of the Malaysian Fire Prevention Council, a Government link NGO. He was conferred a 'Doctorate of Laws' (LLD) by the Anna Maria College, Paxton, Massachusetts, USA in 1998. He is professionally trained on FEMA's highest level of Command and Control program in the United States and on "Senior Crisis Management – Anti Terrorism" with the Department of State, Bureau of Diplomatic Security and Louisiana State University, USA.

He was also the co-founder and Adjunct Professor for the Master of Science ("ERP") program in University Putra Malaysia and Chief Editor for the "Guide for Fire Protection in Malaysia". In 1996, he was appointed Vice President of the Fire Chiefs Association of Asia (IFCAA) and was invited to sit in the United Nations Fire Expert Committee, Geneva, Switzerland during the Indonesian wild land fire and South East Asian haze disaster in 1997.

He was also a Post Cabinet committee member for the Ministry of Housing and Local Government, Malaysia. In 1999, he retired as the Director General of the Malaysian Fire and Rescue Services and was appointed 'Fire Expert' by the Asian Productivity Organization for 20 Asia-Pacific countries. In 2010, he was conferred the Fellow of the Institute of Fire Engineers, United Kingdom.

Since his retirement from the public sector, he has continued to be active in both the public and private sector. He had served as an Independent Director for Proton Automobile (M) Bhd and Proton Edar Sdn Bhd, Asia Insurance (M) Bhd, HOPU Investment Management Co Ltd and Executive Chairman for ZODD Design Sdn Bhd.

At present, he has no other directorship in other public companies. There is no family relationship with any director and/or substantial shareholder. He has no conflict of interest with the Company and there are no convictions for any offences within the last 10 years.

Dato' Dr. Soh attended four (4) of the five (5) Board Meetings of the Company held during the financial year ended 31 December 2012.

DATO' IR. LOW KENG KOK

Dato' Ir. Low Keng Kok, 58, a Malaysian was appointed to the Board on 21 November 2012. He is a **Non-Independent Non-Executive Director**.

Dato' Low graduated from University of Malaya with a Bachelors of Engineering (Honours) Degree in civil engineering. He is a Chartered Engineer and a Chartered Environmentalist (UK). He is a Fellow of the Institute of Engineers Malaysia and Institute of Highways and Transportation (UK). He is a corporate member of the Institute of Water and Environmental Management (UK) and the Institute of Civil Engineers, UK (M.I.C.E). He is also the Vice President of the Master Builders Association Malaysia. He has more than 33 years of experience in the management of buildings, infrastructure and privatisation projects.

Prior to his appointment, Dato' Low was the Managing Director of Fajarbaru Builder Group Bhd from 2007 till 2012, and Managing Director of Road Builder (M) Holdings Berhad from 1998 till 2007. He has no other directorship in other public companies. There is no family relationship with any director and/or substantial shareholder. He has no conflict of interest with the Company and there are no convictions for any offences within the last 10 years.

Dato' Low attended the remaining one (1) Board Meeting held during the financial year ended 31 December 2012 subsequent to his appointment.

DATIN GOH HOOI YIN

Datin Goh Hooi Yin, 52, a Malaysian is an **Executive Non-Independent Director**. She was first appointed to the Board on 15 December 2008. She is a member of the Executive Committee. She holds a Bachelor of Science (Mathematics), 1st class Honours degree from University of Malaya.

She started her career as an analyst with an insurance company. She subsequently joined an IT organization and effectively served in various positions spanning across sales & marketing, project management, consulting, customer service and profit centre responsibilities. She joined the Group's subsidiary (Master Pyroserve Sdn Bhd) for a period of 3 years; assisting in the ISO accreditation and overseeing the maintenance operations.

She has no other directorship in other public companies. She is the spouse of Dato' Wong Swee Yee, the Managing Director and a substantial shareholder of the company. There is no conflict of interest with the company. There are no convictions for any offences within the last 10 years.

Datin Goh attended all five (5) Board Meetings of the Company held during the financial year ended 31 December 2012.

Group Financial Summary
As at 31 December 2012

RM'000	2012	2011	2010	2009	2008
Revenue	410,896	446,488	189,756	126,226	163,789
Profit before taxation	38,109	29,719	18,929	9,975	24,520
Taxation	(10,046)	(7,436)	(4,939)	(1,675)	(1,164)
Profit after taxation	28,063	22,283	13,990	8,300	23,356
Minority interests	(175)	(89)	(829)	(284)	(1,726)
Profit for the year	27,888	22,194	13,161	8,016	21,630
Share capital	155,929	108,208	108,204	65,579	65,579
Share premium	2,863	-	-	-	-
Treasury shares	(14,452)	-	-	(2,277)	(4,454)
Distributable reserves	70,345	42,446	20,251	43,388	38,047
Non-distributable reserves	7,908	8,454	7,033	7,862	7,890
Shareholders' Fund	222,593	159,108	135,488	114,552	107,062
Property, plant and equipment	43,550	37,617	31,684	14,658	14,242
Land held for property development	-	-	-	30,922	30,569
Investments properties	550	863	1,109	1,607	1,177
Intangible assets	4,531	4,360	4,531	4,702	4,848
Land use rights	4,153	4,439	3,481	-	-
Investments in associates	-	8,002	-	-	-
Investments securities	29,203	25,656	19,294	19,295	15,497
Trade and other receivables	2,791	4,734	17,260	582	589
Deferred tax asset	-	-	-	285	450
Current assets	266,901	208,787	162,260	114,632	133,901
Total Assets	351,679	294,458	239,619	186,683	201,273
Bank Borrowings	31,818	44,125	14,689	19,376	34,636
Net Assets	224,071	160,421	136,713	114,974	107,203
Net Assets per share (sen)	71.85	74.13	63.17	91.21	88.47
Weighted Average Number of Ordinary Shares Issue ('000)	224,523	216,416	203,440	194,920	129,436
Earnings per share (sen)	12.42	10.26	6.47	4.11	16.71

The Board of Directors ("Board") of FITTERS Diversified Berhad ("FITTERS" or "the Company") remains firmly determined and committed in ensuring that required standards of corporate governance are practised and applied across FITTERS' Group of Companies ("FITTERS Group").

The Board is aware that good and effective corporate governance includes the need to attain high standards of business ethics, accountability, integrity, transparency and professionalism across all activities and overall conduct of FITTERS Group. As such, FITTERS shall also continue to strive to promote a culture of integrity, excellence and professionalism among its employees.

The Board is pleased to disclose below a description of how FITTERS Group has applied the recommendations as set out in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") throughout the financial year ended 31 December 2012.

1. BOARD OF DIRECTORS

1.1 Duties and Responsibilities of the Board

FITTERS is led and managed by a pro-active Board that is able to provide effective leadership and assumes full responsibilities for the overall performance of FITTERS Group by setting strategic plans for the company and overseeing the conduct of the Company's businesses. The Board also focuses on reviewing the adequacy and integrity of the Company's internal control systems and management information system, management and staff succession planning, identifying key risks and ensuring implementation of appropriate systems to manage these risks and developing shareholder's communication policy for the Company. The concepts of transparency, accountability and integrity continue to form the foundation on which the Board discharges its duties.

The Board has appropriately delegated specific tasks to five (5) Committees, namely the Audit, Executive (EXCO), Nomination, Remuneration and Risk Management Committees. These Committees have wide ranging authorities and make recommendations to the Board which holds the ultimate responsibility.

The Board maintains a supervisory control over management through the guardianship of the Executive Committee which ensures implementation of standard operating procedures and efficient management of the FITTERS Group.

In line with the recommendations of the Code, the Board has formalised its roles and responsibilities in a Board Charter.

1.2 Board Composition and Balance

The Board has seven (7) Directors providing a balanced mix of two (2) Executive Directors, one (1) Non-Independent Non-Executive Director and four (4) Independent Non-Executive Directors, whose varied skills and vast experiences are relevant to the Group's business operations. There is a clear segregation of responsibilities between the Chairman and the Managing Director to ensure a balance of power and authority. The Board is led by Encik Mohammad Nizar Bin Idris as the Independent Non-Executive Chairman. Dato' Wong Swee Yee, the Managing Director, leads the executive management of the Company. No one individual or small group of individual Directors dominate the Board's decisions. The composition of the Board fairly reflects the interest of the majority and minority shareholders. A brief profile of each Director is presented in the Board of Directors' Profile section of the Annual Report.

In line with the recommendations of the MCCG 2012, the Board has formalised a Code of Business Ethics for Directors and all employees of the Group which will be uploaded to the Company's website at *www.fittersgroup.com* in due course.

The Independent Directors are independent of management and free from any relationship or any transaction, which may interfere with the exercise of their independent judgement or the ability to act in the best interest of the Company. The Board complies with the paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("the Main Market Listing Requirements") whereby at least one-third of the Board is independent.

1. BOARD OF DIRECTORS (cont'd)

1.2 Board Composition and Balance (cont'd)

In line with MCCG 2012, the independence of the Board members is reviewed annually. The code recommends that the tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to the director's re-designation as a non-independent director. The Board must justify and seek shareholders' approval in the event that it intends to retain the person who has served in the capacity as the independent director for more than nine (9) years. As at the date of this statement, Encik Mohammad Nizar bin Idris and Mr. Kong Sin Seng have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years. The Board has recommended that the approval of shareholders be sought to re-appoint Encik Mohammad Nizar bin Idris and Mr. Kong Sin Seng as Independent Non-Executive Directors of the Company.

1.3 Board Meetings

The Board meets at least four (4) times a year, with additional meetings convened as and when necessary. During the financial year ended 31 December 2012, five (5) Board meetings were held at the registered office of the Company. Details of attendance of these meetings are as follows:

Directors	No. of Meetings Attended
Encik Mohammad Nizar Bin Idris	5 / 5
Dato' Wong Swee Yee	5 / 5
Datin Goh Hooi Yin	5 / 5
Mr. Kong Sin Seng	5 / 5
Encik Mohamad Jamil Bin Mohd Yusof *	1 / 2
Datuk Dr. Soh Chai Hock	4 / 5
Encik Zahedi Bin Haji Mohd Zain	3 / 5
Dato' Ir. Low Keng Kok **	1 / 1

** Retired at the Twenty-Sixth Annual General Meeting held on 20 June 2012.*
*** Appointed on 21 November 2012.*

Each of the Directors has attended more than fifty percent (50%) of Board meetings, thus fulfilling the requirement of the Main Market Listing Requirements.

The Board meets on matters reserved specifically for its decision to ensure that the overall strategic direction and control of the FITTERS Group is firmly in its hands. These include matters such as dividend policy, major asset acquisitions and disposals, joint ventures and investments decisions, issue of new shares, related party transactions, financial performance and other important matters which fall under the purview of the Board.

1.4 Supply of Information

Prior to each Board meeting, every Director is given an agenda and a set of Board Papers for each agenda to be deliberated. The Board Papers include minutes of the previous meeting, quarterly financial results and issues requiring the Board's deliberation and approval and other ad-hoc reports. For example, minutes of the EXCO, Audit Committee and Nomination Committee are extended to the members of the Board at the conclusion of each of the meetings. The findings of the Risk Management Committee are also extended to the Board.

The Board members have unrestricted access to timely and accurate information, necessary in the performance of their duties as a full board as well as in their individual capacities. Whenever the need arises, senior management will be invited to board meetings to further assist the Board in understanding the Company's operations.

1. BOARD OF DIRECTORS (cont'd)

1.4 Supply of Information (cont'd)

All Directors have access to the advice and services of the Company Secretary, the Internal Auditor and the External Auditors. In the execution of their duties as Directors, whenever independent professional advice is required, external independent expert may be engaged at the expense of the Company.

1.5 Company Secretary

The Company Secretary provides guidance to the Board on matters pertaining to the Board's responsibilities in order to ensure that they are effectively discharged within relevant legal and regulatory requirements. This includes updating the Board on the Main Market Listing Requirements, circulars from Bursa Malaysia Securities Berhad and other legal and regulatory developments and their impact on the Group and its business.

The Company Secretary or his representative attends all Board Committee meetings where he records and circulates the minutes of the meetings. He is also responsible for the safekeeping of the minutes by ensuring that they are kept at the registered office of the Company and are available for inspection, if required.

1.6 Appointments to the Board

The appointment of new Directors is under the purview of the Nomination Committee which is responsible for making recommendations to the Board of suitable candidates for appointment as Director of the Company. Suitable candidates must be approved by the Board.

As part of the process of assessing the suitability of candidate for Board membership, the Nomination Committee takes into account various factors such as the individual's educational background, experience, the Main Market Listing Requirements and general knowledge of the Company's business and market.

1.7 Re-election of Directors

In accordance with the Company's Articles of Association, all newly appointed Directors shall retire from office but shall be eligible for re-election in the next Annual General Meeting subsequent to their appointment. The Articles also provides that at least one third of the remaining Directors be subject to re-election by rotation at each Annual General Meeting. Directors over seventy years of age are required to submit themselves for re-appointment annually in accordance with Section 129 (6) of the Companies Act, 1965.

1.8 Directors' Training

All directors have attended the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad. As an integral element in the process of appointing new Directors, there will be a period of orientation and education for the new Board members and where appropriate, visit to the Group's businesses and meetings with the Senior Management team to facilitate their understanding of the Group's businesses and operations as part of the Board's induction process.

All Directors have also attended training programmes as required by Bursa Malaysia Securities Berhad, in order to keep abreast with development in the industry as well as new regulatory development on a continuous basis.

During the financial year ended 31 December 2012, some of the Board members and the Senior Management team had also specifically attended training sessions that were conducted by Bursa Malaysia, namely:

- Amendments to Main Market Listing Requirements.
- Governance, Risk Management, Compliance – What Directors Should Know.
- Role of the Audit Committee in Assuring Audit Quality.
- Half Day Governance Programme – Role of the Audit Committee in Assuring Audit Quality.
- Half Day Governance Programme – The Key Components of Establishing and Maintaining World-Class Audit Committee Reporting Capabilities ("What Keeps An Auditor Up At Night").

1. BOARD OF DIRECTORS (cont'd)

1.8 Directors' Training (cont'd)

The Directors will continue to undergo other relevant training programmes and seminars over the next financial year in order to ensure that they are well equipped with the relevant knowledge as well as emergent strategic directions and ideas that will enable them to discharge their duties in a more efficient manner.

1.9 Board Committees

1.9.1 Audit Committee

The Company has an Audit Committee whose composition meets with the Main Market Listing Requirements, where Independent Directors form the majority and a member is a qualified accountant. The Audit Committee reviews issues related to accounting policies, external financial reporting, monitors the work of the internal audit department and ensures an objective and professional relationship is maintained with the External Auditors. The Audit Committee has full access to both the internal and external auditors who, in turn, have access at all times to the Chairman of the Audit Committee. The role of the Audit Committee and the number of meetings held during the financial year as well as the attendance record of each member are set out in the Audit Committee Report in the Annual Report.

1.9.2 Nomination Committee

The Company had on 22 December 2001 established a Nomination Committee comprising exclusively of Non-Executive Directors, a majority of whom are independent. The composition of the Nomination Committee, which consists of Independent Non-Executive Directors, is as follows:

Chairman:	Datuk Dr. Soh Chai Hock ^^ *(Independent Non-Executive Director)*
	Encik Mohammad Nizar Bin Idris ^ *(Independent Non-Executive Director)*
Members:	Mr. Kong Sin Seng *(Independent Non-Executive Director)*
	Encik Zahedi Bin Haji Mohd Zain ^^ *(Independent Non-Executive Director)*
	Encik Mohamad Jamil Bin Mohd Yusof ^^^ *(Independent Non-Executive Director)*

^ *Resigned on 3 August 2012.*
^^ *Appointed on 3 August 2012.*
^^^ *Retired at the Twenty-Sixth Annual General Meeting held on 20 June 2012.*

1. BOARD OF DIRECTORS (cont'd)

1.9 Board Committees (cont'd)

1.9.2 Nomination Committee (cont'd)

The Nomination Committee's functions are to:

(a) recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board after considering the candidates' skills, knowledge, expertise, experience, professionalism, availability and integrity. In the case of the candidates for the position of the Independent Non-Executive Directors, the Nomination Committee shall also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors.

(b) consider, in making its recommendations, candidates for directorship proposed by the Managing Director and within the bounds of practicality, by any other senior executive or any Director or any shareholder.

(c) recommend to the Board, Directors to fill the seats on Board Committees.

(d) review the Board's structure and balance between Executive and Non-Executive Directors.

(e) assess the effectiveness of the Board as a whole, the effectiveness of the committees of the Board and the contribution of each individual Director, including Independent Non-Executive Directors and Managing Director.

(f) review the required mix of skills and experience and other qualities including core competencies which Non-Executive Directors shall bring to the Board.

(g) perform any other ad-hoc duties that may be required by the Board.

During the financial year ended 31 December 2012, the Nomination Committee met and deliberated on the composition and performance of the Board members. It was concluded that the calibre, experiences, qualifications and the present mix of Board members are sufficiently adequate and capable in managing the Company and ensuring the Group's strategies are properly considered and implemented.

The Board shall determine and identify from time to time via its Nomination Committee the size, skills and gender to effectively make decision and to discharge its roles and responsibilities for the benefit of the Group.

1.9.3 Remuneration Committee

The Company had on 22 December 2001 established a Remuneration Committee in line with the Code. The composition of the Committee is as follows:

Chairman:	Datuk Dr. Soh Chai Hock ## *(Independent Non-Executive Director)*
	Encik Mohammad Nizar Bin Idris # *(Independent Non-Executive Director)*
Members:	Dato' Wong Swee Yee *(Managing Director)*
	Mr Kong Sin Seng ## *(Independent Non-Executive Director)*
	Encik Mohamad Jamil Bin Mohd Yusof ###

\# *Resigned on 3 August 2012*
\## *Appointed on 3 August 2012.*
\### *Retired at the Twenty-Sixth Annual General Meeting held on 20 June 2012.*

1. BOARD OF DIRECTORS (con'd)

1.9 Board Committees (cont'd)

1.9.3 Remuneration Committee (cont'd)

The Remuneration Committee's functions are to:

(a) assist the Board in discharging its responsibilities in ensuring that the Company's and the Group's Executive Directors and senior management team are fairly rewarded for their individual contributions to the Company's and the Group's overall performance and the levels of remuneration is sufficient to attract and retain the best personnel to run the Company and the Group successfully.

(b) recommend to the Board on the policies and framework for the Company and the Group in relation to staff remuneration and rewards.

(c) oversee and review the scope and quality of human resource programmes of the Company.

1.9.4 Executive Committee

The Executive Committee ("EXCO") is the principal decision making body for the day-to-day operational matters that cannot be dealt with by the respective operational heads due to the significance and/or magnitude of the issue or transaction involved. The EXCO's functions are:

1. to review operational and financial performance of all operating units.
2. to discuss operational issues, business development, business plans and budgets, personnel and all matters relating to the running of the operating units.
3. to act as a check and balance for major operational decisions that requires an independent and objective evaluation.
4. to act as an evaluation and consultation panel to facilitate prompt and effective decision making by the Board of Directors.
5. to enable faster response to operational issues.
6. to provide approvals based on authority levels sanction by the Board of Directors in order to facilitate effective management of the operational units.

The composition of the EXCO is as follows:

Chairman:	Dato' Wong Swee Yee
Members:	Datin Goh Hooi Yin Mr. Fong Kum Kuan Ms. Chong Wei Wei

1.9.5 Risk Management Committee

The Risk Management Committee assists the Board to carry out its responsibilities in relation to managing the Company's risk in a systematic and methodical manner. This includes risk assessment evaluation and the setting up of a risk management framework for monitoring of risk on a regular basis.

The Committee consist of at least one Independent Non Executive Director, members of EXCO and senior management team/profit centre managers.

2. DIRECTORS' REMUNERATION

During the financial year under review, the Remuneration Committee met to review and deliberate on the remuneration scheme. The Committee concluded that the levels of remuneration set for each individual Director is sufficient to attract and retain the Directors. The component parts of the remuneration are structured so as to link rewards to responsibilities, contribution, corporate and individual performance, in the case of Executive Directors. The level of remuneration of Non-Executive Directors would reflect their contribution, relevant experience and level of responsibilities undertaken.

The details of the remuneration for Directors of the Company during the financial year ended 31 December 2012 are as follows:

Aggregate Remuneration Categorization	Executive Directors (RM'000)	Non-Executive Directors (RM'000)
Fees	-	267
Salaries	1,009	-
Bonuses	130	-
Benefits-in-kind	-	-
Total	1,139	267

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

	Number of Directors	
Range of Remuneration	Executive Directors	Non-Executive Directors
Below RM50,000	-	3
RM50,001 to RM100,000	-	3
RM200,001 to RM250,000	1	-
RM900,001 to RM950,000	1	-

3. SHAREHOLDERS

3.1 Dialogue between the Company and Investors

The Company recognises the importance of establishing a direct line of communication with shareholders and investors by way of timely dissemination of information of the Company's performance and major developments through:

(a) the Annual Report.
(b) the various disclosures and announcements made to Bursa Securities including the Quarterly Results and the Annual Results.
(c) explanatory circulars on business requiring shareholders' approval.
(d) the Company's website www.fittersgroup.com

As part of the Company's continuous investor relations and communications program, the Company held dialogues and briefed various research and investment analysts on the FITTERS Group's strategies, performance and major developments.

