FITTERS Diversified Berhad

ANNUAL REPORT 2011

DIVERSIFIED GROWTH THROUGH INNOVATION & TECHNOLOGY

The vivid spectrum of colours on the cover of this Annual Report 2011 is inspired by our company logo, and the intrinsic values it represents within each and every one of us here at **FITTERS**.

PASSIONATE RED is the life force running through our entrepreneurial veins. It provides the strength and confidence to trump all challenges and go one better.

CREATIVE ORANGE channels positive energy in a realm filled with endless possibilities. It stretches beyond conventional wisdom and leaves behind the tried and tested.

EVER YOUNG GREEN creates synergy and maintains a fine balance with our environment. It renews our spirit and keeps us all in lasting harmony.

CLEAR BLUE runs deep, much like the great seas, which sits calm. Its clarity drives our vision and guides our purpose. Empowered by innovation and technology, we reach out to the future.

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

FITTERS Diversified Berhad

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

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Renewable
Energy

Green Mill

Property
Development

Construction &
Engineering

"One-Stop"
Fire Protection
Specialist

Specialist
Themed Works

DIVERSIFIED GROWTH THROUGH INNOVATION & TECHNOLOGY

FITTERS has boldly diversified into new ventures over the years and its various business segments are growing in stature. Beaming with confidence, and in anticipation of better performance year-on-year, **FITTERS** has identified green energy as one of the important segments for further growth. Today, **FITTERS** is gaining recognition as one of the renewable energy players in the region.

Its niche property development project @ ZetaPark generates a steady source of income for the Group's expansion.




RENEWABLE ENERGY & GREEN PALM OIL MILL

FITTERS, through its subsidiary FUTURE NRG Sdn Bhd is a technology integrator and developer of renewable and alternative waste-to-energy projects using advanced, proprietary technologies to produce renewable and alternative energy. 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

Transforming Setapak into a premier lifestyle destination

FITTERS, through its subsidiary **ZetaPark Development Sdn Bhd** is undertaking its maiden property development project on a prime commercial land in Setapak, beside a beautiful lake with panoramic views of the Kuala Lumpur city skyline; sitting atop the vibrant Festival City Mall. SOHO and ZEN work suites are fully sold within months of soft launching. The LOFT Serviced Residences @ ZetaPark is open for sale now.

SPECIALIST THEMED WORKS

FITTERS, through its subsidiary **Z'ODD Design Sdn Bhd** offers the full range of design, 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 to deliver quality projects on time and on budget. Today, Z'odd is recognized by international theme park operators for its quality finishes and successful performance for some recent iconic projects in Malaysia and the region.

CONSTRUCTION & ENGINEERING

FITTERS has successfully handed over the 3-storey Festival City Mall, a vibrant focal point of shopping, recreational, leisure, entertainment and dining place. Construction on the towers; atop the airspace is ongoing; to deliver to discerning purchasers their SOHOs, ZEN work suites and The LOFT Serviced Residences along with one of the largest eco-deck in Kuala Lumpur.

FITTERS through its engineering arm, **FITTERS Engineering Services Sdn Bhd** has over 30 years of experience in the building & construction industry providing Mechanical & Electrical Services. Services in Mechanical Engineering includes fire protection installation, air conditioning & ventilation, gas supply, water supply & sanitary installation. Services in Electrical Engineering includes electrical power, extra low voltage installation, uninterruptible power supply and power engineering solutions.

FITTERS' BREAD-AND-BUTTER BUSINESS

FITTERS commenced its operations in the 1970s. **FITTERS Holdings Berhad** was listed on the Second Board of Bursa Malaysia on 4 October 1994, and then promoted to the Main Board of Bursa Malaysia on 4 July 2007. This subsequently led to the change in name to **FITTERS Diversified Berhad**.

Today, **FITTERS** is recognized as the leader in providing integrated fire protection and prevention solutions. It has established itself as a "one-stop" fire protection specialist. Its subsidiaries are involved in the manufacturing, trading and specialized installation of firefighting materials, equipment and providing fire safety protection services & products. **FITTERS** also manages and runs the Fire Department's privatized Centralized Fire Monitoring System through its subsidiary, Master Pyroserve Sdn Bhd.