3. SHAREHOLDERS (CONT'D)

3.2 Annual General Meeting

The Company's Annual General Meeting ("AGM") has served as a principal forum for dialogue with the shareholders. The Chairman and the Board encourage all shareholders to attend and participate at the AGM in order to know the latest developments and have a clear and complete picture pertaining to the Company's performance and their plans for the future. This also provides an opportunity for shareholders to have a dialogue with the Directors to share and exchange their views and opinions at the AGM.

In accordance with the Listing Requirements and Articles of Association of the Company, the Board will conduct poll voting for resolutions relating to related party transactions or as may be demanded by the shareholders respectively.

The Chairman will inform the shareholders of the Company of their right to demand for a poll vote at the commencement of a general meeting.

4. ACCOUNTABILITY AND AUDIT

4.1 Internal Control

The Company adopts a comprehensive, purpose driven management system, whereby the Company's mission is incorporated into its objectives which are supported by strategies, action plans, controls and monitoring systems encompassing internal controls and risk management.

The system of internal control is continuously being reviewed and improved in line with the changing business environment, industry practices and risk-rewards profiles. The Company has a Group Internal Audit Department (which reports directly to the Audit Committee) to conduct regular reviews on compliance with internal control procedures and practices and to review the effectiveness of the risk management and governance processes within the Company. The Statement on Risk Management and Internal Control in this Annual Report provides an overview of the state of internal controls within the Group.

4.2 Financial Reporting

The Board aims to present a balance and meaningful assessment of the Company's position and prospects to the shareholders primarily through the annual financial statements, quarterly financial reporting as well as the Chairman's Statement on review of operations in the Annual Report. The Board is assisted by the Audit Committee to oversee the FITTERS Group's financial reporting process and the quality of its financial reporting. This applies to price-sensitive public reports and reports to regulators.

4.3 Relationship with the Auditors

The Company works closely with the External Auditors and maintains a transparent relationship with them in seeking professional advice and ensuring compliance with applicable approved accounting standards and statutory requirements.

The Group Internal Audit Department is independent with unrestricted access to information and is rendered full cooperation by all levels of management in order to carry out their functions effectively. The Company is aware that the Internal Audit function forms an integral part of an effective system of corporate governance. Thus the External Auditors and Internal Auditors' impartiality, integrity and objectivity are greatly respected and being reciprocated by their professionalism in conducting audits of the Company.

The Board is satisfied that the Company has complied with most of the principles of the Code and will continue to adopt the principles and recommendations of the Code. This Statement was approved by the Board on 2 May 2013.

5. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to paragraph 15.26 (a) of the Main Market Listing Requirements:

The Directors are required by the Companies Act, 1965, to prepare financial statements for each financial year which have been made out in accordance with the applicable Approved Accounting Standards which give a true and fair view of the state of affairs, the results and the cash flows of the Group and of the Company at the end of the financial year.

In preparing the financial statements, the Directors have:

- selected accepted accounting policies and applied them consistently.
- ensured that all applicable accounting standards have been followed and if there are any material departures, to disclose and explain in the financial statements.
- made judgements and estimates that are reasonable and prudent.
- prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time, the financial position of the Group and of the Company and are in compliance with the Companies Act, 1965. The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company and have taken reasonable steps for the prevention and detection of fraud and other irregularities.

6. ADDITIONAL COMPLIANCE INFORMATION

1. Status of utilization of proceeds raised from corporate proposals during the financial year ended 31 December 2012

No proceeds were raised from any corporate proposals during the financial year ended 31 December 2012.

2. Share Buy-Back for the financial year ended 31 December 2012

During the financial year ended 31 December 2012, the Company bought back a total of 22,811,000 ordinary shares of RM0.50 each from the open market and all these shares were retained by the Company as treasury shares. None of the treasury shares were resold or cancelled during the financial year.

Details of the shares bought back were as follows:-

Month	No. of Shares Purchased and Retained as Treasury Shares	Highest Price RM	Lowest Price RM	Average Price RM	Total Consideration RM
October 2012	3,685,300	0.69	0.64	0.66	2,444,350
November 2012	14,825,200	0.65	0.60	0.63	9,371,953
December 2012	4,300,500	0.62	0.60	0.62	2,635,762
Total	**22,811,000**			**0.63**	**14,452,065**

6. ADDITIONAL COMPLIANCE INFORMATION (cont'd)

3. Options or convertible securities

During the financial year ended 31 December 2012, a total of 95,442,222 units of warrants were exercised and converted to 95,442,222 units of ordinary shares of RM0.50 each.

4. American Depository Receipt ("ADR") / Global Depository Receipt ("GDR") programme

During the financial year ended 31 December 2012, the Company did not sponsor any ADR or GDR programme.

5. Sanctions and / or penalties imposed on the company & its subsidiaries, directors or management by the relevant authorities

During the financial year 2012, there were no sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the relevant authorities.

6. Non-Audit Fees

During the financial year ended 31 December 2012, the total non-audit fees paid to the external auditors of the Company was RM6,000.00.

7. Variation in results

There were no variances of 10% or more between the results for the financial year ended 31 December 2012 and the unaudited results previously announced.

8. Profit Guarantee

There were no profit guarantees made or given in relation to the financial year ended 31 December 2012.

9. Material contracts awarded to directors and substantial shareholders

There were no material contracts entered into by the Company and its subsidiaries involving directors and/or substantial shareholders during the financial year nor any whose interest still subsist at the end of the financial year, as at 31 December 2012.

6. ADDITIONAL COMPLIANCE INFORMATION (cont'd)

10. Recurrent Related Parties Transactions Of A Revenue Or Trading Nature Conducted Pursuant To The Shareholders' Mandate During The Financial Year Ended 31 December 2012

Pursuant to Practice Note 12 issued by Bursa Malaysia Securities Berhad, the aggregate value of recurrent related party transactions made during the financial year in respect of the Shareholders' Mandate which was obtained on 20 June 2012, are set out below:

Nature of RRPT	Subsidiary of FITTERS Involved in the Transaction	Related Party	Interested Directors/ Major Shareholders/ Persons Connected to Directors and Major Shareholders	Estimated value as disclosed in the Circular to shareholders dated 20 June 2012[3] (RM'000)		Actual value transacted during the financial year ended 31 December 2012 (RM'000)	
				Subcontract From	Subcontract To	Subcontract From	Subcontract To
Subcontract works [1]	FSB Group PTS	Wai Soon Engineering	Wong Swee Loy and Dato' Wong Swee Yee	-	8,000	-	3,608
				Sale To	Purchase From	Sale To	Purchase From
Sales and purchases of goods and services [2]	FSB Group	Fsabah	Dato' Wong Swee Yee and Datin Goh Hooi Yin	1,500	-	330	-
	FMKT			800	-	378	-
	MPS			100	-	66	-
	FSPL			100	-	-	-
	PTS	Wai Soon Engineering	Wong Swee Loy	20	-	-	-
	FMKT			30	-	12	-
Aggregate				**2,550**	**8,000**	**786**	**3,608**

Notes: -

(1) Portions of certain contracts secured are subcontracted due to certain product expertise is unique to that particular company inclusive of manpower and miscellaneous items, which are used in the installation of fire fighting, protection and prevention equipment and systems, and in the manufacture of fire rated doors by the Related Party. In turn, in respect of Fitters Group's expertise and project management in fire fighting, protection and prevention equipment and systems, contracts secured by the Related Party are subcontracted to Fitters Group in the ordinary course of business. Transaction prices are determined based on market rates, which are not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders.

(2) Sale of finished goods of certain fire safety and protection equipment, fire rated doors and maintenance services are to meet the needs of the customers at various geographical locations.

In addition, centralised purchasing for raw materials and parts or components of certain fire safety and protection equipment required in their normal course of business to optimise efficiency and to derive pricing economies.

Transaction prices for sales and purchases are determined based on cost plus taking into consideration the nature, complexity and urgency required and it is not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders.

		Seller	Purchaser
(i)	Sale of finished goods	FSB Group, PTS, FMKT	Fsabah, Wai Soon Engineering
(ii)	Centralised purchasing	MPS, FSPL	Fsabah

(3) The estimated transaction values are based on prevailing rates/prices obtained from the Related Party which are at reasonable market-competitive prices based on the normal level of transactions entered into by the Fitters Group. The estimated amounts are further based on the assumptions that the current levels of operations will continue and all external conditions remain constant. Due to the nature of the transactions, the actual value of transactions may vary from the estimated value disclosed above.

6. ADDITIONAL COMPLIANCE INFORMATION (cont'd)

10. Recurrent Related Parties Transactions Of A Revenue Or Trading Nature Conducted Pursuant To The Shareholders' Mandate During The Financial Year Ended 31 December 2012 (cont'd)

Notes: - (cont'd)

(4) Abbreviations used above

Fsabah	*FITTERS (Sabah) Sdn Bhd*
FSBGroup	*FITTERS Sdn Bhd & its subsidiaries*
FMKT	*FITTERS Marketing Sdn Bhd*
MPS	*Master Pyroserve Sdn Bhd*
PTS	*Pyro-Tech Systems Sdn Bhd*
Wai Soon Engineering	*Wai Soon Engineering Sdn Bhd*
FSPL	*FITTERS (S) Pte Ltd*

The above recurrent related party transactions of a revenue or trading in nature were undertaken on terms not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders.

The Board of Directors of FITTERS Diversified Berhad ("FITTERS" or "the Company") is pleased to present the Audit Committee Report for the financial year ended 31 December 2012.

COMPOSITION, MEETINGS AND ATTENDANCE

The Audit Committee was formed in June 1994. The current Audit Committee comprises three (3) members of the Board of which, all are Independent Non-Executive Directors. The Chairman of the Audit Committee is a member of one of the professional accounting bodies, as stipulated in Part II of the 1st Schedule of the Accountants Act, 1967. All members of the Audit Committee are able to analyse and interpret financial statements and data without difficulties so as to properly discharge their duties as Audit Committee members.

During the financial year under review, four (4) Audit Committee Meetings were held and the attendance of each Audit Committee member is tabulated as follows:

Audit Committee Members	No. of Meetings Attended
Mr. Kong Sin Seng (Chairman)	4 / 4
Encik Mohammad Nizar Bin Idris	4 / 4
Encik Mohamad Jamil Bin Mohd Yusof *	1 / 2
Encik Zahedi Bin Haji Mohd Zain **	2 / 2

* *Retired at the Twenty-Sixth Annual General Meeting held on 20 June 2012.*

** *Appointed on 3 August 2012.*

Following the retirement of Encik Mohamad Jamil Bin Mohd Yusof at the Twenty-Sixth (26th) Annual General Meeting of the Company held on 20 June 2012, Encik Zahedi Bin Haji Mohd Zain was appointed as a member of the Audit Committee on 3 August 2012 in order to maintain the Audit Committee composition of not fewer than three (3) members, pursuant to Paragraph 15.09 of the Listing Requirements.

The Company Secretary shall be and is the Secretary of the Audit Committee.

Meetings shall be held not less than four (4) times a year. When necessary or as required, the External Auditors may have meetings with the Audit Committee to discuss matters pertaining to the Company. The Audit Committee shall meet with the External Auditors without the executive board members present at least twice a year.

Representatives from the senior management of FITTERS, in particular, the Executive Director, Finance Manager and the Internal Audit Manager attended all the Audit Committee meetings held during the financial year upon invitation.

TERMS OF REFERENCE

The Terms of Reference of the Audit Committee is set out as follows:

1. Membership

In the event of any vacancy in an Audit Committee resulting in the non-compliance of the membership composition of the Audit Committee, the Company must fill the vacancy within 3 months.

The term of office and performance of an Audit Committee and each of its members are subject to the Board of Directors' review at least once every 3 years to determine whether the Audit Committee members have carried out their duties in accordance with their terms of reference.

2. Authority

The Audit Committee shall have explicit authority to investigate any activities within the terms of reference. It has unrestricted access to all employees, internal and external auditors.

The Audit Committee is authorised to obtain outside legal or independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if considered necessary.

3. Responsibilities

The duties and responsibilities of the Audit Committee are:

(a) Financial Review

- To review the quarterly and year-end financial statements of the Company, prior to recommendation to the Board on their release and adoption, focusing particularly on:

  - any change in accounting policies and practices;
  - significant adjustments arising from the audit;
  - the going concern assumption;
  - compliance with accounting standards and other legal requirements;
  - major judgemental areas;
  - significant and unusual event; and
  - ensure that the Company's financial statements complies with the new MFRS issued by the Malaysian Accounting Board.

(b) External Audit

- To review with External Auditors:

  - the Audit Plan and their evaluation of the system of accounting controls;
  - the management letter, management responses and Audit Report;
  - any problems and reservations arising from the interim and final audits; and any matter the auditor may wish to discuss (in the absence of management where necessary).

- To ensure there is proper coordination where more than one audit firm is involved.

- To review with the External Auditors the Statement on Risk Management and Internal Control for inclusion in the Annual Report.

- To assess the performance of External Auditors and make recommendations to the Board with regards to their audit fees, engagement and removal.

- Meeting External Auditors without the presence of Management or Executive Director.

(c) Internal Audit

- To review the adequacy of the scope, functions and resources of the Company's Internal Audit Department and that it has the necessary authority to carry out its work. This includes having unrestricted accessibility to the Company's records, activities, assets and personnel in the course of carrying out audit exercises.
- To review the internal audit's plan or programme in order to ensure that auditable areas are adequately covered.
- To review the Internal Audit Reports and to ensure that appropriate actions are taken on the Internal Auditor's recommendations.
- To assess the performance and decide on the remuneration of internal audit staff.
- To approve any appointment or termination of internal audit staff.

(d) Recurrent Related Party Transactions

- To review any recurrent related party transaction and conflict of interest situation that may arise within the Company or the FITTERS Group of Companies ("the Group") including any transaction, procedure or course of conduct that raises questions of management integrity.

(e) Other Matters

- To review the effectiveness of management information and other systems of control within the Company.
- Where applicable, to verify the allocation of options as being in compliance with the criteria pursuant to the ESOS, at the end of each financial year.
- To perform such other functions as may be agreed by the Audit Committee and the Board of Directors.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year under review, the following activities were carried out by the Audit Committee:

(i) Reviewed the External Auditors' audit plan on the nature and scope of audit work.

(ii) Reviewed the audit findings, auditing and accounting issues arising from the statutory audit of the audited financial statements.

(iii) Reviewed the annual audited financial statements of the Company.

(iv) Reviewed the announcements of the unaudited financial results for all the quarters before recommending them for the Board's approval, upon being satisfied that the financial reporting standards and disclosure requirements by Bursa Malaysia Securities Berhad have been adhered to.

(v) Reviewed the related party transactions and the shareholders' circular in relation to the recurrent related party transactions.

(vi) Reviewed the Group Internal Audit Department's resource requirements, audit programme and plan (based on risk assessment).

(vii) Reviewed the internal control weaknesses, risk issues, recommendations proposed by the Group Internal Audit Department and management's responses. The actions taken by management to improve the system of internal control based on the Internal Audit Reports were also discussed.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE (cont'd)

(viii) Reviewed the Statement on Corporate Governance and Statement on Risk Management and Internal Control for disclosure in the Annual Report.

(ix) Convened meetings with External Auditors without the presence of the Management and Executive Directors.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

The primary function of the Group Internal Audit Department is to assist the Audit Committee in discharging its duties and responsibilities. Its role is to undertake systematic and independent review of the following:

(i) The adequacy and integrity of the internal control system, in managing key risk areas, to provide reasonable assurance that the system continues to operate satisfactorily, effectively and in compliance with the Group's established policies.

(ii) Internal controls of each activity based on the risk profiles established under the risk management framework as identified by the respective head of operations.

For the financial year ended 31 December 2012, the Group Internal Audit Department carried out audits and follow-up audits on various operating units within the Group, in accordance with the Annual Internal Audit Plan.

Internal Audit Reports incorporating audit recommendations and management responses with regards to audit findings were issued to the Audit Committee and the Management of the respective operating units. Improved procedures and practices were recommended to strengthen the internal controls and follow-up audits were carried out to assess the status of implementation of the agreed audit recommendations by Management.

During the financial year ended 31 December 2012, the total cost incurred by the Internal Audit Function of the Group was RM67,370.97.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which requires the Board of Directors of public listed companies to include in its Annual Report "a statement about the state of internal control of the listed corporation as a group". The Board of Directors is committed to maintaining a sound internal control system in the Group and is pleased to provide the following Statement on Risk Management and Internal Control for the financial year ended 31 December 2012.

RESPONSIBILITY

The Board of Directors acknowledges its responsibility for maintaining sound internal control procedures to safeguard shareholders' investment and the FITTERS Group of Companies' ("the Group") assets. This includes reviewing the strategic direction, financial, operational and compliance controls, risk profile and management policies and procedures. However, there are limitations that are inherent in any system of internal controls and that such control systems are designed to manage and control risks to an acceptable level. Accordingly, it should be noted that these systems could only provide reasonable and not absolute assurance against material misstatement or loss.

The Group has put in place an ongoing risk management process for identifying, documenting, evaluating, monitoring and managing significant risks affecting the achievement of the Group's business objectives. The process is regularly reviewed by the Board of Directors and is guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("Guidelines"). The Board of Directors has received assurance from the Managing Director and the Group Financial Controller that the Group's risk management and internal control system is operating adequately and effectively in all material aspects, based on the risk management and internal control system of the Group.

GROUP RISK MANAGEMENT FRAMEWORK

The Group believes in establishing an effective risk management framework in order to ensure continuity in business growth and enhancement of shareholders' value.

The Group has in place a formal risk management framework to identify, evaluate and manage significant risks impacting the Group. The process is supported by policies, procedures, methodologies, evaluation criteria and documentation requirements to ensure clarity and consistency of application across the Group.

Being an integral part of the Group's operations, each employee is entrusted with the responsibility for managing or mitigating risks and internal controls associated with operations and ensuring compliance with the applicable laws and regulations. Management is responsible for creating a risk awareness culture and to build the necessary environment for effective risk management. The process requires management to identify and assess all type of risks, magnitude of impact as well as to identify and evaluate the adequacy and application of mechanisms in place to manage, mitigate or eliminate these risks.

The Risk Management Committee closely monitors the risk management function and there are continuous plans to enhance the level of knowledge of risk management and understanding of risks affecting the Group among senior management and the Board to ensure it is responsive to the changes in the business environment.

Using a guided risk management framework, the risk rating and corrective actions are reviewed on a regular basis by the risk owners to identify and evaluate any emerging new risks, update the risk profiles and follow-up with the implementation of the proposed action plans. Periodically, all risks that are rated as "high" and "significant" together with their corrective measures will be summarised and compiled by the Group Internal Audit Department for review by the Risk Management Committee and subsequent presentation to the Board. The Board annually reviews and discuss with Risk Management Committee and management at Board meetings, the summary of risk tolerance and additional internal controls to be implemented.

GROUP INTERNAL AUDIT FUNCTION

The Group internal audit function is carried out by the Group Internal Audit Department, which has an independent status in the Group and reports functionally to the Audit Committee. The description of the Audit Committee's functions is detailed in the Audit Committee Report, which can be found in this Annual Report.

The internal audit function provides assurance of the effectiveness of the system of internal controls within the Group. The Group Internal Audit Department conducts independent reviews of the key activities within the Group's operating units based on an annual internal audit plan which was approved by the Audit Committee. Follow-up reviews and deliberation of internal audit reports are carried out to ensure that appropriate actions are taken to address internal control weaknesses highlighted. Other internal audit assignments also include adhoc appraisals, investigations as and when requested by the Board or Management.

KEY INTERNAL CONTROL PROCESSES

The Group has an established system of internal control that enables the management to ensure that established policies, guidelines and procedures are followed and complied with. Some key processes are as follows:

- **Organisation:** The Group's structure is designed to clearly delineate various subsidiaries/divisions, authorisation levels and proper segregation of duties.

- **Authority Level:** The Group has set authority levels for different categories of transactions such as acquisitions, disposals, tenders, capital expenditures and other material/significant transactions. Proper research, assessment and analysis will be carried out by relevant appointed parties for all major business transactions/investment decisions.

- **Board Delegated Committees:** The Executive Committee ("EXCO") reviews and recommends high-level policies for the Group as well as monitors and reviews the performance of its business units. The Risk Management Committee ("RMC"), which comprises of all head of divisions, undertakes to oversee the Group's risk management process as guided by its Risk Management Framework.

- **Monthly Performance Review:** The monthly management meetings report on the performance and profitability of each business unit through the review of key performance indicators (KPI), budgets and management reports. Where it is relevant, the internal audit findings will also be communicated to relevant personnel for further actions.

- **Group Policies and Procedures:** The Group's policies and procedures laid down the objectives, scope, policies and operating procedures to be complied by the business units, which are regularly reviewed and updated. Certain companies within the Group have ISO 9001:2000 accreditation for their operational processes.

- **Centralisation of Functions:** Key functions such as accounts, tax, treasury, procurement of materials and human resource are controlled centrally to ensure compliance to approved procedures.

- **Audits:** Periodic reviews by the Group Internal Audit Department, providing independent assurance on the effectiveness of the Group's system of internal control and advising management on areas for further improvement.

- **Audit Committee ("AC"):** The AC has full unrestricted access to any information pertaining to the Group and has direct communication channels with the External and Internal Auditors. AC deliberates the findings and recommendations highlighted in the internal audit reports in quarterly meetings held for the purpose of reviewing the Group's quarterly unconsolidated results and other issues that warrant the AC's attention.

NO MATERIAL LOSSES AS A RESULT OF DEFICIENCIES IN INTERNAL CONTROL

No material losses were incurred by the Group during the financial year under review as a result of deficiencies in internal control.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 issued by Malaysian Institute of Accountant ("MIA') for inclusion in the Annual Report of the Group for the year ended 31 December 2012, and reported to the Board that nothing has come to their attention that cause them to believe that the statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and effectiveness of risk management and internal controls within the Group.

CONCLUSION

For the financial year under review and up to the date of issuance of the Financial Statements, the Board is of the opinion that the system of internal controls that are established throughout the Group is effective and manageable. The Board believes that the development of a sound system of internal controls is an ongoing process and continues to take appropriate action plans to improve the Group's system of internal control in order to safeguard the interest of customers, regulators, employees, shareholders' investments and the Group's assets.

This statement is made in accordance with the resolution of the Board of Directors passed on 2 May 2013.

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Directors' Report

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

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and the trading of fire safety materials, equipment and fire prevention systems.

The principal activities of the subsidiaries are detailed in Note 17 to the financial statements.

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

RESULTS

	Group RM	Company RM
Profit, net of tax	28,063,670	3,152,401
Other comprehensive loss	(546,767)	-
	27,516,903	**3,152,401**
Total comprehensive income attributable to:-		
Owners of the parent	27,341,352	3,152,401
Non-controlling interests	175,551	-
	27,516,903	**3,152,401**

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

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

DIVIDEND

No dividend was paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any final dividend in respect of the financial year ended 31st December 2012.

DIRECTORS

The directors in office since the date of the last report are:-

Mohammad Nizar bin Idris	Chairman
Dato' Wong Swee Yee	Managing Director
Kong Sin Seng	Independent Non-Executive Director
Datin Goh Hooi Yin	Non-Independent Executive Director
Zahedi bin Haji Mohd Zain	Independent Non-Executive Director
Datuk Soh Chai Hock @ Soh Hai San	Independent Non-Executive Director
Dato' Ir Low Keng Kok	Non-Independent Non-Executive Director (appointed on 21st November 2012)
Mohamad Jamil bin Mohd Yusof	Independent Non-Executive Director (resigned on 20th June 2012)

DIRECTORS' BENEFITS

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

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

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM0.50/- each			
	At 1.1.2012	**Acquired**	**Sold**	**At 31.12.2012**
Direct Interest :				
Dato' Wong Swee Yee	70,082,167	86,575,434	77,400,000	79,257,601
Zahedi bin Haji Mohd Zain	4,516	3,000	-	7,516
Datin Goh Hooi Yin	952,875	528,750	-	1,481,625
Dato' Ir Low Keng Kok	-	17,000,000	-	17,000,000
Deemed Interest :				
Dato' Wong Swee Yee (i)	1,009,906	528,750	-	1,538,656
Zahedi bin Haji Mohd Zain (ii)	177,187	99,450	-	276,637
Datin Goh Hooi Yin (iii)	70,082,167	86,575,434	77,400,000	79,257,601

	Number of warrants of RM0.10/- each			
	At 1.1.2012	**Acquired**	**Exercised**	**At 31.12.2012**
Direct Interest :				
Dato' Wong Swee Yee	23,470,934	20,686,400	44,157,334	-
Zahedi bin Haji Mohd Zain	3,000	-	3,000	-
Datin Goh Hooi Yin	528,750	-	528,750	-
Deemed Interest :				
Dato' Wong Swee Yee (i)	528,750	-	528,750	-
Zahedi bin Haji Mohd Zain (ii)	99,450	-	99,450	-
Datin Goh Hooi Yin (iii)	23,470,934	20,686,400	44,157,334	-

(i) Interest in shares and warrants held by spouse and brother.

(ii) Interests in shares and warrants held by another body corporate, Sijas Holdings Sdn Bhd and Saleha & Anak-Anak Holdings Sdn Bhd.

(iii) Interest in shares and warrants held by spouse.

DIRECTORS' INTERESTS (cont'd)

Dato' Wong Swee Yee by virtue of his interest in shares in the Company is deemed to have interests in shares in 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 in the Company or its related corporations during the financial year.

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM108,207,994 to RM155,929,105 by way of issuance of 95,442,222 ordinary shares of RM0.50 each through conversions of the warrant at issue price of RM0.53 per ordinary shares for cash.

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

WARRANTS

During the financial year, 95,442,222 units of warrants were exercised and converted to ordinary shares. The balance of 3,025,666 warrants not converted were cancelled upon expiration date.

TREASURY SHARES

During the financial year, the Company repurchased 22,811,000 of its issued ordinary shares from the open market at an average price of RM0.63 per shares. The total consideration paid for the repurchase including transaction costs was RM14,452,065. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965 in Malaysia.

OTHER STATUTORY INFORMATION

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

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

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

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

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

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

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

OTHER STATUTORY INFORMATION (cont'd)

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

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

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

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

(f) In the opinion of the directors:

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

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

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

On behalf of the Board,

....

DATO' WONG SWEE YEE DATIN GOH HOOI YIN

Kuala Lumpur

Date: 19th April 2013

Statement By Directors

We, **Dato' Wong Swee Yee** and **Datin Goh Hooi Yin**, being two of the directors of FITTERS Diversified Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 42 to 118 are properly drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31st December 2012 and of the results and cash flows of the Group and of the Company for the financial year ended on that date in accordance with the Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia.

The supplementary information set out on page 119, which is not part of the financial statements, has been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

On behalf of the Board,

....	....
DATO' WONG SWEE YEE	DATIN GOH HOOI YIN
Director	Director

Kuala Lumpur

Date: 19th April 2013

Statutory Declaration

I, **Chong Wei Wei,** being the officer primarily responsible for the financial management of FITTERS Diversified Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 42 to 118 and the supplementary information set out on page 119 are 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 the Federal Territory on 19th April 2013.

....
CHONG WEI WEI

Before me,

....
ARSHAD ABDULLAH
W550
Commissioner for Oaths

Independent Auditor's Report

TO THE MEMBERS OF
FITTERS DIVERSIFIED BERHAD
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of FITTERS Diversified Berhad, which comprise the statements of financial position as at 31st December 2012 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 42 to 118.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 controls relevant to the Company'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 Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31st December 2012 and of their financial performance and cash flows for the financial year then ended in accordance with the Financial Reporting Standards and the requirements of 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 Companies Act, 1965 in Malaysia 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 Companies Act, 1965 in Malaysia.

b) We have not considered the auditor's reports of the subsidiaries incorporated in British Virgin Island as they are not available. However, we have considered the financial statements of all subsidiaries and the auditors' reports of the remaining subsidiaries of which we have not acted as auditors, which are indicated in Note 17 to the financial statements.

c) 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.

d) Other than those subsidiaries without auditor's reports as indicated in Note 17 to the financial statements, the auditors' reports on the financial statements of the remaining subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

Other Reporting Responsibilities

The supplementary information set out in page 119 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("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 contents of this report.

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

M.J.Monteiro
No. 828/05/14 (J/PH)
Chartered Accountant

Kuala Lumpur

Date: 19th April 2013

Statements Of Comprehensive Income

for the financial year ended 31 December 2012

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Revenue	4	410,895,842	446,488,059	4,320,000	3,480,000
Cost of sales	5	(341,312,322)	(389,087,197)	-	-
Gross profit		69,583,520	57,400,862	4,320,000	3,480,000
Other income	6	3,972,695	1,329,078	3,505,533	2,616,621
Administrative expenses		(33,546,697)	(29,036,811)	(3,561,708)	(4,235,943)
Finance costs	7	(2,813,251)	(1,475,393)	(562,593)	(253,913)
Share of results of associates		913,197	1,501,933	-	-
Profit before taxation	8	38,109,464	29,719,669	3,701,232	1,606,765
Income tax expense	11	(10,045,794)	(7,436,498)	(548,831)	(1,442,902)
Profit for the financial year		**28,063,670**	**22,283,171**	**3,152,401**	**163,863**
Other comprehensive income :					
Foreign currency translation		(546,767)	1,421,520	-	-
Income tax relating to components of other comprehensive income		-	-	-	-
Other comprehensive income for the year, net of tax		(546,767)	1,421,520	-	-
Total comprehensive income for the year		**27,516,903**	**23,704,691**	**3,152,401**	**163,863**
Profit attributable to :					
Owners of the parent		27,888,119	22,194,083	3,152,401	163,863
Non-controlling interests		175,551	89,088	-	-
		28,063,670	**22,283,171**	**3,152,401**	**163,863**
Total comprehensive income attributable to :					
Owners of the parent		27,341,352	23,615,603	3,152,401	163,863
Non-controlling interests		175,551	89,088	-	-
		27,516,903	**23,704,691**	**3,152,401**	**163,863**
Earnings per share attributable to owners of the parents (sen per share)					
Basic	12 (a)	12.42	10.26		
Diluted	12 (b)	-	8.69		

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
ASSETS					
Non-current assets					
Property, plant and equipment	13	43,550,066	37,616,516	8,062,008	8,289,380
Investment properties	14	549,827	862,686	-	-
Intangible assets	15	4,530,599	4,360,417	-	-
Land use rights	16	4,152,805	4,439,299	-	-
Investment in subsidiaries	17	-	-	67,406,868	67,406,868
Investment in associates	18	-	8,001,933	-	-
Investment securities	19	29,203,348	25,655,975	-	-
Deferred tax assets	20	-	-	-	-
Trade and other receivables	21	2,790,982	4,733,646	-	-
		84,777,627	**85,670,472**	**75,468,876**	**75,696,248**
Current assets					
Development properties	22	41,636,158	56,923,925	-	-
Inventories	23	9,580,560	13,579,905	-	-
Trade and other receivables	21	138,287,765	100,909,356	101,309,735	85,895,429
Other current assets	24	35,481,846	27,628,921	-	-
Investment securities	19	649	649	-	-
Income tax recoverable		1,608,596	910,130	-	86,117
Deposits, cash and bank balances	26	40,305,686	8,834,567	14,344,535	139,834
		266,901,260	208,787,453	115,654,270	86,121,380
TOTAL ASSETS		**351,678,887**	**294,457,925**	**191,123,146**	**161,817,628**

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EQUITY AND LIABILITIES	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Equity attributable to owners of the parent					
Share capital	27	155,929,105	108,207,994	155,929,105	108,207,994
Share premium	27	2,863,512	246	2,863,512	246
Treasury shares	27 (b)	(14,452,065)	-	(14,452,065)	-
Other reserves	28	7,907,559	8,454,326	6,448,418	6,448,418
Retained earnings	29	70,345,045	42,445,554	8,485,715	5,333,314
		222,593,156	159,108,120	159,274,685	119,989,972
Non-controlling interests		1,477,439	1,313,260	-	-
TOTAL EQUITY		**224,070,595**	**160,421,380**	**159,274,685**	**119,989,972**
Current liabilities					
Loans and borrowings	30	31,758,173	32,924,022	36,643	11,352,246
Trade and other payables	31	81,065,096	81,116,503	31,549,244	30,221,345
Other current liabilities	32	11,216,270	6,254,315	-	-
Income tax payable		3,193,803	2,187,181	24,737	-
		127,233,342	**122,482,021**	**31,610,624**	**41,573,591**
Non-current liabilities					
Deferred tax liabilities	20	315,098	353,502	237,837	217,422
Loans and borrowings	30	59,852	11,201,022	-	36,643
		374,950	11,554,524	237,837	254,065
TOTAL LIABILITIES		**127,608,292**	**134,036,545**	**31,848,461**	**41,827,656**
TOTAL EQUITY AND LIABILITIES		**351,678,887**	**294,457,925**	**191,123,146**	**161,817,628**

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

Group	Share Capital RM	Share Premium RM	Treasury Shares RM	Capital Reserve RM	Warrant Reserve RM	Asset Revaluation Reserve RM	Foreign Currency Translation Reserve RM	Retained Earnings RM	Total RM	Non-Controlling Interests RM	Total Equity RM
	<—— Non-distributable						——>	Distributable			
At 1st January 2011	108,204,119	-	(34)	1,360,010	5,915,239	533,179	(775,622)	20,251,471	135,488,362	1,224,172	136,712,534
Total comprehensive income	-	-	-	-	-	-	1,421,520	22,194,083	23,615,603	89,088	23,704,691
Transactions with owners :											
Shares issued during the year	3,875	233	-	-	-	-	-	-	4,108	-	4,108
Gain on resale of treasury shares transferred to share premium reserve	-	13	34	-	-	-	-	-	47	-	47
At 31st December 2011	108,207,994	246	-	1,360,010	5,915,239	533,179	645,898	42,445,554	159,108,120	1,313,260	160,421,380
Total comprehensive income	-	-	-	-	-	-	(546,767)	27,888,119	27,341,352	175,551	27,516,903
Transactions with owners :											
Purchase of additional shares in a subsidiary	-	-	-	-	-	-	-	11,372	11,372	(11,372)	-
Shares issued during the year	47,721,111	2,863,266							50,584,377		50,584,377
Purchase of own shares	-	-	(14,452,065)	-	-	-	-	-	(14,452,065)	-	(14,452,065)
Transfer from warrant reserve to capital reserve	-	-	-	5,915,239	(5,915,239)	-	-	-	-	-	-
At 31st December 2012	**155,929,105**	**2,863,512**	**(14,452,065)**	**7,275,249**	**-**	**533,179**	**99,131**	**70,345,045**	**222,593,156**	**1,477,439**	**224,070,595**

Company	Share Capital RM	Share Premium RM	Treasury Shares RM	Capital Reserve RM	Asset Revaluation Reserve RM	Warrant Reserve RM	Retained Earnings RM	Total Equity RM
	< Non-distributable					>	Distributable	
At 1st January 2011	108,204,119	-	(34)	-	533,179	5,915,239	5,169,451	119,821,954
Total comprehensive income	-	-	-	-	-	-	163,863	163,863
Transactions with owners :								
Shares issued during the year	3,875	233	-	-	-	-	-	4,108
Gain on resale of treasury shares transferred to share premium reserve	-	13	34	-	-	-	-	47
At 31st December 2011	**108,207,994**	**246**	**-**	**-**	**533,179**	**5,915,239**	**5,333,314**	**119,989,972**
Total comprehensive income	-	-	-	-	-	-	3,152,401	3,152,401
Transactions with owners :								
Shares issued during the year	47,721,111	2,863,266	-	-	-	-	-	50,584,377
Purchase of own shares	-	-	(14,452,065)	-	-	-	-	(14,452,065)
Transfer from warrant reserve to capital reserve	-	-	-	5,915,239	-	(5,915,239)	-	-
At 31st December 2012	**155,929,105**	**2,863,512**	**(14,452,065)**	**5,915,239**	**533,179**	**-**	**8,485,715**	**159,274,685**

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

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Operating activities				
Profit before tax	38,109,464	29,719,669	3,701,232	1,606,765
Adjustments for:				
Amortisation of intangible assets	27,449	170,804	-	-
Amortisation of land use rights	175,651	63,668	-	-
Bad debts written off	7,640	8,599	-	-
Dividend income	-	-	(4,320,000)	(3,480,000)
Impairment loss on amount due from subsidiaries	-	-	-	1,486,291
Impairment loss on investment in subsidiaries	-	-	-	13,783
Impairment loss on trade receivables	233,822	837,089	-	-
Investment properties:				
- depreciation	21,757	27,705	-	-
- net gain on disposal	(66,950)	(64,315)	-	-
Inventories written off	-	180,231	-	-
Inventories written back	(93,071)	(223)	-	-
Interest income from:				
- short term deposits	(42,114)	(45,218)	(21,993)	(621)
Interest expenses	2,813,251	1,475,393	562,593	253,913
Loss on disposal of associated companies	1,915,130	-	-	-
Net fair value gain on loans and receivables	(182,718)	(201,525)	-	-
Net gain on foreign exchange:				
- unrealised	(86,536)	(34,572)	-	-
Property, plant and equipment:				
- net loss/(gain) on disposal	6,431	(101,737)	-	-
- depreciation	1,240,351	1,181,544	252,562	278,572
- written off	237	10,048	-	180
Reversal of impairment loss on trade receivables	(834,983)	(424,770)	-	-
Share of profits of associated companies	(913,197)	(1,501,933)	-	-
Waiver of debts	(2,500,000)	-	-	-

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Operating activities (cont'd)				
Operating profit before working capital changes	39,831,614	31,300,457	174,394	158,883
Construction contracts	(9,082,780)	(35,395,558)	-	-
Development properties	21,479,577	(3,324,819)	-	-
Inventories	4,092,416	(2,179,467)	-	-
Trade and other receivables	(32,179,685)	(18,039,474)	(1,271)	16,780
Trade and other payables	55,308	21,690,878	92,204	68,769
Subsidiaries	-	-	(10,323,510)	2,233,286
	24,196,450	(5,947,983)	(10,058,183)	2,477,718
Interest paid	(2,813,251)	(1,475,393)	(562,593)	(253,913)
Income tax refunded	245,044	18,722	98,608	-
Income tax paid	(10,021,924)	(8,123,071)	(50,000)	(527,980)
Net cash from operating activities	**11,606,319**	**(15,527,725)**	**(10,572,168)**	**1,695,825**
Investing activities				
Additional investment in subsidiaries	-	-	-	(10,499,998)
Interest received	42,114	45,218	21,993	621
Dividend received from associated companies	1,500,000	-	-	-
Proceeds from disposal of property, plant and equipment	5,000	218,606	-	-
Proceeds from disposal of investment properties	358,052	546,949	-	-
Purchase of property, plant and equipment (Note a)	(7,655,033)	(6,356,512)	(25,190)	(2,475)
Purchase of intangbile assets	(197,631)	-	-	-
Purchase of land use rights	-	(230,674)	-	-
Subscription of unquoted preference shares in other investments	-	(6,361,500)	-	-
Additional investment in unquoted equity instruments	(3,547,373)	-	-	-
Investment in associated companies	-	(6,500,000)	-	-
Proceeds from disposal of associated companies	5,500,000	-	-	-
Net cash from investing activities	**(3,994,871)**	**(18,637,913)**	**(3,197)**	**(10,501,852)**

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Financing activities				
Purchase of treasury shares	(14,452,065)	-	(14,452,065)	-
Issuance of ordinary shares	50,584,377	4,108	50,584,377	4,108
Proceed from sale of treasury shares	-	47	-	47
Repayment of finance lease obligations	(273,121)	(451,643)	(52,246)	(48,917)
Repayment of term loans	(21,871,288)	(35,468)	-	-
Drawdown of term loans	25,000,000	11,000,000	-	-
Revolving credits and bankers' acceptance	(15,032,463)	17,593,317	(11,300,000)	6,300,000
Net cash from financing activities	23,955,440	28,110,361	24,780,066	6,255,238
Net increase/(decrease) in cash and cash equivalents	31,566,888	(6,055,277)	14,204,701	(2,550,789)
Effect of foreign exchange rate changes	34,378	(260,484)	-	-
Cash and cash equivalents at beginning of the year	5,810,164	12,125,925	139,834	2,690,623
Cash and cash equivalents at end of the year	**37,411,430**	**5,810,164**	**14,344,535**	**139,834**

Note a:
Purchases of property, plant and equipment during the year were by way of:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Cash	7,655,033	6,356,512	25,190	2,475
Finance lease obligations	-	185,000	-	-
	7,655,033	**6,541,512**	**25,190**	**2,475**

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

1. GENERAL INFORMATION

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

The principal activities of the Company are that of investment holding and the trading of fire safety materials, equipment and fire prevention systems.

The principal activities of the subsidiaries are detailed in Note 17.

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

The registered office of the Company is located at No 1, Jalan Tembaga SD 5/2, Bandar Sri Damansara, 52200 Kuala Lumpur.