Its diverse range of firefighting equipment includes :

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

Corporate Information

BOARD OF DIRECTORS

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

COMPANY SECRETARY
Mr. Ng Yim Kong (LS 0009297)

REGISTRAR
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Property Development
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Renewable & Waste-to-Energy
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Mr. Chan Kok Hoe
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CMS / Maintenance Services
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Specialist Themed Works
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Monteiro & Heng Chambers
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50470 Kuala Lumpur

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 Statements of FITTERS Diversified Berhad ("FITTERS" or "the Company") for the financial year ended 31 December 2011.

FINANCIAL REVIEW

I am delighted to announce that FITTERS Group of Companies ("FITTERS Group") achieved a revenue of RM446.49 million, which represents a 135% increase from the preceding year, hence setting a new revenue record for the financial year ended 31 December 2011. The year under review also witnessed FITTERS Group achieve profit after taxation of RM22.28 million, which signifies a 59% increase from the preceding year.

Profit and revenue were principally derived from the property and construction division, which realised a sale of majority of the 288 units of working suites commonly known as **ZEN Suites**, the operation of a palm oil extraction project which took off in the last quarter of year 2010, the increase in projects for theming contracts and the 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.

CORPORATE AND BUSINESS DEVELOPMENT

FITTERS warrant holders exercised the option to convert 250 warrants into new ordinary shares of RM0.50 each in the Company, and a further 7,500 warrants into new ordinary shares of RM0.50 each in the Company (collectively, the "Exercise of Warrants"). The Exercise of Warrants were granted listing and quotation on the Main Market of Bursa Malaysia Securities Berhad with effect from 9.00 a.m. on 27 June 2011 and 2 August 2011 respectively. The total of 7,750 warrants duly converted into ordinary shares of the Company under the Exercise of Warrants stems from the Company's allotment of up to 32,789,296 new warrants 2007/2012, on the basis of 1 new warrant for every 2 existing warrants held by FITTERS warrant holders at 5.00 p.m. on 27 September 2010.

FITTERS Engineering Services Sdn Bhd, a wholly-owned subsidiary of FITTERS successfully completed the construction of the 3-storey KL Festival City Mall ("KLFC Mall") and handed over the same to Parkson. KLFC Mall was open to the public on 20 October 2011 and represents a vibrant focal point for shopping, recreation, leisure, entertainment and dining.

FITTERS, through its subsidiary ZetaPark Development Sdn Bhd, officially launched **The Loft Serviced Residences** at KLFC Mall from 25 November 2011 till 27 November 2011. **The Loft Serviced Residences** is poised to garner good response from property and real estate investors and those in search of luxurious living within Kuala Lumpur.

On 31 October 2011, Future NRG Sdn Bhd ("Future NRG"), a wholly-owned subsidiary of FITTERS which has positioned itself as a technology integrator and developer of renewable and alternative waste-to-energy projects, went on to acquire Future NRG (SEA) Pte Ltd, a company incorporated under the laws of Singapore. This recent acquisition is a testament to FITTERS entry into the renewable energy sector. Moving forward, Future NRG will focus on the sustainable "GREEN MILL", biomass to renewable energy as well as waste-to-energy market segments.

During the year under review, Z'odd Design Sdn Bhd ("Z'odd Design"), a wholly-owned subsidiary of FITTERS had been awarded a RM33 million project by Rakan Riang Sdn Bhd, for the construction and completion of fit-out works for Kidzania Malaysia ("Kidzania"), an educational theme park located at The Curve NX Building, Mutiara Damansara, Petaling Jaya. Z'odd Design successfully delivered the said project and is confident that it will gain further recognition from theme park operators, having already participated in several iconic projects within the Asian region.

FITTERS, through its wholly-owned subsidiary Premier Equity Holdings Limited, had acquired 30% of the share capital of KPISOFT International Pte Ltd ("KIPL") and 30% of the share capital of KPISOFT Malaysia Sdn Bhd ("KMSB") for a combined total consideration of RM6.5 million ("the Total Consideration"). The payment of the Total Consideration was by way of RM4 million in cash and RM2.5 million on an "earn-out" basis. KIPL is an emerging software and consultancy company specializing in business performance management and business intelligence, where it provides a hybrid model of software and consultancy with a view to help its clients achieve breakthrough performances.