The financial statements are expressed in Ringgit Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 19th April 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Group and of the Company have been prepared in accordance with the Financial Reporting Standards ("FRSs") and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost basis, except as disclosed in the significant accounting policies in Note 2.3.

The preparation of financial statements in conformity with FRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires Directors to exercise their judgment in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.2 New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs")

(a) Adoption of Revised FRS, Amendments/Improvements to FRSs, New IC Int and Amendments to IC Int

The Group and the Company had adopted the following revised FRS, amendments/improvements to FRSs, new IC Int and amendments to IC Int that are mandatory for the current financial year:-

<u>Revised FRS</u>	
FRS 124	Related Party Disclosures
<u>Amendments/Improvements to FRSs</u>	
FRS 1	First-time Adoption of Financial Reporting Standards
FRS 7	Financial Instruments: Disclosures
FRS 112	Income Taxes

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (cont'd)

(a) Adoption of Revised FRS, Amendments/Improvements to FRSs, New IC Int and Amendments to IC Int (cont'd)

<u>New IC Int</u>

IC Int 19	Extinguishing Financial Liabilities with Equity Instruments

<u>Amendments to IC Int</u>

IC Int 14	FRS 119-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the above revised FRS, amendments/improvements to FRSs, new IC Int and amendments to IC Int do not have any effect on the financial statements of the Group and of the Company except for those as discussed below:-

Revised FRS 124 Related Party Disclosures

The revised FRS 124 simplifies and clarifies the definition of related party and eliminates inconsistencies from the definition. The revised FRS 124 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party has control or joint control over the entity, or has significant influence over the entity. The revised standard also introduced a partial exemption from disclosures for government-related entities. Prior to this, no disclosure of transactions is required in financial statements of state-controlled entities of transactions with other state-controlled entities. The additional disclosures are intended to draw attention to users that such related party transactions have occurred and to give an indication of their extent. It requires disclosure of related party transactions between government-related entities only if the transactions are individually or collectively significant.

Amendments to FRS 7 Financial Instruments: Disclosures

These amendments to FRS 7 requires disclosures for all transferred financial assets that are not derecognised and for any continuing involvement in a transferred asset, existing at the reporting date, irrespective of when the related transfer transaction occurred. The additional disclosures will help users of financial statements to evaluate the risk of exposures relating to transfer of financial assets and the effect of those risks on an entity's financial position.

Amendments to FRS 112 Income Taxes

This amendment to FRS 112 addresses the measurement approach for deferred tax assets and liabilities in respect of investment properties which are measured at fair value. The amendment introduces a rebuttable presumption that the investment property is recovered entirely through sale. In such cases, deferred tax assets or liabilities are provided at tax rates applicable when recovering the property entirely through sale. If this presumption is rebutted, deferred tax assets or liabilities are provided based on tax rates applicable when consuming substantially the economic benefits embodied in the property over a period of time (for example via rental income).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (cont'd)

(a) Adoption of Revised FRS, Amendments/Improvements to FRSs, New IC Int and Amendments to IC Int (cont'd)

New IC Int 19 Extinguishing Financial Liabilities with Equity Instruments

This Interpretation addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor to extinguish all or part of the financial liability. It does not address the accounting by the creditor.

IC Int 19 will standardise practice among debtors applying FRSs to a debt for equity swap. This interpretation clarifies that the equity instruments issued shall be measured at their fair value. If the fair value cannot be reliably measured, the equity instruments shall be measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability (or part of a financial liability) extinguished, and the consideration paid, shall be recognised in profit or loss. When only part of the financial liability is extinguished and if part of the consideration paid does relate to a modification of the terms of the remaining part of the liability, the entity shall allocate the consideration paid between the part of the liability extinguished and the part of the liability that remains outstanding. A substantial modification of the terms of an existing financial liability or a part of it shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Amendments to IC Int 14 FRS119-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The amendments to IC Int 14 apply in the limited circumstances when an entity is subject to minimum funding requirement and makes an early payment of contributions to cover those requirements. The amendments permit the entity to treat the benefit of such early payment as an asset.

(b) New and Revised FRSs, Amendments/Improvements to FRSs, New IC Int and Amendments to IC Int that are issued, but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new and revised FRSs, amendments/ improvements to FRSs, new IC Int and amendments to IC Int that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:-

		Effective for financial periods beginning on or after
New FRSs		
FRS 9	Financial Instruments	1 January 2015
FRS 10	Consolidated Financial Statements	1 January 2013
FRS 11	Joint Arrangements	1 January 2013
FRS 12	Disclosures of Interests in Other Entities	1 January 2013
FRS 13	Fair Value Measurement	1 January 2013
Revised FRSs		
FRS 119	Employee Benefits	1 January 2013
FRS 127	Separate Financial Statements	1 January 2013
FRS 128	Investments in Associates and Joint Ventures	1 January 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (cont'd)

(b) New and Revised FRSs, Amendments/Improvements to FRSs, New IC Int and Amendments to IC Int that are issued, but not yet effective and have not been early adopted (cont'd)

		Effective for financial periods beginning on or after
Amendments/Improvements to FRSs		
FRS 1	First-time Adoption of Financial Reporting Standards	1 January 2013
FRS 7	Financial Instruments: Disclosures	1 January 2013
FRS 10	Consolidated Financial Statements	1 January 2013 and 1 January 2014
FRS 11	Joint Arrangements	1 January 2013
FRS 12	Disclosure of Interests in Other Entities	1 January 2013 and 1 January 2014
FRS 101	Presentation of Financial Statements	1 July 2012 and 1 January 2013
FRS 116	Property, Plant and Equipment	1 January 2013
FRS 127	Separate Financial Statements	1 January 2014
FRS 132	Financial Instruments: Presentation	1 January 2013 and 1 January 2014
FRS 134	Interim Financial Reporting	1 January 2013
New IC Int		
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to IC Int		
IC Int 2	Members' Shares in Co-operative Entities & Similar Instruments	1 January 2013

A brief discussion on the above significant new and revised FRSs, amendments/improvements to FRSs, new IC Int and amendments to IC Int are summarised below. Due to the complexity of these new standards, the financial effects of their adoption are currently still being assessed by the Group and the Company.

FRS 9 Financial Instruments

FRS 9 specifies how an entity should classify and measure financial assets and financial liabilities.

This standard requires all financial assets to be classified based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial asset. Financial assets are to be initially measured at fair value. Subsequent to initial recognition, depending on the business model under which these assets are acquired, they will be measured at either fair value or at amortised cost.

In respect of the financial liabilities, the requirements are generally similar to the former FRS 139. However, this standard requires that for financial liabilities designated as at fair value through profit or loss, changes in fair value attributable to the credit risk of that liability are to be presented in other comprehensive income, whereas the remaining amount of the change in fair value will be presented in the profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (cont'd)

(b) New and Revised FRSs, Amendments/Improvements to FRSs, New IC Int and Amendments to IC Int that are issued, but not yet effective and have not been early adopted (cont'd)

FRS 10 Consolidated Financial Statements and FRS 127 Separate Financial Statements (Revised)

FRS 10 replaces the consolidation part of the former FRS 127 Consolidated and Separate Financial Statements. The revised FRS 127 will deal only with accounting for investment in subsidiaries, joint ventures and associates in the separate financial statements of an investor and require the entity to account for such investments either at cost, or in accordance with FRS 9.

FRS 10 brings about convergence between FRS 127 and IC Int 12 Consolidation-Special Purpose Entities, which interprets the requirements of FRS 10 in relation to special purpose entities. FRS 10 introduces a new single control model to identify a parent-subsidiary relationship by specifying that "an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee". It provides guidance on situations when control is difficult to assess such as those involving potential voting rights, or in circumstances involving agency relationships, or where the investor has control over specific assets of the entity, or where the investee entity is designed in such a manner where voting rights are not the dominant factor in determining control.

FRS 11 Joint Arrangements

FRS 11 supersedes the former FRS 131 Interests in Joint Ventures. Under FRS 11, an entity accounts for its interest in a jointly controlled entity based on the type of joint arrangement, as determined based on an assessment of its rights and obligations arising from the arrangement. There are two types of joint arrangement namely joint venture or joint operation as specified in this new standard. A joint venture recognises its interest in the joint venture as an investment and account for its using the equity method. The proportionate consolidation method is disallowed in such joint arrangement. A joint operator accounts for the assets, liabilities, revenue and expenses related to its interest directly.

FRS 12 Disclosures of Interests in Other Entities

FRS 12 is a single disclosure standard for interests in subsidiary companies, joint ventures, associated companies and unconsolidated structured entities. The disclosure requirements in this FRS are aimed at providing standardised and comparable information that enable users of financial statements to evaluate the nature of, and risks associated with, the entity's interests in other entities, and the effects of those interests on its financial position, financial performance and cash flows.

FRS 13 Fair Value Measurement

FRS 13 defines fair value and sets out a framework for measuring fair value, and the disclosure requirements about fair value. This standard is intended to address the inconsistencies in the requirements for measuring fair value across different accounting standards. As defined in this standard, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (cont'd)

(b) New and Revised FRSs, Amendments/Improvements to FRSs, New IC Int and Amendments to IC Int that are issued, but not yet effective and have not been early adopted (cont'd)

FRS 128 Investments in Associates and Joint Ventures (Revised)

This revised FRS 128 incorporates the requirements for accounting for joint ventures into the same accounting standard as that for accounting for investments in associated companies, as the equity method was applicable for both investments in joint ventures and associated companies. However, the revised FRS 128 exempts the investor from applying equity accounting where the investment in the associated company or joint venture is held indirectly via venture capital organisations or mutual funds and similar entities. In such cases, the entity shall measure the investment at fair value through profit or loss, in accordance with FRS 9.

(c) MASB Approved Accounting Standards, MFRSs

In conjunction with the planned convergence of FRSs with International Financial Reporting Standards as issued by the International Accounting Standards Board on 1st January 2012, the MASB had on 19th November 2011 issue a new MASB approved accounting standards, MFRSs ("MFRSs Framework") for application in the annual periods beginning on or after 1st January 2012.

The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1st January 2012, with the exception of entities subject to the application of MFRS 141 Agriculture and/or IC Int 15 Agreements for the Construction of Real Estate ("Transitioning Entities"). The Transitioning Entities are given an option to defer adoption of the MFRSs framework to financial periods beginning on or after 1st January 2014. Transitioning Entities also includes those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply the FRSs framework for annual periods beginning on or after 1st January 2012.

Accordingly, the Group and the Company which are Transitioning Entities have chosen to defer the adoption of the MFRSs framework to financial year beginning on 1st January 2014. The Group and the Company will prepare their first MFRSs financial statements using the MFRSs framework for the financial year ending 31st December 2014.

As at 31st December 2012, all FRSs issued under the existing FRSs framework are equivalent to the MFRSs issued under MFRSs framework except for differences in relation to the transitional provisions, the adoption of MFRS 141 Agriculture and IC Int 15 Agreements for the Construction of Real Estate as well as differences in effective dates contained in certain of the existing FRSs. As such, other than those as discussed below, the main effects arising from the transition to the MFRSs Framework has been discussed in Note 2.2(b). The effect is based on the Group's and the Company's best estimates at the reporting date. The financial effect may change or additional effects may be identified, prior to the completion of the Group's and the Company's first MFRSs based financial statements.

Application of MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards ("MFRS 1")

MFRS 1 requires comparative information to be restated as if the requirements of MFRSs effective for annual periods beginning on or after 1st January 2014 have always been applied, except when MFRS 1 allows certain elective exemptions from such full retrospective application or prohibits retrospective application of some aspects of MFRSs. The Group and the Company are currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. As at the date of authorisation of issue of the financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adoption of MFRS 1 cannot be determined and estimated reliably until the process is completed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (cont'd)

(c) MASB Approved Accounting Standards, MFRSs (cont'd)

MFRS 141 Agriculture

MFRS 141 requires a biological asset shall be measured on initial recognition and at the end of each reporting period at its fair value less costs to sell, except where the fair value cannot be measured reliably. MFRS 141 also requires agricultural produce harvested from an entity's biological assets shall be measured at its fair value less costs to sell at the point of harvest. Gains or losses arising on initial recognition of a biological asset and the agricultural produce at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset shall be included in the profit or loss for the period in which it arises. The Group does not expect any impact on the financial statements arising from the adoption of this standard.

IC Int 15 Agreements for the Construction of Real Estate

IC Int 15 establishes that the developer will have to evaluate whether control and significant risks and rewards of the ownership of work in progress, can be transferred to the buyer as construction progresses before revenue can be recognised. The Group is currently assessing the impact of the adoption of this Interpretation.

2.3 Significant Accounting Policies

(a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the financial year. The financial statements of the parent and its subsidiaries are all drawn up to the same reporting date.

The financial statements of the subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that 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 value 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.

If business combination is achieved in stages, previously held equity interests in the acquiree are re-measured 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 net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of the 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 in the statement of financial position. The accounting policy for goodwill is set out in the Note 2.3(g) to the financial statement. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

(a) Basis of consolidation (cont'd)

Intra-group transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered. Uniform accounting policies are adopted in the consolidated financial statement for like transactions and events in similar circumstances.

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, separately from equity attributable to owners of the Company.

Changes in the Company's 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.

(b) Subsidiaries

Subsidiaries are entities in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from its activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

An investment in subsidiaries which is eliminated on consolidation, is stated in the Company's separate financial statements at cost less impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(i) to the financial statements. On disposal of such an investment, the difference between the net disposal proceeds and its carrying amount is recognised in the profit or loss.

(c) Associates

Associates are those corporations, partnerships or other entities in which the Group exercises influence, but which it does not control, generally accompanying a shareholding of between 20% and 50% of the voting rights, and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of associates but not the power to exercise control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(i).

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management accounts to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

(c) Associates (cont'd)

Under the equity method, the investment in associate is carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated statement of comprehensive income. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes.

In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of Group's interest in the associate, and the unrealised losses are eliminated to the extent of the costs that can be recovered. Where necessary, in applying the equity method, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with those of the Group.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

After the application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

On disposal of such investment, the difference between net disposal proceed and the carrying amount of the investment in an associate is reflected as a gain or loss on disposal in the consolidated statements of comprehensive income.

(d) Foreign currency

(i) Functional and presentation currency

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

(d) Foreign currency (cont'd)

(ii) Foreign currency transactions

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

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

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

(iii) Foreign operations

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

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

(e) 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 Company and the cost of the item can be measured reliably.

Certain land and buildings were subsequently revalued and stated at their revalued amounts. However, these properties have not been revalued since as the Group availed itself to the transitional provisions of FRS 116 (Revised): Property, plant and equipment, by virtue of which these properties continue to be stated at their revalued amount less accumulated depreciation and impairment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

(e) Property, Plant and Equipment and Depreciation (cont'd)

Subsequent to initial recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. 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 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. Leasehold lands are depreciated over the period of their respective lease term. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	2%
Plant and equipment	20%
Motor vehicles	20%
Tools and office equipment	10% - 33.33%
Furniture and fittings	10%
Renovations	10%

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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 financial year-end, and adjusted prospectively, if appropriate.

An item of property, 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.

(f) Investment properties

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

Investment properties are derecognised when either they have been disposed of 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.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment up to the date of change in use.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

(g) Intangible assets

(i) Goodwill

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

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.

Acquisition on or after 1st January 2011

For acquisitions on or after 1st January 2011, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquire; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquire; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

(g) Intangible assets (cont'd)

(i) Goodwill (cont'd)

Acquisition between 1st January 2006 and 1st January 2011

For acquisitions between 1st January 2006 and 1st January 2011, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Acquisition prior to 1st January 2006

For acquisitions prior to 1st January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

(ii) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method 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 intangible assets with finite lives is recognised in profit or loss.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

(h) Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

(i) 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.

(j) 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 determines the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

(j) 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.

(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 and the Company 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

(j) 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 available-for-sale equity instrument are recognised in profit or loss when the Group 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.

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 where the contractual right to receive cash flows from the assets 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 and derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

(k) Impairment of financial assets

The Group and the Company assesses 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 considers 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

(k) 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) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(iii) 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.

(l) Cash and cash equivalents

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

(m) Construction contracts

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

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

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

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

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

(n) Development properties

(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 accumulated impairment losses.

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

(ii) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

(n) Development properties (cont'd)

(ii) Property development costs (cont'd)

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings within trade payables.

(o) Inventories

Inventories are stated at lower of cost and net realisable value.

Cost is determined using the first in, first out method. The cost of raw materials comprises costs of purchase. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate production overheads.

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

(p) 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.

(q) Financial Liabilities

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

(q) Financial Liabilities (cont'd)

(i) 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 resulted 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.

(ii) 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 and the Company has an unconditional right to defer the 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.

(r) Borrowing costs

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

(s) Employee benefits

(i) Defined contribution plans

The Group and the Company participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Group and the Company makes contributions to the Employee 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.

(ii) Employee share option plans

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

(t) Leases

(i) As lessee

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

(t) Leases (cont'd)

(ii) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

(u) Revenue

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

(i) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method.

(ii) Sale of goods

Revenue is recognised net of sales taxes and upon transfer of significant risks and rewards of ownership to the buyer. 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.

(iii) Revenue from services

Revenue from services rendered (including administrative services) is recognised net of discounts and when services are performed.

(iv) Revenue from property development

Revenue from the sale of property development projects is recognised progressively as the project activity progresses and is in respect of sales when the agreements have been finalised. The recognition of revenue is based on the stage of completion method and is consistent with the method adopted for profit recognition. Provision for foreseeable losses is made when estimated future revenue realisable is lower than the carrying amount of the project.

(v) Rental income

Rental income is recognised on a straight-line basis over the term of the lease. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

(vi) Interest income

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

(vii) Dividend income

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

(v) 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.

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

(v) Income taxes (cont'd)

(ii) Deferred tax (cont'd)

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

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

(w) 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 38, including the factors used to identify the reportable segments and the measurement basis of segment information.

(x) Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of 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.

(y) Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

(z) 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 not wholly within the control of the Group.

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

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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.

3.1 Critical Judgements Made in Applying Accounting Policies

There were no significant judgements made by management in the process of applying the accounting policies of the Group and of the Company which may have significant effect on the amounts recognised in the financial statements.

3.2 Key Source of Estimation Uncertainty

The key assumptions made 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 goodwill

The Group determines whether goodwill are impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill are allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(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.

(c) Construction contracts

The Group recognises construction revenue and costs, including rendering of services, in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

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

(d) Property development

The Group recognises property development 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 property development costs incurred for work performed to date bear to the estimated total property development costs.

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

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

3.2 Key Source of Estimation Uncertainty (cont'd)

(e) Impairment of property, plant and equipment and investment property

The Group reviews the carrying amounts of its property, plant and equipment and investment property at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount which is the higher of its fair value less costs to sell or its value in use is estimated. In determining the assets' fair value, the Group will obtain the best available quotation for the amount at which the assets could be exchanged between knowledgeable, willing sellers in an arm's length transaction at the date of valuation.

In determining the value in use of an asset, which requires the determination of future economic benefits expected to be derived from the continued use and ultimate disposition of such asset, the Group makes estimates and assumption that involves significant judgement and estimation. While the Group believes that the assumptions are appropriate and reasonable, changes in these assumptions may affect the assessment of the value in use and could have an impact on the Group's financial position and results of operations.

4. REVENUE

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Sale of goods	42,473,049	43,068,227	-	-
Construction contract revenue	88,922,408	117,765,011	-	-
Rendering of services	15,078,860	12,297,471	-	-
Property development	87,369,239	38,065,155	-	-
Sale of palm oil	177,052,286	235,292,195	-	-
Dividend income from subsidiaries				
- tax-exempt	-	-	2,220,000	235,315
- non tax-exempt	-	-	2,100,000	3,244,685
	410,895,842	**446,488,059**	**4,320,000**	**3,480,000**

5. COST OF SALES

	Group	
	2012 RM	2011 RM
Cost of goods sold	35,766,532	33,677,405
Construction contract costs	67,769,442	99,187,493
Cost of services rendered	4,385,747	2,662,171
Property development costs	57,221,214	23,659,705
Cost of palm oil sold	176,169,387	229,900,423
	341,312,322	**389,087,197**

6. OTHER INCOME

Included in other income of the Group and of the Company are:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Administrative fee from subsidiaries	-	-	2,216,000	1,584,000
Bad debts recovered	1,800	132,830	-	-
Foreign exchange gain:				
- realised	265,894	233,871	-	-
- unrealised	106,715	40,834	-	-
Interest income from short term deposits	42,114	45,218	21,993	621
Net fair value gain on loans and receivables	182,718	201,525	-	-
Net gain on disposal of property, plant and equipment	-	101,737	-	-
Net gain on disposal of investment properties	66,950	64,315	-	-
Rental income from investment properties	3,500	-	-	-
Rental income from operating leases other than those relating to investment properties	21,600	71,600	1,260,000	1,032,000
Waiver of debts	2,500,000	-	-	-

7. FINANCE COSTS

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Interest expense on:				
- bankers' acceptances	843,334	494,977	-	-
- bank overdrafts	162,764	178,030	-	-
- obligations under finance lease	19,247	36,265	4,022	7,351
- revolving credits	776,680	601,218	558,571	246,562
- term loans	1,000,606	164,903	-	-
- trust receipts	10,620	-	-	-
Total finance costs	**2,813,251**	**1,475,393**	**562,593**	**253,913**

8. PROFIT BEFORE TAXATION

The following amounts have been included in arriving at profit before taxation:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Auditors' remuneration				
- statutory audits	148,012	160,595	21,000	26,000
- (over)/underprovision in prior year	(23,500)	8,523	(5,000)	-
- other services	6,000	5,000	-	-
Amortisation of intangible assets	27,449	170,804	-	-
Amortisation of land use rights	175,651	63,668	-	-
Bad debts written off	7,640	8,599	-	-
Depreciation of investment properties	21,757	27,705	-	-
Direct operating expenses arising from investment properties	4,593	9,728	-	-
Employee benefits expense	22,785,402	20,443,560	2,369,115	1,479,227
Impairment loss on trade receivables	233,822	837,089	-	-
Impairment loss on investment in subsidiaries	-	-	-	13,783
Impairment loss on amount due from subsidiaries	-	-	-	1,486,291
Inventories written off	-	180,231	-	-
Inventories written back	(93,071)	(223)	-	-
Loss on disposal of associated companies	1,915,130	-	-	-
Loss on foreign exchange				
- realised	79,738	-	-	-
- unrealised	20,179	6,262	-	-
Non-executive directors' remuneration	363,000	453,000	267,000	252,000
Property, plant and equipment				
- depreciation	1,240,351	1,181,544	252,562	278,572
- loss on disposal	6,431	-	-	-
- written off	237	10,048	-	180
Rental expenses on:-				
- land and buildings	870,794	1,109,617	-	-
- plant and machineries	1,601,478	3,232,374	-	-
Reversal of impairment loss on trade receivables	(834,983)	(424,770)	-	-

9. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Wages and salaries	20,036,538	17,792,936	1,949,650	1,166,707
Social security contributions	130,549	126,374	7,885	7,061
Contributions to defined contribution plan	1,927,897	1,773,018	188,456	150,265
Other benefits	690,418	751,232	223,124	155,194
	22,785,402	**20,443,560**	**2,369,115**	**1,479,227**

Included in employee benefits expense of the Group and the Company are executive directors' remuneration amounting to RM3,481,766 (2011: RM2,534,909) and RM1,138,942 (2011: RM699,020) respectively as further disclosed in Note 10.

10. DIRECTORS' REMUNERATION

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Executive:				
Salaries and other emoluments	2,596,812	1,981,369	903,739	520,620
Bonus	486,300	211,222	130,000	50,000
Defined contribution plan	398,654	342,318	105,203	98,400
Total executive directors' remuneration (excluding benefits-in-kind)	3,481,766	2,534,909	1,138,942	669,020
Estimated money value of benefits-in-kind	-	-	-	-
Total executive directors' remuneration (including benefits-in-kind)	3,481,766	2,534,909	1,138,942	669,020
Non-Executive:				
Fees	363,000	453,000	267,000	252,000
Other emoluments	-	-	-	-
Defined contribution plan	-	-	-	-
Total non-executive directors' remuneration	363,000	453,000	267,000	252,000
Total directors' remuneration	**3,844,766**	**2,987,909**	**1,405,942**	**921,020**

10. DIRECTORS' REMUNERATION (cont'd)

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

	Number of directors	
	2012 RM	2011 RM
Executive directors:		
RM200,001 - RM250,000	-	1
RM450,001 - RM500,000	1	-
RM1,150,001 - RM1,200,000	-	1
RM1,950,001 - RM2,000,000	1	-
Non-Executive directors:		
RM0 - RM50,000	3	4
RM50,001 - RM100,000	3	2

11. INCOME TAX EXPENSE

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Current income tax:				
- Malaysian income tax	10,166,677	7,126,382	609,600	938,547
- Foreign tax	-	21,201	-	-
	10,166,677	7,147,583	609,600	938,547
(Over)/underprovision in prior years:				
- Malaysian income tax	(82,490)	237,708	(81,184)	457,364
- Foreign tax	285	(489)	-	-
	(82,205)	237,219	(81,184)	457,364
	10,084,472	7,384,802	528,416	1,395,911
Deferred tax:				
- (Reversal)/origination of temporary differences	(20,915)	66,253	20,415	75,444
- Overprovision in prior year	(17,763)	(14,557)	-	(28,453)
	(38,678)	51,696	20,415	46,991
Total income tax expense	**10,045,794**	**7,436,498**	**548,831**	**1,442,902**

11. INCOME TAX EXPENSE (cont'd)

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Profit before tax	38,109,464	29,719,669	3,701,232	1,606,765
Tax at Malaysian statutory tax rate of 25%	9,527,366	7,429,917	925,308	401,691
Expenses not deductible for tax purposes	1,286,337	1,088,161	259,707	612,300
Income not subject to tax	(934,741)	(1,140,935)	(555,000)	-
Utilisation of previously unrecognised deferred tax assets	(295,183)	(312,892)	-	-
Deferred tax assets not recognised in respect of deductible temporary differences	561,983	149,585	-	-
(Over)/underprovision of income tax in prior years	(82,205)	237,219	(81,184)	457,364
Overprovision of deferred tax in prior years	(17,763)	(14,557)	-	(28,453)
Income tax expense for the year	**10,045,794**	**7,436,498**	**548,831**	**1,442,902**

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

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

12. EARNINGS PER SHARE

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for the year attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2012	2011
Profit attributable to owners of the parent (RM)	27,888,119	22,194,083
Weighted average number of ordinary shares in issue	224,523,380	216,415,988
Basic earnings per share (sen)	12.42	10.26

12. EARNINGS PER SHARE (cont'd)

(b) Diluted

2011

For the purpose of calculating diluted earnings per share, the profit for the previous financial year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the previous financial year had been adjusted for the dilutive effects of all potential ordinary shares, i.e. warrants granted to shareholders.

	Group 2011
Profit attributable to owners of the parent (RM)	22,194,083
Weighted average number of ordinary shares in issue	255,536,497
Diluted earnings per share (sen)	8.69

2012

The Company has no potential dilution of earning per share during the financial year as 95,442,222 units of warrants were exercised and converted to ordinary shares. The balance of 3,025,666 warrants not converted were cancelled upon expiration date.

13. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land at valuation RM	Buildings at valuation RM	Long term leasehold land RM	Plant and equipment RM	Motor vehicles RM	Tools and office equipment RM	Furniture and fittings RM	Renovation RM	Capital work-in-progress RM	Total RM
Cost, unless otherwise stated :										
At 1st January 2012	2,598,959	9,420,375	280,000	3,339,173	3,334,227	3,118,990	505,994	858,933	23,811,432	47,268,083
Additions	5,000	-	-	82,029	38,000	443,596	2,995	-	7,083,413	7,655,033
Disposals	-	-	-	-	-	(23,250)	-	-	-	(23,250)
Write off	-	-	-	-	-	(898)	-	-	(139,500)	(140,398)
Exchange differences	-	-	-	(4,461)	(4,301)	2,169	(132)	-	(461,004)	(467,729)
At 31st December 2012	2,603,959	9,420,375	280,000	3,416,741	3,367,926	3,540,607	508,857	858,933	30,294,341	54,291,739
Accumulated depreciation and impairment losses:										
At 1st January 2012	-	1,610,452	42,856	2,542,795	2,199,006	2,483,406	214,624	418,928	139,500	9,651,567
Depreciation charge for the year	-	178,210	2,857	183,428	460,731	278,212	46,706	90,207	-	1,240,351
Disposals	-	-	-	-	-	(11,819)	-	-	-	(11,819)
Write off	-	-	-	-	-	(661)	-	-	(139,500)	(140,161)
Exchange differences	-	-	-	(145)	126	1,668	86	-	-	1,735
At 31st December 2012	-	1,788,662	45,713	2,726,078	2,659,863	2,750,806	261,416	509,135	-	10,741,673
Net carrying amount	**2,603,959**	**7,631,713**	**234,287**	**690,663**	**708,063**	**789,801**	**247,441**	**349,798**	**30,294,341**	**43,550,066**

Group	Freehold land at valuation RM	Buildings at valuation RM	Long term leasehold land RM	Plant and equipment RM	Motor vehicles RM	Tools and office equipment RM	Furniture and fittings RM	Renovation RM	Capital work-in-progress RM	Total RM
Cost, unless otherwise stated :										
At 1st January 2011	2,578,965	9,616,253	280,000	4,587,187	3,240,578	5,491,271	1,544,341	472,207	18,081,765	45,892,567
Additions	19,994	-	-	201,048	461,214	380,006	21,749	449,276	5,008,225	6,541,512
Disposals	-	-	-	-	(384,304)	(25,829)	-	-	-	(410,133)
Write off	-	(195,878)	-	(1,603,285)	-	(2,735,074)	(1,061,565)	(62,550)	-	(5,658,352)
Reclassification of capital work-in-progress	-	-	-	144,101	-	-	-	-	(144,101)	-
Reclassification to land use rights	-	-	-	-	-	-	-	-	(503,400)	(503,400)
Exchange differences	-	-	-	10,122	16,739	8,616	1,469	-	1,368,943	1,405,889
At 31st December 2011	2,598,959	9,420,375	280,000	3,339,173	3,334,227	3,118,990	505,994	858,933	23,811,432	47,268,083
Accumulated depreciation and impairment losses:										
At 1st January 2011	-	1,415,841	39,999	3,950,617	2,010,967	4,958,268	1,223,827	469,929	139,500	14,208,948
Depreciation charge for the year	-	194,611	2,857	187,685	464,363	269,894	50,606	11,528	-	1,181,544
Disposals	-	-	-	-	(278,558)	(14,706)	-	-	-	(293,264)
Write off	-	-	-	(1,596,131)	-	(2,733,131)	(1,060,635)	(62,529)	-	(5,452,426)
Exchange differences	-	-	-	624	2,234	3,081	826	-	-	6,765
At 31st December 2011	-	1,610,452	42,856	2,542,795	2,199,006	2,483,406	214,624	418,928	139,500	9,651,567
Net carrying amount	**2,598,959**	**7,809,923**	**237,144**	**796,378**	**1,135,221**	**635,584**	**291,370**	**440,005**	**23,671,932**	**37,616,516**

13. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Freehold land at valuation RM	Building at valuation RM	Motor vehicles RM	Tools and office equipment RM	Furniture and fittings RM	Total RM
Cost,unless otherwise stated:						
At 1st January 2012	767,844	8,444,733	263,281	192,210	338,286	10,006,354
Additions	-	-	-	25,190	-	25,190
At 31st December 2012	767,844	8,444,733	263,281	217,400	338,286	10,031,544
Accumulated depreciation and impairment losses						
At 1st January 2012	-	1,265,154	173,541	175,767	102,512	1,716,974
Depreciation charge for the year	-	156,087	52,656	10,021	33,798	252,562
At 31st December 2012	-	1,421,241	226,197	185,788	136,310	1,969,536
Net carrying amount	**767,844**	**7,023,492**	**37,084**	**31,612**	**201,976**	**8,062,008**

Company	Freehold land at valuation RM	Building at valuation RM	Plant and equipment RM	Motor vehicles RM	Tools and office equipment RM	Furniture and fittings RM	Total RM
Cost,unless otherwise stated:							
At 1st January 2011	767,844	8,640,611	101,949	263,281	881,279	687,639	11,342,603
Additions	-	-	-	-	2,475	-	2,475
Disposals/write off	-	(195,878)	(101,949)	-	(691,544)	(349,353)	(1,338,724)
At 31st December 2011	767,844	8,444,733	-	263,281	192,210	338,286	10,006,354
Accumulated depreciation and impairment losses							
At 1st January 2011	-	1,092,666	101,945	120,885	847,627	417,945	2,581,068
Depreciation charge for the year	-	172,488	-	52,656	19,584	33,844	278,572
Disposals/write off	-	-	(101,945)	-	(691,444)	(349,277)	(1,142,666)
At 31st December 2011	-	1,265,154	-	173,541	175,767	102,512	1,716,974
Net carrying amount	**767,844**	**7,179,579**	**-**	**89,740**	**16,443**	**235,774**	**8,289,380**

13.PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(a) Revaluation of land and buildings

Except for certain land and buildings which are carried at valuation, all other assets of the Group and Company are carried at cost. Analysis of cost and valuation for land and buildings are as follows:

Group	Freehold land RM	Building RM	Total RM
31st December 2012			
Cost or valuation			
- Cost	1,839,084	6,982,938	8,822,022
- At 1994 valuation	764,875	2,429,897	3,194,772
	2,603,959	9,412,835	12,016,794
Net carrying amount	**2,603,959**	**7,631,713**	**10,235,672**
31st December 2011			
Cost or valuation			
- Cost	1,834,084	6,990,478	8,824,562
- At 1994 valuation	764,875	2,429,897	3,194,772
	2,598,959	9,420,375	12,019,334
Net carrying amount	**2,598,959**	**7,809,923**	**10,408,882**
Company			
31st December 2012			
Cost or valuation			
- Cost	2,969	6,007,296	6,010,265
- At 1994 valuation	764,875	2,429,897	3,194,772
	767,844	8,437,193	9,205,037
Net carrying amount	**767,844**	**7,023,492**	**7,791,336**
31st December 2011			
Cost or valuation			
- Cost	2,969	6,014,836	6,017,805
- At 1994 valuation	764,875	2,429,897	3,194,772
	767,844	8,444,733	9,212,577
Net carrying amount	**767,844**	**7,179,579**	**7,947,423**

Certain land and buildings of the Group and the Company have not been revalued since they were first revalued in 1994. The directors have not adopted a policy of regular revaluations of such assets. As permitted under the transitional provision of FRS 116 (Revised): Property, plant and equipment, these assets continue to be stated at their 1994 valuation less accumulated depreciation and impairment losses.

13.PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(b) Net carrying amounts of property, plant and equipment held under hire purchase and finance lease arrangements are as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Motor vehicles	221,021	818,564	34,384	85,960

(c) As at reporting date, titles to certain land and building with net book value of RM111,192/- (2011: RM114,204/-) have yet to be registered in the subsidiaries' name.

(d) Included in the capital work in progress of the Group is an amount of RM19,016,097/- (2011: RM18,677,450/-) which represents the cost of a biomass-power-plant under construction located on certain plots of state-owned land in the People's Republic of China ("PRC").

14. INVESTMENT PROPERTIES

	Group	
	2012 RM	2011 RM
Cost		
At 1st January	1,434,424	1,697,150
Disposal	(346,550)	(517,600)
Addition	-	254,874
At 31st December	1,087,874	1,434,424
Accumulated depreciation and impairment losses		
At 1st January	571,738	588,359
Depreciation charge for the year	21,757	27,705
Disposal	(55,448)	(44,326)
At 31st December	538,047	571,738
Net carrying amount	549,827	862,686
Estimated fair value of investment properties by directors	689,874	1,036,424

Properties pledged as security

Certain investment properties of the Group amounting to RM Nil (2011: RM291,102) are mortgaged to secure bank loans (Note 30).

Titles to properties

As at reporting date, titles to investment properties with carrying amount of RM549,827 (2011: RM862,686) have yet to be registered in the subsidiaries' name.

15. INTANGIBLE ASSETS

Group	Goodwill RM	Computer software RM	Total RM
At 1st January 2011	4,360,416	170,805	4,531,221
Amortisation during the year	-	(170,804)	(170,804)
At 31st December 2011	4,360,416	1	4,360,417
Addition	-	197,631	197,631
Amortisation during the year	-	(27,449)	(27,449)
At 31st December 2012	**4,360,416**	**170,183**	**4,530,599**

Computer software

The computer software is amortised over 3 years on straight-line basis.

Goodwill

During the financial year, the management has carried out a review of the recoverable amount of goodwill. The recoverable amount was based on value-in-use and was determined at the cash-generating unit ("CGU") of the Malaysian based assets.

Impairment testing of goodwill

Goodwill has been allocated to the Group's CGU identified according to country of operation as follows:

Malaysia - Contracting	2012 RM	2011 RM
At 1st January/31st December	4,360,416	4,360,416

Key assumption used in value-in-use calculations

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The key assumptions used for value-in-use calculations are:

	Gross margin		Growth rate		Discount rate	
	2012	2011	2012	2011	2012	2011
Contracting	18.52%	11.94%	4.00%	4.00%	12.00%	12.00%

15. INTANGIBLE ASSETS (cont'd)

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

(i) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year, adjusted for market and economic conditions and internal resource efficiency.

(ii) Growth rate

The weighted average growth rates used are consistent with the long-term average growth rate for the industry.

(iii) Discount rate

The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

Sensitivity to changes in assumptions

With regards to the assessment of value-in-use of contracting unit, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the units to materially exceed their recoverable amounts.

16. LAND USE RIGHTS

	Group	
	2012	**2011**
	RM	**RM**
At 1st January	4,439,299	3,480,823
Addition during the year	-	230,674
Reclassification from capital work in progress	-	503,400
Amortisation	(175,651)	(63,668)
Exchange differences	(110,843)	288,070
At 31st December	**4,152,805**	**4,439,299**

The Group has land use rights over certain plots of state-owned land in the People's Republic of China ("PRC") where the Group's biomass-power-plant under construction is located. The land use rights are not transferable and have a remaining tenure of 48 years.

17. INVESTMENT IN SUBSIDIARIES

	Company 2012 RM	Company 2011 RM
Unquoted shares, at cost		
In Malaysia	69,125,191	69,125,191
Outside Malaysia	32,536	32,536
	69,157,727	69,157,727
Less: Accumulated impairment losses	(1,750,859)	(1,750,859)
	67,406,868	**67,406,868**

Details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Proportion of ownership interest 2012 %	Proportion of ownership interest 2011 %
Direct subsidiaries				
FITTERS Sdn Bhd	Malaysia	Trading and installation of fire safety materials and equipment manufacture and assembly of fire fighting,protection and prevention systems and equipment	100	100
Master Pyrodor Sdn Bhd	Malaysia	Property holdings	100	100
FITTERS (S) Pte Ltd#	Singapore	Trading and installation of fire safety materials and equipment	100	100
FITTERS Industries Sdn Bhd	Malaysia	Ceased operations	100	100
FITTERS Engineering Services Sdn Bhd	Malaysia	Design, manufacture, assemble, supply and installation of fire fighting, protection and prevention systems and equipment	100	100
FITTERS Marketing Sdn Bhd	Malaysia	Marketing of fire resistant doors and general building materials	100	100
FITTERS Building Services Sdn Bhd	Malaysia	Design, manufacture, assemble, supply and installation of fire fighting, protection and prevention systems	100	100
FITTERS-MPS Sdn Bhd	Malaysia	Design, installation and maintenance of fire protection systems	51	51
Master Pyroserve Sdn Bhd	Malaysia	Install, operate and transfer the computerised fire alarm monitoring and communication systems for Jabatan Perkhidmatan Bomba dan Penyelamat Malaysia	100	100

17. INVESTMENT IN SUBSIDIARIES (cont'd)

Name	Country of incorporation	Principal activities	Proportion of ownership interest 2012 %	2011 %
Direct subsidiaries (cont'd)				
Armatrade Sdn Bhd	Malaysia	Installing and servicing of fire fighting systems	100	100
Wintip Sdn Bhd Ø	Malaysia	Investment holding	100	100
Future NRG Sdn Bhd	Malaysia	Renewable energy development	100	100
Premier Equity Holdings Limited*	British Virgin Island	Investment holding	100	100
FITTERS-NRG Sdn Bhd Ø	Malaysia	Renewable energy development	100	100
Solid Orient Holdings Sdn Bhd	Malaysia	Operation of palm oil mill	100	100
Subsidiaries of FITTERS Sdn Bhd:				
FITTERS Property Development Sdn Bhd Ø	Malaysia	Property development	100	100
FITTERS (Ipoh) Sdn Bhd Ø	Malaysia	Trading and installation of fire safety materials and equipment	100	100
FITTERS (Sarawak) Sdn Bhd	Malaysia	Trading of fire safety materials and equipment	100	100
The Safety Shop Sdn Bhd	Malaysia	Trading and marketing of safety apparatus and apparels	100	100
FITTERS Fire Technology Sdn Bhd	Malaysia	Manufacture and supply of fire fighting equipment and materials	100	100
Modular Floor Systems (M) Sdn Bhd	Malaysia	Manufacture and trading of raised access-flooring systems	100	100
Subsidiary of FITTERS Building Service Sdn Bhd:				
Pyro-Tech Systems Sdn Bhd	Malaysia	Manufacture of fire rated doors including fire rated wooden doors with or without frames	100	100

17. INVESTMENT IN SUBSIDIARIES (cont'd)

Name	Country of incorporation	Principal activities	Proportion of ownership interest 2012 %	2011 %
Subsidiaries of FITTERS Engineering Services Sdn Bhd:				
FITTERS Engineering and Maintenance Services Sdn Bhd	Malaysia	Maintenance of all types of fire protection systems	100	100
FITTERS Engineering Service (Johor) Sdn Bhd	Malaysia	Design, supply, installation, repair and maintenance of fire protection systems	100	100
Z'odd Design Sdn Bhd Ø	Malaysia	Design, production, construction and installation for theme concept solutions contracting and turnkey projects	100	100
FITTERS-MCCT Sdn Bhd	Malaysia	Mechanical engineering works contractors and fabricators	55	55
Subsidiaries of Future NRG Sdn Bhd				
Future Biomass Gasification Sdn Bhd	Malaysia	Renewable energy development	100	60
Liangshan Future NRG Biology Electric Power Co. Ltd#	People's Republic of China	Build and operate the Liangshan Biomass Power Plant	100	100
Future NRG Asia Ltd*	British Virgin Island	Renewable energy development	100	100
Future NRG (SEA) Pte Ltd#	Singapore	Renewable energy development	100	100
Subsidiary of FITTERS Property Development Sdn Bhd				
ZetaPark Development Sdn Bhd	Malaysia	Property development	100	100

Audited by firms other than Baker Tilly Monteiro Heng
* Not audited as it is a British Virgin Island company
Ø The auditor's reports of these subsidiaries contain an emphasis of matter paragraph on the going concern consideration

Acquisition of subsidiary

On 30th July 2012, the Group through its subsidiary, Future NRG Sdn Bhd, acquired the remaining 40,000 ordinary shares of RM1 each, representing 40% equity interest in Future Biomass Gasification Sdn Bhd ("FBGSB"), a company incorporated in Malaysia, for a total consideration of RM1. Upon completion of the acquisition, FBGSB become a wholly-owned subsidiary of the Group. FBGSB remained dormant as at the financial year ended 31st December 2012.

18. INVESTMENT IN ASSOCIATES

	Group 2012 RM	Group 2011 RM
Unquoted shares, at cost	-	6,500,000
Share of post-acquisition reserves	-	1,501,933
	-	**8,001,933**

Details of the associates are as follows:-

Name	Country of incorporation	Principal activities	Proportion of ownership interest 2012 %	Proportion of ownership interest 2011 %
KPISoft Malaysia Sdn Bhd#	Malaysia	Providing data analysis for key performance index	-	30
KPISoft International Pte Ltd#	Singapore	Software consultancy services	-	30

Audited by firms other than Baker Tilly Monteiro Heng

On 9th October 2012, the Group entered into a share transfer with KPISoft Capital Pte Ltd for the disposal of 90,002 and 60,000 ordinary shares of RM1 and SGD 1 each representing 30% equity interest each in KPISoft Malaysia Sdn Bhd and KPISoft International Pte Ltd, for a total consideration of RM5,500,000. The disposal was completed on 27th December 2012.

The summarised financial information of the associates were as follows:

	Group 2011 RM
ASSETS AND LIABILITIES	
Current Assets	6,750,804
Non-Current Assets	304,750
Total Assets	**7,055,554**
Current Liabilities	1,674,010
Non-Current Liabilities	9,445
Total Liabilities	**1,683,455**
Results	
Revenue	10,741,077
Profit for the financial year	5,006,184

19. INVESTMENT SECURITIES

Group	2012 Carrying amount RM	2012 Market value of quoted investments RM	2011 Carrying amount RM	2011 Market value of quoted investments RM
Current				
Held for trading investments				
- Equity instruments (quoted in Malaysia)	649	711	649	818
Total current investment securities	649		649	
Non-current				
Fair value through profit or loss				
- Convertible redeemable preference shares (unquoted), at cost	24,943,834	#	24,943,834	#
Available-for-sale financial assets				
- Equity instruments (unquoted), at cost	4,154,514	#	607,141	#
- Corporate memberships in golf club	105,000	#	105,000	#
Total non-current investment securities	29,203,348		25,655,975	
Total investment securities	**29,203,997**		**25,656,624**	

The fair value information has not been disclosed for these financial instruments as their fair value cannot be measured reliably.

Their fair value cannot be measured reliably due to the lack of quoted market price in an active market and assumptions required for valuing these financial instruments using valuation techniques are subject to material uncertainties.

20. DEFERRED TAX LIABILITIES/(ASSETS)

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
At beginning of financial year	353,502	301,598	217,422	170,431
(Transfer to)/recognised in profit or loss	(38,678)	51,696	20,415	46,991
Exchange differences	274	208	-	-
At end of financial year	**315,098**	**353,502**	**237,837**	**217,422**
Presented after appropriate offsetting as follows:				
Deferred tax assets	-	-	-	-
Deferred tax liabilities	315,098	353,502	237,837	217,422
	315,098	**353,502**	**237,837**	**217,422**

20. DEFERRED TAX LIABILITIES/(ASSETS) (cont'd)

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

Deferred tax liability of the Group:

	Property, plant and equipment RM
At 1st January 2011	324,453
Recognised in profit or loss	29,049
At 31st December 2011	353,502
Transfer to profit or loss	(38,404)
At 31st December 2012	**315,098**

Deferred tax liability of the Company:

At 1st January 2011	170,431
Recognised in profit or loss	46,991
At 31st December 2011	217,422
Recognised in profit or loss	20,415
At 31st December 2012	**237,837**

Deferred tax assets of the Group:

	Inventories RM	**Provisions RM**	**Unutilised tax losses and unabsorbed capital allowances RM**	**Total RM**
At 1st January 2011	-	(22,855)	-	(22,855)
Recognised in profit or loss	-	22,855	-	22,855
At 31st December 2011/2012	-	-	-	-

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

	Group	
	2012 RM	**2011 RM**
Unutilised tax losses	11,910,857	13,175,643
Unabsorbed capital allowances	519,331	872,709
Other (taxable)/deductible temporary differences	(1,662,672)	83,191
	10,767,516	**14,131,543**

21. TRADE AND OTHER RECEIVABLES

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Current				
Trade receivables				
Third parties	92,642,523	72,953,835	-	-
Less: Allowance for impairment	(7,769,106)	(18,277,575)	-	-
	84,873,417	54,676,260	-	-
Amounts due from related companies	548,608	547,841	-	-
Retention sum on contracts	6,471,942	4,183,682	-	-
Trade receivables, net	91,893,967	59,407,783	-	-
Other receivables				
Amounts due from subsidiaries	-	-	101,157,438	85,744,403
Sundry receivables	37,855,712	32,611,706	89,996	88,725
Refundable deposits	4,759,057	8,184,636	45,611	45,611
Prepayment	3,779,029	705,231	16,690	16,690
	46,393,798	41,501,573	101,309,735	85,895,429
	138,287,765	**100,909,356**	**101,309,735**	**85,895,429**
Non-current				
Trade receivables				
Third parties	-	1,909,434	-	-
Retention sum on contracts	2,790,982	2,824,212	-	-
Trade receivables, net	**2,790,982**	**4,733,646**	**-**	**-**
Total trade and other receivables (current and non-current)	**141,078,747**	**105,643,002**	**101,309,735**	**85,895,429**

21. TRADE AND OTHER RECEIVABLES (cont'd)

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2011: 30 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

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

	Group	
	2012	**2011**
	RM	**RM**
Neither past due nor impaired **	81,945,762	48,630,675
1 to 30 days past due not impaired	3,398,369	3,741,477
31 to 60 days past due not impaired	787,878	4,335,525
61 to 90 days past due not impaired	2,681,349	655,138
91 to 120 days past due not impaired	570,596	5,131,797
More than 121 days past due not impaired	5,300,995	1,646,817
	12,739,187	15,510,754
Impaired	7,769,106	18,277,575
	102,454,055	**82,419,004**

** Included in neither past due nor impaired are retention sums amounted to RM9,262,924 (2011: RM7,007,894).

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 financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM12,739,187 (2011: RM15,510,754) that are past due at the reporting date but not impaired.

In assessing the extent of non-recoverable debts, the directors have given due consideration to all pertinent information relating to the ability of the debtors to settle the debts. Notwithstanding the overdue nature of these debts, the directors have assessed these debts as fully recoverable. Accordingly, no further impairment has been made for doubtful recovery in respect of these debts.

21. TRADE AND OTHER RECEIVABLES (cont'd)

(a) Trade receivables (cont'd)

Receivables that are impaired

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

	Group Individually impaired 2012 RM	Group Individually impaired 2011 RM
Trade receivables - nominal amounts	7,769,106	18,277,575
Less: Allowance for impairment	(7,769,106)	(18,277,575)
	-	-

Movement in allowance accounts:

	Group 2012 RM	Group 2011 RM
At beginning of financial year	18,277,575	17,888,432
Allowance made during the financial year	233,822	837,089
Written off	(9,907,308)	(23,176)
Reversal of allowance for impairment losses	(834,983)	(424,770)
At end of financial year	**7,769,106**	**18,277,575**

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Other receivables

Included in other receivables is an amount of RM130,883 (2011: RM373,310) which is the balance of the consideration receivable for the disposal of building and strata title rights on the land held for development properties in the financial year ended 31st December 2008. Based on the information available at the date of the financial statements, the directors are of the opinion that the amount is recoverable after making the necessary assessment.

(c) Prepayment

Included in prepayment are amount totalling RM3,418,881 (2011: Nil) which represent cost incurred for tendering of projects.

(d) Amounts due from subsidiaries and related parties

Amounts due from subsidiaries and related parties are unsecured, non-interest bearing and are repayment on demand.

22. DEVELOPMENT PROPERTIES

(a) Land held for property development

	Leasehold land RM	Development cost RM	Total RM
At cost:			
At 1st January 2011	22,167,944	8,754,472	30,922,416
Transfer to property development costs	(22,167,944)	(8,754,472)	(30,922,416)
At 31st December 2011/2012	**-**	**-**	**-**

(b) Property development costs

Group	Leasehold land RM	Development cost RM	Total RM
Cumulative property development costs			
At 1st January 2011	22,167,944	36,035,320	58,203,264
Costs incurred during the year	-	25,955,315	25,955,315
At 31st December 2011	22,167,944	61,990,635	84,158,579
Costs incurred during the year	-	41,933,447	41,933,447
At 31 December 2012	22,167,944	103,924,082	126,092,026
Cumulative costs recognised in profit or loss			
At 1st January 2011	(281,604)	(3,293,345)	(3,574,949)
Recognised during the year	(1,641,798)	(22,017,907)	(23,659,705)
At 31st December 2011	(1,923,402)	(25,311,252)	(27,234,654)
Recognised during the year	(6,093,415)	(51,127,799)	(57,221,214)
At 31st December 2012	(8,016,817)	(76,439,051)	(84,455,868)
Property development costs at			
31st December 2012	**14,151,127**	**27,485,031**	**41,636,158**
31st December 2011	**20,244,542**	**36,679,383**	**56,923,925**

23. INVENTORIES

	Group 2012 RM	2011 RM
Cost		
Raw materials	2,714,818	7,104,670
Work-in-progress	724,306	727,509
Finished goods	6,141,436	5,747,726
	9,580,560	**13,579,905**

24. OTHER CURRENT ASSETS

	Group 2012 RM	Group 2011 RM
Amount due from customers for contracts	35,481,846	27,628,921

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

	Group 2012 RM	Group 2011 RM
Construction contract costs incurred to date	598,841,373	528,755,777
Attributable profits	68,244,792	54,343,124
	667,086,165	583,098,901
Less: Progress billings	(634,766,164)	(559,861,680)
	32,320,001	23,237,221
Presented as:		
Gross amount due from customers for contracts (Note 24)	35,481,846	27,628,921
Gross amount due to customers for contracts (Note 32)	(3,161,845)	(4,391,700)
	32,320,001	23,237,221
Retention sums on construction contract, included within trade receivables	9,262,924	7,007,894

The cost incurred to date on construction contracts include the following charges made during the financial year:

	Group 2012 RM	Group 2011 RM
Hire of plant and machinery	3,469,491	4,413,271
Wages and salaries	5,020,525	6,213,385
Social security contributions	3,707	3,664
Contribution to defined contribution plans	129,325	110,052
Depreciation of property, plant and machinery	52,641	-
Rental expense for building	516,662	324,142

26. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Cash at bank and on hand	31,412,528	8,228,656	14,344,535	139,834
Cash held under Housing Development Accounts	5,072,343	335,911	-	-
Deposits with licensed banks	3,820,815	270,000	-	-
	40,305,686	**8,834,567**	**14,344,535**	**139,834**

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Included in deposits with licensed banks are:-

(i) short-term deposits made for varying periods of between 7 and 15 days depending on the immediate cash requirements of the Group, and earn interests at the respective short-term deposit rates. The weighted average effective interest rates as at 31st December 2012 for the Group were 1.90% (2011: 1.85%).

(ii) time deposit of RM3,150,815 by way of sinking fund build up via 12 monthly placements of RM350,000 each followed by 2 final placements of RM400,000, up to a total of RM5,000,000. The weighted average effective interest rates as at 31st December 2012 for the Group were 2.75% .

Deposits with licensed banks of the Group amounting to RM3,170,815 (2011: RM20,000) are pledged as securities for borrowings.

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following at the reporting date:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Cash and deposits	40,305,686	8,834,567	14,344,535	139,834
Bank overdraft	(2,894,256)	(3,024,403)	-	-
	37,411,430	**5,810,164**	**14,344,535**	**139,834**

27. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	Number of ordinary share of RM0.50 each		I---Amount---I	
	2012 Unit	2011 Unit	2012 RM	2011 RM
Authorised share capital				
At 1st January/31st December	1,000,000,000	1,000,000,000	500,000,000	500,000,000

Company	Number of ordinary share of RM0.50 each: Share capital (Issued and fully paid) Units	Treasury shares Units	Amount: Share capital (Issued and fully paid) RM	Share premium RM	Total share capital and share premium RM	Treasury shares RM
At 1st January 2011	216,408,238	76	108,204,119	-	108,204,119	(34)
Shares issue during the year from exercising of warrant	7,750	-	3,875	233	4,108	-
Gain on reissuance of treasury shares transferred to share premium reserve	-	(76)	-	13	13	34
At 31st December 2011	216,415,988	-	108,207,994	246	108,208,240	-
Shares issue during the year from exercising of warrant	95,442,222	-	47,721,111	2,863,266	50,584,377	-
Purchase of own shares	-	22,811,000	-	-	-	(14,452,065)
At 31st December 2012	**311,858,210**	**22,811,000**	**155,929,105**	**2,863,512**	**158,792,617**	**(14,452,065)**

(a) Share capital

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM108,207,994 to RM155,929,105 by way of issuance of 95,442,222 ordinary shares of RM0.50 each through a conversion of the warrant at issue price of RM0.53 per ordinary shares for cash.

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

(b) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

The shareholders of the Company, by a special resolution passed in the Annual General Meeting held on 20th June 2012, granted their approval for the Company's plan to repurchase their own issued ordinary shares. The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase place can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 22,811,000 of its issued ordinary shares from the open market at an average price of RM0.63 per share. The total consideration paid for the repurchased including transaction costs was RM14,452,065. The shares repurchased are being held as treasury shares in accordance with Section 67A of The Companies Act, 1965 in Malaysia.

The repurchase of 22,811,000 of its issued ordinary shares from the open market has resulted to the reduction of issued ordinary shares traded in the open market to 289,047,210.

28. OTHER RESERVES

	Asset revaluation reserve RM	Capital reserve RM	Foreign currency translation reserve RM	Warrant reserve RM	Total RM
Group					
At 1st January 2012	533,179	1,360,010	645,898	5,915,239	8,454,326
Other comprehensive loss:					
Foreign currency translation	-	-	(546,767)	-	(546,767)
Transfer from warrant reserve to capital reserve	-	5,915,239	-	(5,915,239)	-
At 31st December 2012	**533,179**	**7,275,249**	**99,131**	**-**	**7,907,559**
At 1st January 2011	533,179	1,360,010	(775,622)	5,915,239	7,032,806
Other comprehensive income:					
Foreign currency translation	-	-	1,421,520	-	1,421,520
At 31st December 2011	**533,179**	**1,360,010**	**645,898**	**5,915,239**	**8,454,326**

	Capital reserve RM	Asset revaluation reserve RM	Warrant reserve RM	Total RM
Company				
At 1st January/31st December 2011	-	533,179	5,915,239	6,448,418
Transfer from warrant reserve to capital reserve	5,915,239	-	(5,915,239)	-
At 31st December 2012	**5,915,239**	**533,179**	**-**	**6,448,418**

The nature and purpose of each category of reserve are as follows:

(a) Asset revaluation reserve

Asset revaluation reserve represents the cumulative net change in fair value of land and buildings, net of deferred tax.

(b) Capital reserve

This represents a reserve set aside for bonus issues made by subsidiaries.

(c) Foreign currency translation reserve

The foreign currency translation reserve is used to record 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. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

28. OTHER RESERVES (cont'd)

(d) Warrant reserve

On 28th November 2007, the Company issued 65,678,592 warrants at RM0.10 per warrant. These warrants were listed on the Bursa Malaysia Securities on 5th December 2007. The issuance resulted in a net proceed of RM5,935,239 to the Company.

Pursuant to the bonus issue of ordinary shares on 27th September 2010, 32,789,296 new warrants were allotted on the basis of one (1) new warrants for every two (2) existing warrants. The exercise price was revised to RM0.53 per share. The terms of new warrants are similar to the existing warrants.

During the financial year, 95,442,222 units of warrants were exercised and converted to ordinary shares. The balance of 3,025,666 warrants not converted were cancelled upon expiration date.

29. RETAINED EARNINGS

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007, companies shall not be entitled to deduct tax on dividends paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31st December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31st December 2007.

The Company did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the Section 108 balance as at 31st December 2007 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007.

As at 31st December 2012, the Company has tax exempt profits available for distribution of approximately RM12,724,000/- (2011:RM12,724,000/-), subject to the agreement of the Inland Revenue Board.

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and the balance in the tax exempt income account to frank the payment of dividends out of its entire retained earnings as at 31st December 2012.

30. LOANS AND BORROWINGS

	Maturity	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Current					
Secured:					
Obligations under finance leases (Note a)	2013	141,219	273,170	36,643	52,246
Term loans	2013	14,140,974	12,262	-	-
		14,282,193	285,432	36,643	52,246
Unsecured:					
Bank overdrafts	On demand	2,894,256	3,024,403	-	-
Revolving credit	On demand	1,000,000	16,300,000	-	11,300,000
Bankers' acceptances	On demand	13,581,724	13,314,187	-	-
		17,475,980	32,638,590	-	11,300,000
		31,758,173	**32,924,022**	**36,643**	**11,352,246**
Non-current					
Secured:					
Obligations under finance leases (Note a)	2014	59,852	201,022	-	36,643
Term loans		-	11,000,000	-	-
		59,852	11,201,022	-	36,643
Total loans and borrowings		**31,818,025**	**44,125,044**	**36,643**	**11,388,889**

The remaining maturities of the loans and borrowings as at 31st December 2012 are as follows:

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
On demand or within one year	31,758,173	32,924,022	36,643	11,352,246
More than 1 year and less than 2 years	59,852	153,456	-	36,643
More than 2 years and less than 5 years	-	11,047,566	-	-
	31,818,025	**44,125,044**	**36,643**	**11,388,889**

30. LOANS AND BORROWINGS (cont'd)

Obligations under finance leases

The average discount rate implicit in the leases is 2.93% p.a. (2011: 2.96% p.a.). These obligations are denominated in the respective functional currencies of the relevant entities in the Group.

Bank overdrafts

Bank overdrafts are denominated in RM, bear interest at BLR + 1.0 to 2.0% p.a. and are secured by corporate guarantee of the Company. The bank overdrafts are secured by short term fixed deposits with licensed bank of the Group amounting to RM20,000 (2011: RM20,000).

Term loan

The current term loan bear a weighted average effective interest rate of Cost of Funds + 2.5% per annum. This loan is secured by a first legal charge over the property held under the leasehold land of the Group's property development, time line deposit and corporate guarantee provided by the Company. The term loan is repayable over six months commencing 30th April 2013 to 30th September 2013.

Revolving credit

The revolving credits of the Company are secured by corporate guarantees from FITTERS Sdn Bhd and Master Pyroserve Sdn Bhd.

The revolving credits of the subsidiaries are secured by corporate guarantee of the Company.

(a) Obligations under finance lease

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Future minimum lease payments:				
Not later than 1 year	149,123	292,259	37,475	56,268
Later than 1 year and not later than 2 years	61,323	161,813	-	37,475
Later than 2 years and not later than 5 years	-	48,583	-	-
Total minimum lease payments	210,446	502,655	37,475	93,743
Less: Future finance charges	(9,375)	(28,463)	(832)	(4,854)
Present value of finance lease liabilities	201,071	474,192	36,643	88,889
Analysis of present value of finance lease liabilities:				
Not later than 1 year	141,219	273,170	36,643	52,246
Later than 1 year and not later than 2 years	59,852	153,456	-	36,643
Later than 2 years and not later than 5 years	-	47,566	-	-
	201,071	474,192	36,643	88,889
Less: Amount due within 12 months	(141,219)	(273,170)	(36,643)	(52,246)
Amount due after 12 months	59,852	201,022	-	36,643

31. TRADE AND OTHER PAYABLES

	Group		Company	
	2012 RM	**2011 RM**	**2012 RM**	**2011 RM**
Current				
Trade payables				
Third parties	54,227,678	40,606,188	-	-
Amount due to related parties	1,031,230	903,987	-	-
	55,258,908	41,510,175	-	-
Other payables				
Accrued operating expenses	7,665,761	17,659,951	524,300	411,591
Other payables	18,082,627	17,244,077	47,002	67,507
Deposits received	57,800	2,300	-	-
Amount due to subsidiaries	-	-	30,977,942	29,742,247
Amount due to a director	-	4,700,000	-	-
	25,806,188	39,606,328	31,549,244	30,221,345
Total trade and other payables	**81,065,096**	**81,116,503**	**31,549,244**	**30,221,345**

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 days (2011: 30 to 90 days) terms.

(b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of 3 months (2011: average term of 3 months).

(c) Amounts due to related parties and a director

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

32. OTHER CURRENT LIABILITIES

	Group	
	2012 RM	**2011 RM**
Progress billings in respect of property development costs	8,054,425	1,862,615
Amount due to customers for contracts	3,161,845	4,391,700
	11,216,270	**6,254,315**

33. RELATED PARTY DISCLOSURES

(a) Sale and purchase of goods and services

In addition to the related parties 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:

	2012 RM	2011 RM
Group		
Transaction with related parties		
Wai Soon Engineering Sdn Bhd		
- contract fees	3,608,350	3,432,740
- sales to	(12,458)	(4,203)
FITTERS (Sabah) Sdn Bhd		
- sales to	(773,808)	(1,265,429)
- rental expenses	4,800	4,800
Dato' Wong Swee Yee		
- advances to the Group	-	4,700,000
Datin Goh Hooi Yin		
- rental expenses	-	260,000
Company		
Transaction with subsidiaries		
Administrative income receivable	(2,216,000)	(1,584,000)
Rental income	(1,260,000)	(1,032,000)
Dividend income	(4,320,000)	(3,480,000)

33. RELATED PARTY DISCLOSURES (cont'd)

Details of the related party relationships are as follows:

Related parties	Relationship
Fitters (Sabah) Sdn. Bhd.	Dato' Wong Swee Yee who is a director and major shareholder of the Company, is also a director and major shareholder of Fitters (Sabah) Sdn Bhd.
Wai Soon Engineering Sdn. Bhd.	Wong Swee Loy who is the brother of Dato' Wong Swee Yee, is the director and major shareholder of Wai Soon Engineering Sdn Bhd.
Dato' Wong Swee Yee	Dato' Wong Swee Yee who is a director and major shareholder of the Company.
Datin Goh Hooi Yin	Datin Goh Hooi Yin who is a director and shareholder of the Company, is also the spouse of Dato' Wong Swee Yee, a director and major shareholder of the Company.

Compensation of key management personnel

The Group considers the directors to be the key management personnel. Disclosure of their remuneration is made in Note 10.

34. CAPITAL COMMITMENT AND CONTINGENT LIABILITY

(a) Capital commitment

Capital expenditure as at the reporting date is as follows:

	Group	
	2012	**2011**
	RM	**RM**
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	4,503,985	4,059,000

(b) Contingent liabilities

	Company	
	2012	**2011**
	RM	**RM**
Unsecured		
Corporate guarantee given to corporations for performance project of a subsidiary	134,000,000	134,000,000

35. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(i) Loans and receivables (LR);
(ii) Held for trading;
(iii) Fair value through profit or loss;
(iv) Available-for-sale; and
(v) Other financial liabilities measured at amortised cost (OL).

2012	LR/ (OL) RM	Held for trading RM	Fair value through profit or loss RM	Available for sale RM	Total RM
Group					
Financial assets					
Trade and other receivables (exclude refundable deposits and prepayments)	132,540,661	-	-	-	132,540,661
Investment securities	-	649	24,943,834	4,259,514	29,203,997
Deposits, cash and bank balances	40,305,686	-	-	-	40,305,686
	172,846,347	**649**	**24,943,834**	**4,259,514**	**202,050,344**
Financial liabilities					
Trade and other payables (exclude accrued operating expenses and deposits received)	(73,341,535)	-	-	-	(73,341,535)
Loans and borrowings	(31,818,025)	-	-	-	(31,818,025)
	(105,159,560)	**-**	**-**	**-**	**(105,159,560)**
Company					
Financial assets					
Trade and other receivables (exclude refundable deposits and prepayments)	101,247,434	-	-	-	101,247,434
Deposits, cash and bank balances	14,344,535	-	-	-	14,344,535
	115,591,969	**-**	**-**	**-**	**115,591,969**
Financial liabilities					
Trade and other payables (exclude accrued operating expenses and deposits received)	(31,024,944)	-	-	-	(31,024,944)
Loans and borrowings	(36,643)	-	-	-	(36,643)
	(31,061,587)	**-**	**-**	**-**	**(31,061,587)**

35. FINANCIAL INSTRUMENTS (cont'd)

(a) Categories of financial instruments (cont'd)

2011	LR/ (OL) RM	Held for trading RM	Fair value through profit or loss RM	Available for sale RM	Total RM
Group					
Financial assets					
Trade and other receivables (exclude refundable deposits and prepayments)	96,753,135	-	-	-	96,753,135
Investment securities	-	649	24,943,834	712,141	25,656,624
Deposits, cash and bank balances	8,834,567	-	-	-	8,834,567
	105,587,702	**649**	**24,943,834**	**712,141**	**131,244,326**
Financial liabilities					
Trade and other payables (exclude accrued operating expenses and deposits received)	(63,454,252)	-	-	-	(63,454,252)
Loans and borrowings	(44,125,044)	-	-	-	(44,125,044)
	(107,579,296)	**-**	**-**	**-**	**(107,579,296)**
Company					
Financial assets					
Trade and other receivables (exclude refundable deposits and prepayments)	85,833,128	-	-	-	85,833,128
Deposits, cash and bank balances	139,834	-	-	-	139,834
	85,972,962	**-**	**-**	**-**	**85,972,962**
Financial liabilities					
Trade and other payables (exclude accrued operating expenses and deposits received)	(29,809,754)	-	-	-	(29,809,754)
Loans and borrowings	(11,388,889)	-	-	-	(11,388,889)
	(41,198,643)	**-**	**-**	**-**	**(41,198,643)**

35. FINANCIAL INSTRUMENTS (cont'd)

(b) Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings approximate fair values due to the relatively short term nature of these financial instruments.

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted market prices and assumptions required for valuing these financial instruments using valuation techniques are subject to material uncertainties.

The fair values of other financial assets and liabilities, together with the carrying amounts shown in the statements of financial position, are as follows:

	2012		2011	
	Carrying amount RM	**Fair value RM**	**Carrying amount RM**	**Fair value RM**
Group				
Financial assets				
Trade and other receivables	2,790,982	2,790,982	4,733,646	4,733,646
Financial liabilities				
Obligations under finance leases	59,852	58,151	201,022	195,243
Term loans	-	-	11,000,000	10,416,666
	59,852	58,151	11,201,022	10,611,909
Company				
Financial liabilities				
Obligations under finance leases	-	-	36,643	35,390

Interest rates used to determined fair value

The interest rates used to discount estimated cash flows, when applicable, are as follows:

	2012	**2011**
Group		
Trade and other receivables	8.35%	8.35%
Obligations under finance leases	2.93%	2.96%
Term loans	-	5.60%
Company		
Obligations under finance leases	-	3.54%

36. 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 except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

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 and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and bank balances and derivatives), the Group and the Company 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. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of the Head of Credit Control.

<u>Exposure to credit risk</u>

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

(i) The carrying amount of each class of financial assets recognised in the statements of financial position,

(ii) The nominal amount relating to the corporate guarantee provided by the Company is as follow:

	2012 RM	2011 RM
Secured		
Corporate guarantee given to banks for credit facilities granted to a subsidiary	36,000,000	36,240,660
Unsecured		
Corporate guarantee given to banks for credit facilities granted to subsidiaries	81,825,000	59,825,000
Corporate guarantee given to corporations for credit facilities granted to subsidiaries	151,210,000	151,410,000
	269,035,000	**247,475,660**

Information regarding credit enhancements for trade and other receivables is disclosed in Note 21.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(a) Credit risk (cont'd)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's and the Company's trade receivables at the reporting date are as follows:

	Group			
	2012		2011	
	RM	% of total	RM	% of total
By country:				
Malaysia	91,641,378	97%	61,872,379	96%
Singapore	3,043,571	3%	2,263,822	4%
China	-	0%	5,228	0%
	94,684,949	**100%**	**64,141,429**	**100%**
By industry sectors:				
Manufacturing and trading, services and theming	24,006,964	25%	20,320,133	32%
Construction, engineering services and property development	42,259,267	45%	26,719,187	42%
Renewable energy and palm oil	28,396,212	30%	17,070,374	26%
Investment holding and others	22,506	0%	31,735	0%
	94,684,949	**100%**	**64,141,429**	**100%**

At the reporting date, the Group has no significant concentration of credit risk in the form of outstanding debts due from customer.

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 21. Deposits with banks and other financial institutions and investment securities are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are past due or impaired is disclosed in Note 21.

Inter-company balances

The Company provides unsecured advances to its subsidiaries. The Company monitors the result of related companies regularly.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

<u>Analysis of financial instruments by remaining contractual maturities</u>

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.

	On demand or within one year RM	One to five years RM	Total RM
2012			
Group			
Trade and other payables	81,065,096	-	81,065,096
Loans and borrowings	31,758,173	69,227	31,827,400
Total undiscounted financial liabilities	**112,823,269**	**69,227**	**112,892,496**
Company			
Trade and other payables	31,549,244	-	31,549,244
Loans and borrowings	37,475	-	37,475
Total undiscounted financial liabilities	**31,586,719**	**-**	**31,586,719**
2011			
Group			
Trade and other payables	81,116,503	-	81,116,503
Loans and borrowings	32,924,022	11,229,485	44,153,507
Total undiscounted financial liabilities	**114,040,525**	**11,229,485**	**125,270,010**
Company			
Trade and other payables	30,221,345	-	30,221,345
Loans and borrowings	11,352,246	41,497	11,393,743
Total undiscounted financial liabilities	**41,573,591**	**41,497**	**41,615,088**

36. 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.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM30,617 (2011: RM27,351) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(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 has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily Sterling Pound ("GBP"), United Stated Dollar ("USD"), Singapore Dollar ("SGD") and Renminbi ("RMB"). The foreign currencies in which these transactions are denominated are mainly GBP, USD, EURO and RMB.

Approximately 3.90% (2011: 1.13%) of the Group's sales are denominated in foreign currencies whilst almost 2.47% (2011: 2.10%) of costs are denominated in the respective functional currencies of the Group entities. The Group's trade receivable and trade payable balances at the reporting date have similar exposures.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (mainly in SGD and RMB) amount to RM118,910 (2011: RM224,400) and RM5,108,205 (2011: RM215,277) for the Group and the Company respectively.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Singapore, People's Republic of China ("PRC") and British Virgin Islands ("BVI"). The Group's net investments in Singapore, PRC and BVI are not hedged as currency positions in SGD, RMB and USD are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

A sensitivity analysis had been performed to determine the sensitivity of the Group's profit net of tax to a reasonably possible change in the foreign exchange rates against the respective functional currencies of the Group's entities. This analysis assumes that all other variables, in particular interest rates, remain constant. Based on the analysis, there is no material impact on the Group's profit net of tax on potential fluctuation of foreign currencies relevant to the Group.

37. 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. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year.

The Group monitors capital using a gearing ratio, which is net debt divided by capital. The Group includes within net debt, is loans and borrowings, less cash and bank balances. Capital includes equity attributable to the owners of the parent.

		Group		Company	
		2012	2011	2012	2011
	Note	RM	RM	RM	RM
Loans and borrowings	30	31,818,025	44,125,044	36,643	11,388,889
Less: Cash and bank balances	26	(40,305,686)	(8,834,567)	(14,344,535)	(139,834)
Net debt		(8,487,661)	35,290,477	(14,307,892)	11,249,055
Equity attributable to the owners of the parent		222,593,156	159,108,120	159,274,685	119,989,972
Gearing ratio		N/A	22%	N/A	9%

38. 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 and trading services and theming

Manufacturing, trading and theming of safety, fire fighting equipment and industrial products, installation and maintenance of the Fire Departments' privatised Computerised Fire Alarm Monitoring System ("CMS") and specialist themed works.

(ii) Construction, engineering services and property development

Contract for mechanical and electrical works, corrective and preventive maintenance within the fire industry and speciality construction industry, developing and selling of properties.

(iii) Renewable energy and palm oil

Providing renewable, alternative and waste to energy, and operation of palm oil mill for the purposes of treatment, cure and extraction of palm oil.

(iv) Investment holding

The investment segment is in the business of investment holding.

38. SEGMENT INFORMATION (cont'd)

No operating segments have been aggregated to form the above reportable operating segments.

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.

	Manufacturing and trading services and theming RM	Construction, engineering services and property development RM	Renewable energy and palm oil RM	Investment holding and others RM	Elimination RM	Consolidated RM
31st December 2012						
Revenue						
External sales	94,410,979	135,458,204	181,026,157	502	-	410,895,842
Inter-segment sales	20,659,474	73,243,521	-	4,320,300	(98,223,295)	-
	115,070,453	208,701,725	181,026,157	4,320,802	(98,223,295)	410,895,842
Results						
Segment results	8,817,763	33,415,737	(2,646,963)	7,230,352	(6,807,371)	40,009,518
Finance costs						(2,813,251)
Income tax						(10,045,794)
Share of results of associates						913,197
Profit, net of tax						**28,063,670**
Assets and liabilities						
Segment assets	92,115,739	135,102,326	151,132,904	267,070,184	(295,350,862)	350,070,291
Unallocated assets						1,608,596
Total assets						**351,678,887**
Segment liabilities	74,336,800	81,581,410	88,076,471	74,430,105	(194,325,395)	124,099,391
Unallocated liabilities						3,508,901
Total liabilities						**127,608,292**
Other information						
Capital expenditure	438,076	83,915	7,101,267	31,775	-	7,655,033
Depreciation and amortisation	559,486	354,809	278,802	272,111	-	1,465,208
Reversal of impairment loss on trade receivables	(709,175)	(84,832)	-	(40,976)	-	(834,983)
Impairment loss on trade receivables	233,822	-	-	-	-	233,822
Inventories written back	(93,071)	-	-	-	-	(93,071)
Non cash expenses	7,640	237	-	-	-	7,877

38. SEGMENT INFORMATION (cont'd)

	Manufacturing and trading services and theming RM	Construction, engineering services and property development RM	Renewable energy and palm oil RM	Investment holding and others RM	Elimination RM	Consolidated RM
31st December 2011						
External sales	95,994,938	115,176,192	235,296,404	20,525	-	446,488,059
Inter-segment sales	33,899,480	64,139,822	1,440,000	3,481,287	(102,960,589)	-
	129,894,418	**179,316,014**	**236,736,404**	**3,501,812**	**(102,960,589)**	**446,488,059**
Results						
Segment results	10,152,361	17,452,905	2,562,005	3,534,077	(4,008,219)	29,693,129
Finance costs						(1,475,393)
Income tax						(7,436,498)
Share of results of associates						1,501,933
Profit, net of tax						**22,283,171**
Assets and liabilities						
Segment assets	77,649,402	129,991,017	112,576,242	236,512,726	(271,183,525)	285,545,862
Unallocated assets						8,912,063
Total assets						**294,457,925**
Segment liabilities	65,746,343	101,121,476	50,818,326	92,782,038	(178,972,321)	131,495,862
Unallocated liabilities						2,540,683
Total liabilities						**134,036,545**
Other information						
Capital expenditure	306,332	1,079,775	6,777,656	22,469	-	8,186,232
Depreciation and amortisation	733,129	266,439	143,471	300,682	-	1,443,721
Reversal of impairment loss on trade receivables	(288,732)	(79,677)	-	(56,361)	-	(424,770)
Impairment loss on trade receivables	819,179	10,510	-	7,400	-	837,089
Inventories written back	(223)	-	-	-	-	(223)
Inventories written off	-	-	180,231	-	-	180,231
Non cash expenses	1,488	578	7,518	464	-	10,048

38. SEGMENT INFORMATION (cont'd)

Geographical information

Revenue information based on the geographical location of customers is as follows:

	Revenue 2012 RM	Revenue 2011 RM
Malaysia	402,700,942	425,330,176
Singapore	8,184,174	21,153,674
China	10,726	4,209
	410,895,842	**446,488,059**

The following is an analysis of the carrying amount of segment assets and capital expenditure, analysed by geographical segments:

	Segment assets		Capital expenditure	
	2012 RM	2011 RM	2012 RM	2011 RM
Malaysia	309,120,438	257,453,481	6,588,964	2,092,088
Singapore	12,105,207	10,564,572	194,568	95,182
China	30,453,242	26,439,872	871,501	5,998,962
	351,678,887	**294,457,925**	**7,655,033**	**8,186,232**

The breakdown of the retained earnings of the Group and of the Company as at 31st December 2012 into realised and unrealised profits 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 Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2012 RM	**2011 RM**	**2012 RM**	**2011 RM**
Total retained earnings				
- realised	69,131,048	40,540,304	8,247,878	5,115,892
- unrealised	228,562	318,930	237,837	217,422
	69,359,610	40,859,234	8,485,715	5,333,314
Total share of retained earnings from associates				
- realised	913,197	1,501,933	-	-
	70,272,807	42,361,167	8,485,715	5,333,314
Less: Consolidation adjustments	72,238	84,387	-	-
Total retained earnings as per statements of financial position	**70,345,045**	**42,445,554**	**8,485,715**	**5,333,314**

List Of Properties Held By The Group
as at 31 December 2012

	Description	Address	Net Book Value RM	Tenure	Date of last valuation/ acquisition	Existing Use	Age Of Building (Year)
1.	5-storey office block 1,779.20 m^2	No. 1 Jalan Tembaga SD 5/2 Bandar Sri Damansara 52200 Kuala Lumpur	7,791,336	Freehold	21-8-1991	Office	19
2.	2-storey shop house 143.07 m^2	12 Jalan Sagu 5 Taman Daya 81100 Johor Bahru Johor Darul Takzim	166,704	Freehold	5-4-1993	Office	19
3.	3-storey shop house 143.07 m^2	66 Lintang Angsana Bandar Baru Ayer Itam 11500 Pulau Pinang	358,040	Leasehold Expire on 2093	24-2-1995	Office	18
4.	2-storey shop office 130.0 m^2	13 Jalan Dato' Haji Megat Khas Taman Bandaraya Utama 31400 Ipoh, Perak	199,959	Leasehold Expire on 2093	10-4-1996	Office	18
5.	Apartment 70.14 m^2	D-4-21 Rapis Pangsapuri Las Palmas Jalan Desa Ria Bandar Country Homes 48000 Rawang Selangor	59,656	Freehold	10-12-1999	Vacant	13
6.	Shop Office 73.02 m^2	2A-28 Jalan Desa 9/3 Bandar Country Homes 48000 Rawang Selangor	51,536	Freehold	10-12-1999	Vacant	13
7.	Office 172.8 m^2	32-03 (Bk) Merchant Square Cheras Taman Juara Jaya Selangor Darul Ehsan	70,350	Freehold	21-12-2001	Vacant	11
8.	Office 163.4 m^2	32-03 (Fr) Merchant Square Cheras Taman Juara Jaya Selangor Darul Ehsan	72,450	Freehold	21-12-2001	Vacant	11
9.	Office 336.22 m^2	32-01, Merchant Square Cheras Taman Juara Jaya Selangor Darul Ehsan	157,250	Freehold	29-01-2004	Vacant	9
10.	Shop Office 131.18 m^2	G-48, Jalan Putra Perdana 5/1 Taman Putra Perdana, 47100 Puchong, Selangor	249,777	Leasehold Expire on 19-10-2093	28-03-2011	Vacant	2
11.	Land 8.094 Hec. (20 acres)	HS (D): 3805, Lot PT 2279, Mukim of Ulu Telom District of Cameron Highlands Pahang	1,842,728	Freehold	16-03-2007	Agriculture	-
12	Land 34,130 m^2	PN 46795 No. Lot 30119, Mukim Setapak, Daerah Kuala Lumpur	14,151,127	Leasehold Expire on 20-11-2106	12-12-2007	Develop-ment	-
13.	Land 12,141 m^2	HS (D):204963, Lot PT 6127, Bandar Sri Sendayan, Daerah Seremban Negeri Sembilan	2,329,040	Freehold	21-09-2010	Industrial	-

Authorised Share Capital	: RM500,000,000.00 (1,000,000,000 Ordinary Shares of RM0.50 each)
Issued and fully paid-up	: RM155,929,105.00 (311,858,210 Ordinary Shares of RM0.50 each)
Class of Shares	: Ordinary Shares of RM0.50 each
Voting Rights	: One (1) vote per shareholder on a show of hands One (1) vote per share on a poll

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 3 MAY 2013

Size of Holdings	No. of Shareholders	%	No. of Shares Held	%
1 – 99	220	5.71	12,003	0.00
100 – 1,000	163	4.23	84,214	0.03
1,001 – 10,000	1,853	48.07	12,152,842	4.23
10,001 – 100,000	1406	36.47	46,119,468	16.07
100,001 to less than 5% of issued shares	208	5.40	124,274,166	43.29
5% and above of issued shares	5	0.13	104,414,517	36.37
Total	**3,855**	**100.00**	**287,057,210#**	**100.00#**

 # Excluding a total of 24,801,000 shares bought back by the Company and retained as treasury shares.

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 3 MAY 2013

		Direct Shareholdings		Indirect Shareholdings	
No.	Name	No. of Shares Held	%#	No. of Shares Held	%#
1.	Mohammad Nizar Bin Idris	-	-	-	-
2.	Dato' Wong Swee Yee	90,844,201	31.65	1,538,656 (1)	0.54
3.	Datin Goh Hooi Yin	1,481,625	0.52	90,844,201 (2)	31.65
4.	Datuk Dr. Soh Chai Hock	-	-	-	-
5.	Kong Sin Seng	-	-	-	-
6.	Zahedi Bin Hj Mohd Zain	7,516	Neg	276,637 (3)	0.10
7.	Dato' Ir. Low Keng Kok	17,000,000	5.92	-	-

Notes:-
(1) Deemed interested in his brother, Mr. Wong Swee Seong's, and his spouse, Datin Goh Hooi Yin's, direct shareholdings in FITTERS Diversified Berhad ("FITTERS").
(2) Deemed interested in her spouse, Dato' Wong Swee Yee's, direct shareholdings in FITTERS.
(3) Deemed interested by virtue of his substantial shareholdings in Sijas Holdings Sdn Bhd's and Saleha & Anak-Anak Holdings Sdn Bhd's by virtue of Section 6A(4) of the Companies Act, 1965.
 # Excluding a total of 24,801,000 shares bought back by the Company and retained as treasury shares.

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 3 MAY 2013

		Direct Shareholdings		Indirect Shareholdings	
No.	Name	No. of Shares Held	%#	No. of Shares Held	%#
1.	Dato' Wong Swee Yee	90,844,201	31.65	1,538,656 *	0.54
2.	Datin Goh Hooi Yin	1,481,625	0.52	90,844,201 **	31.65
3.	Dato' Ir. Low Keng Kok	1,700,000	-	-	-

Notes:-
** Deemed interested in his brother, Mr. Wong Swee Seong's, and his spouse, Datin Goh Hooi Yin's, direct shareholdings in FITTERS.*
*** Deemed interested in her spouse, Dato' Wong Swee Yee's, direct shareholdings in FITTERS.*
 # Excluding a total of 24,801,000 shares bought back by the Company and retained as treasury shares.

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No.	Name	No. of Shares Held	%#
1.	Alliance Group Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Wong Swee Yee (8092341)	32,100,000	11.18
2.	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Wong Swee Yee (KLM)	20,899,200	7.28
3.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Wong Swee Yee	17,406,500	6.06
4.	HDM Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Wong Swee Yee (M14)	17,008,817	5.93
5.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Low Keng Kok	17,000,000	5.92
6.	Leong Kok Wah	11,596,500	4.04
7.	Tee Tiam Lee	9,950,050	3.47
8.	Cheng Seow Fong	9,341,575	3.25
9.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chin Chin Seong	5,000,000	1.74
10.	Wong Swee Yee	3,405,549	1.19
11.	Mohamed Nizam Bin Mohamed Jakel	3,398,600	1.18
12.	JS Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Nazimah Binti Syed Majid (NA243)	3,000,000	1.05
13.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (PHEIM)	2,500,000	0.87
14.	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Siew Lai (Margin)	2,332,010	0.81
15.	Lim Twee Yong	2,161,600	0.75
16.	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Ching Neoh (Margin)	2,000,000	0.70
17.	Yon Yu Hon @ Hon Yew Hon	1,787,467	0.62
18.	Lai Lan @ Loow Lai Lan	1,713,285	0.60
19.	Ang Kheng Thong	1,700,000	0.59
20.	Chan Fee Whye	1,500,000	0.52
21.	Goh Hooi Yin	1,481,625	0.52
22.	Ng Teng Song	1,469,700	0.51

LIST OF THIRTY (30) LARGEST SHAREHOLDERS (cont'd)

No.	Name	No. of Shares Held	%#
23.	Wong Kim Yin	1,366,000	0.48
24.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tang Sing Ling	1,270,000	0.44
25.	HLIB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chew Kong Yoon	1,200,200	0.42
26.	Sim Keng Chor	1,114,600	0.39
27.	Chin Chin Seong	1,114,300	0.39
28.	Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Yeong Sing Ong (MY0427)	1,032,600	0.36
29.	Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB for Lim Ka Kian (PB)	1,032,100	0.36
30.	Public Invest Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yap Yoke Foong (M)	1,010,000	0.35
Total :		177,892,188	61.97

Excluding a total of 24,801,000 shares bought back by the Company and retained as treasury shares.

Notice of Twenty-Seventh Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Seventh Annual General Meeting of FITTERS Diversified Berhad (Company No. 149735-M) will be held at Wisma FITTERS, No. 1, Jalan Tembaga SD 5/2, Bandar Sri Damansara, 52200 Kuala Lumpur on Monday, 17 June 2013 at 11.00 a.m. for the following purposes:

A G E N D A

ORDINARY BUSINESS	**Resolution**
1. To receive the Audited Financial Statements for the financial year ended 31 December 2012 together with the Directors' and Auditors' Reports thereon.	**Note B**
2. To re-elect the following Directors who retire pursuant to Article 83 of the Articles of Association of the Company:-	
(a) Dato' Wong Swee Yee	**1**
(b) Datuk Dr. Soh Chai Hock	**2**
3. To re-elect Dato' Ir. Low Keng Kok who retires pursuant to Article 90 of the Articles of Association of the Company.	**3**
4. To consider, if thought fit, pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965 as ordinary resolution:-	
"THAT pursuant to Section 129(6) of the Companies Act, 1965, Encik Mohammad Nizar Bin Idris be and is hereby re-appointed an Independent Non-Executive Director of the Company to hold office until the next annual general meeting of the Company."	**4**
5. To re-appoint the following Director as Independent Non-Executive Director of the Company:- Mr. Kong Sin Seng	**5**
6. To approve the payment of Directors' fees for the financial year ended 31 December 2012.	**6**
7. To re-appoint Messrs. Baker Tilly Monteiro Heng as the Company's Auditors and to authorise the Board of Directors to fix their remuneration.	**7**
SPECIAL BUSINESS	
8. To consider and, if thought fit, to pass with or without modifications, the following Resolutions:	**8**

8.1 **Authority for Directors to Issue and Allot Shares Pursuant to Section 132D of the Companies Act, 1965**

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the issued and paid-up share capital of the Company for the time being, subject always to the approvals of the relevant regulatory authorities **AND THAT** the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares to be issued on Bursa Malaysia Securities Berhad ("Bursa Securities") **AND THAT** such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

8.2 **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ('Proposed Renewal of Shareholders' Mandate')** **9**

"**THAT** pursuant to paragraph 10.09 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Securities, approval be and is hereby given to the Company and its subsidiaries ("FITTERS Group") to enter into and give effect to specified Recurrent Related Party Transactions of a revenue or trading nature and with classes of the related parties as stated in Section 2.4 of the Circular to Shareholders dated 23 May 2013 which are necessary for the FITTERS Group's day to day operations subject to the following:

(a) the transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the Related Party than those generally available to the public and on such terms that are not to the detriment of the minority shareholders of the Company;

(b) disclosure is made in the annual report of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the Shareholders' Mandate during the financial year;

THAT such approval shall take effect from the passing of the ordinary resolution and will continue to be in force (unless revoked or varied by the Company in general meeting) until:-

(a) the conclusion of the next AGM of the Company in 2013, at which time it will lapse, unless by a resolution passed at that meeting whereby the authority is renewed;

(b) the expiration of the period within which the next AGM of the Company after the date it 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 resolution passed by the shareholders in general meeting;

whichever is the earlier.

AND THAT the Directors and the Secretaries of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary (including executing such documents as may be required) to give effect to the Proposed Shareholders' Mandate."

8.3 **Proposed Renewal of Share Buy-Back Mandate** **10**

"THAT subject to compliance with Section 67A of the Companies Act 1965, the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Securities and all other prevailing laws, rules, regulations, orders, guidelines and requirements issued and/or amended from time to time by any relevant authority, the Company be and is hereby authorised to renew the approval granted by the shareholders of the Company at Twenty-Sixth Annual General Meeting of the Company held on 20 June 2012, authorising the Company to purchase and/or hold up to 10% of the issued and paid-up share capital of the Company for the time being ("Proposed Share Buy-Back") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors of the Company may deem fit and expedient in the interest of the Company and an amount not exceeding the retained profits of the Company, be allocated by the Company for the Proposed Share Buy-Back. The retained profits of the Company stood at RM8,485,715.00 for the financial year ended 31 December 2012.

AND THAT upon completion of the purchase by the Company of its own shares, the Directors of the Company be and are hereby authorised to cancel such shares or retain such shares as the Treasury Shares or a combination of both. The Directors of the Company are further authorised to resell the Treasury Shares on Bursa Securities or distribute the Treasury Shares as dividends to the shareholders of the Company or subsequently cancel the Treasury Shares or any combination of the three.

AND FURTHER THAT the Directors of the Company be and are hereby authorised to carry out the Proposed Share Buy-Back immediately upon the passing of this resolution until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the authority shall lapse, unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or

(b) the expiration of the period within which the next AGM is required by law to be held; or

(c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting, whichever occur first but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and to take all steps as are necessary and/or to do all such acts and things as the Directors of the Company deem fit and expedient in the interest of the Company to give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, amendments and/or variations as may be imposed by the relevant authorities."

8.4 **Special Resolution** **11**
Proposed Amendments to the Company's Articles of Association

"THAT the proposed amendments to the Articles of Association of the Company as contained in Appendix I of the 2012 Annual Report be and are hereby approved and adopted **AND THAT** the Directors and Secretary be and are hereby authorised to carry out all the necessary steps to give effect to the amendments."

9. To transact any other ordinary business of the Company of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

BY ORDER OF THE BOARD
FITTERS Diversified Berhad

NG YIM KONG (LS 0009297)
Company Secretary

Kuala Lumpur
23 May 2013

Notes:

A. PROXY

1. In respect of the deposited securities, only members whose names appear in the Record of Depositors as at 10 June 2013 will be entitled to attend, speak and vote at the Meeting.
2. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy in his / her stead.
3. A proxy may but need not be a member of the Company and the provision of Section 149(1) (b) of the Act shall not apply to the Company.
4. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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.
5. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
6. If the appointer is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or of his attorney duly authorised in writing.
7. The instrument appointing a proxy must be deposited at the Company's Registered Office at Wisma FITTERS, No. 1, Jalan Tembaga SD 5/2, Bandar Sri Damansara, 52200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof.

B. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

This agenda item is meant for discussion only as the provisions of Section 169(1) of the Companies Act, 1965 and the Company's Articles of Association do not require a formal approval of the said Audited Financial Statements by the shareholders. Hence, this agenda item is not subject to voting by the shareholders.

C. RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTORS - Resolutions 4 and 5

The Nomination Committee has assessed the independence of Encik Mohammad Nizar Bin Idris and Mr. Kong Sin Seng who have served on the Board as Independent Non-Executive Directors for more than nine (9) years. The Board has recommended that the approval of the shareholders be sought to re-appoint them as Independent Non-Executive Directors as they possess the relevant expertise and experience required in the discharge of their duties and responsibilities as Independent Non-Executive Directors.

D. EXPLANATORY NOTES ON SPECIAL BUSINESS

Resolution 8 - Authority for directors to issue and allot shares pursuant to Section 132D of the Companies Act, 1965

This resolution is proposed pursuant to Section 132D of the Companies Act, 1965, and if passed, will give the Directors of the Company, from the date of the above Annual General Meeting, authority to issue and allot shares in the Company up to and not exceeding in total ten per cent (10%) of the issued and paid-up share capital of the Company for the time being and for such purposes as the Directors deem fit and in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

This mandate is a renewal of the last mandate granted to the Directors at the Twenty-Sixth Annual General Meeting held on 20 June 2012 which will lapse at the conclusion of the Twenty-Seventh Annual General Meeting.

The renewal of this mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment, working capital and/or acquisition or to issue new shares as consideration for investments and/or acquisition which the Directors consider would be in the best interest of the Company.

Up to the date of this Notice, the Company has not issued any shares pursuant to the mandate granted to the Directors at the Twenty-Sixth Annual General Meeting because there were no investment(s), acquisition(s) or working capital that required fund raising activity.

Resolution 9 - Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")

The detailed text on Resolution 9 on the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature is included in the Circular to Shareholders dated 23 May 2013 which is enclosed together with the 2012 Annual Report.

Resolution 10 - Proposed Renewal of Share Buy-Back Mandate

The detailed text on Resolution 10 on the Proposed Renewal of Share Buy-Back Mandate is included in the Statement to Shareholders dated 23 May 2013 which is enclosed together with the 2012 Annual Report.

Resolution 11 - Proposed Amendments to the Company's Articles of Association

The proposed amendments to the Company's Articles of Association are to streamline the Company's Articles of Association to be aligned with the amendments to the Main Market Listing Requirements. The details of the Proposed Amendments are as set out in Appendix I of the 2012 Annual Report.

STATEMENT ACCOMPANYING NOTICE OF TWENTY-SEVENTH ANNUAL GENERAL MEETING

Details of the Directors standing for re-election/re-appointment at the Twenty-Seventh Annual General Meeting of the Company are set out in the profile of Directors in the 2012 Annual Report.

Special Resolution – Proposed Amendments to the Company's Articles of Association

THAT the Articles of Association of the Company be amended in the following manner:-

Article No.	Existing Articles	Amended Articles
	INTERPRETATION	**INTERPRETATION**
2	**Words** / **Meanings** - - No definition for "Cash Distributions" - - No definition for "Share Issuance Scheme"	**Words** / **Meanings** **Cash Distributions - Cash payment made by the Company in respect of its securities which are listed and quoted for trading on Bursa Securities, as prescribed by Bursa Securities from time to time which include:-** **a) Cash dividends;** **b) Payment of interest or profit rates on debt securities or sukuk respectively;** **c) income distributions made by collective investment schemes;** **d) Capital repayments; and** **e) Cash payments in lieu of odd lots arising from distributions in specie.** **Share Issuance Scheme - A new scheme involving a new issuance of shares to the employees.**
4	Share Capital and Variations of Rights e) every issue of shares or options to employees and/or Directors of the Company shall be approved by the Members in general meeting and no Director shall participate in such issues of shares or options unless the Members in general meeting have approved of the specific allotment to be made to such Director.	Share Capital and Variations of Rights e) every **Share Issuance Scheme** to employees and/or Directors of the Company shall be approved by the Members in general meeting and no Director shall participate in such **Share Issuance Scheme** unless the Members in general meeting have approved of the specific allotment to be made to such Director.

Article No.	Existing Articles	Amended Articles
	INTERPRETATION	**INTERPRETATION**
13	Allotment and dispatch of notices of allotment for an issue ~~Subject to the provisions of the Act, the Central Depositories Act and the Rules, the Company shall allot and/or issue securities, dispatch notices of allotment to the successful allottees and make an application for the quotation of such securities:-~~ (a) ~~Within 15 market days of the final applications closing date for an issue of securities or such other period as may be prescribed by the Exchange for issues of securities to the public on a rights issues;~~ (b) ~~Within 10 market days of the books closing date for a bonus issue or such other period as may be prescribed by the Exchange;~~ (c) ~~Within 10 market days of the date of receipt of a notice of the exercise of an employee share option together with the requisite payment or such other period as may be prescribed by the Exchange;~~ (d) ~~Within 10 market days of the date of receipt of a subscription form together with the requisite payment in respect of warrant or convertible securities or such other period as may be prescribed by the Exchange.~~	Allotment and dispatch of notices of allotment for an issue **With respect to Deposited Security, subject to the provisions of the Act, the Central Depositories Act and the Rules, the Company upon allotment of securities shall despatch notices of allotment to the allottees and make an application for the quotation of such securities within the period prescribed by the Exchange and deliver to the Central Depository the appropriate certificates in such denominations as may be specified by the Central Depository registered in the name of the Central Depository or its nominee company subject to the regulation of the Central Depository.**
149	Payment of Dividend Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant, sent through the post directed to the registered address of the holder or person entitled thereto, or, if several persons are entitled in consequence of the death or bankruptcy of the holder, to any one of such persons or to such persons and such address as such persons may by writing direct or by directly crediting the dividend entitlement into the member's bank account as provided to the Central Depository from time to time. Every such cheque or warrant shall be sent made payable to the order of the person to whom it is sent, or such person as the holder may direct and payment of the cheque or the direct crediting to the member's bank account shall be a good discharge to the Company. Every such cheque or warrant shall be sent or directly credited to the member's bank account at the risk of the person entitled to the money represented thereto. Where the members have provided to the Central Depository the relevant contact details for purposes of electronic notifications, the Company shall notify them electronically once the Company has paid the cash dividends into the member's bank account.	Payment of <u>**Cash Distributions**</u> <u>**All cash distributions**</u> in respect of securities may be paid by cheque and/or warrant sent through the post to the registered address of the member of person entitled thereto, or if several persons are entitled in consequence of the death or bankruptcy of the holder, to any one of such persons or to such persons and such address as such persons may by writing direct or by directly crediting the payments into the member's bank account as provided to the Central Depository from time to time. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or such person as the holder may direct and payment of the cheque or warrant shall be sent or directly credited at the risk of the person entitled to the <u>**cash distributions**</u> represented thereby. Where the members have provided to the Central Depository the relevant contact details for purposes of electronic notifications, the Company shall notify them electronically once the Company has paid the <u>**cash distributions**</u> into the member's bank account.

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FITTERS Diversified Berhad
(149735-M)

PROXY FORM

Number of shares held :	

I/We ______________________________ NRIC No : ______________________
(Full name in Capital Letters)

of ____
(Address)

being a member/members of FITTERS Diversified Berhad hereby appoint

______________________________ NRIC No : ______________________
(Full Name)

of ____
(Address)

or failing him, ______________________________ NRIC No : ______________________
(Full Name)

of ____
(Address)

as *my/*our proxy to vote for *me/*us on *my/*our behalf at the Twenty-Seventh Annual General Meeting of FITTERS DIVERSIFIED BERHAD to be held at Wisma FITTERS, No. 1, Jalan Tembaga SD 5/2, Bandar Sri Damansara, 52200 Kuala Lumpur on Monday, 17 June 2013 at 11.00 a.m. and at any adjournment thereof.

The proportion of *my/*our holding to be represented by *my/*our proxies are as follows :
(The next paragraph should be completed only when two proxies are appointed).

First Proxy (1) .... %

Second Proxy (2) .... %

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

	FOR	AGAINST
RESOLUTION 7		
RESOLUTION 8		
RESOLUTION 9		
RESOLUTION 10		
RESOLUTION 11		

(Please indicate with (X) how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion).

Dated this ______________ day of ___________ 2013.

(Signature/Common Seal of Shareholder)

(*Delete if not applicable)

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4) Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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.
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6) A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
7) If the appointer is a corporation, the Form of Proxy must be executed under its common seal or under the hand of an officer or of his attorney duly authorised in writing.

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AFFIX
STAMP

THE COMPANY SECRETARY
FITTERS Diversified Berhad (149735-M)
No. 1, Jalan Tembaga SD 5/2
Bandar Sri Damansara
52200 Kuala Lumpur
Malaysia

FOLD HERE

FITTERS Diversified Berhad (149735-M)
No. 1, Jalan Tembaga SD 5/2, Bandar Sri Damansara, 52200 Kuala Lumpur, MALAYSIA

www.fittersgroup.com

T 603.6276.7155
F 603.6275.8692
E fdb@fittersgroup.com