Apart from the above, FITTERS bread-and-butter manufacturing, trading and services business continued to be profitable and cash generative, and FITTERS managed to preserve its reputation as a "one-stop" fire protection specialist in the country.

CORPORATE SOCIAL RESPONSIBILITY

FITTERS strives to integrate Corporate Social Responsibility (CSR) principles and practices into its operations, with the intention of creating value, be it in the workplace, community, marketplace and environment. In this regard, FITTERS Group is carrying on with implementation of the "**One-Home-One-Extinguisher**" and "**One-Car-One-Extinguisher**" campaigns, which were introduced by the Local Government in year 2006, with the primary objective of creating fire safety and prevention awareness and ensuring that Malaysian homes and cars are equipped with "**first line of fire defence tools**".

On 18 October 2011, FITTERS accepted an invitation from an educational theme park known as Kidzania Kuala Lumpur, to participate in Kidzania's Sponsorship Signing Ceremony, wherein FITTERS was privileged to sponsor the **FIRE Station Pavilion at Kidzania**, for a total sponsorship fee of RM1,700,000.00 over a period of three (3) years. 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 kids to learn amongst others, basic fire prevention and awareness skills, hands-on experience in putting out fires and driving fire engines. Since Kidzania expects to attract 500,000 visitors annually, it is envisaged that FITTERS will be able to extend its commitment to the "One-Home-One-Extinguisher" campaign through this awareness programme.

ECONOMIC TRENDS AND DEVELOPMENTS

Despite prevailing uncertainties in the global economic environment, the sovereign debt crisis in Europe in recent months and natural disasters which occured in parts of Japan and Thailand in 2011, which affected the manufacturing chain in general, the Malaysian Gross Domestic Product (GDP) delivered a commendable 5.1% growth for the full year mainly due to strong domestic demand. Notwithstanding the moderate performance of the Malaysian economy, FITTERS experienced some challenges in its business activities during the year under review, as a result of the slowing global economic recovery.

In view of the Malaysian government's continuous implementation of the Economic Transformation Plan (ETP), which focuses on National Key Economic Activities (NKEAs) in the areas of palm oil, Mass Rapid Transit (MRT), communications and infrastructure, FITTERS is anticipating that it will be able to participate in a Malaysian economy that is expected to remain robust and effective in year 2012.

CORPORATE GOVERNANCE

Our Corporate Governance Statement contained in this Annual Report sets out fully, FITTERS commitment to keep the corporate conscience alive at all times, and is the product of the Board's continuous reflection and review.

DIVIDEND

In view of the need to conserve the cash position of FITTERS Group and to ensure liquidity to meet working capital requirements in relation to ongoing projects, the Board of Directors has not recommended a dividend in respect of the financial year ended 31 December 2011.

FUTURE OUTLOOK

While we take some pride in our achievements in 2011, we remain committed to the quality and sustainability of our business and are optimistic about the prospects that the coming year will present. In this spirit, we will focus on expanding our business both, locally and internationally, with the aim of enhancing shareholder value. Meanwhile, we are also mindful that our strength is tied back to the diversified nature of our business and as such, we are aware of the significance of staying lean and mean in our business units which span across different sectors of the economy.

ACKNOWLEDGEMENT

I am very grateful for the immense support and trust accorded by our valued customers, shareholders, financiers, associates, consultants and partners.

On behalf of the board of FITTERS, I would also like to convey my appreciation for the hard work and dedication of the management and staff for their efforts in enabling FITTERS to deliver another year of strong performance.

My heartfelt thanks to the distinguished members of the Board for their support and guidance. I would particularly like to thank my fellow director, Encik Mohamad Jamil Bin Mohd Yusof, who will not be standing for re-election. During his years of service to our Company, he has been an invaluable part of the Board and his contribution has been an enormous one. On a personal note, we wish him all the best in the coming years.

MOHAMMAD NIZAR BIN IDRIS
Chairman
Dated this : 2 May 2012

Board Of Directors' Profile

ENCIK MOHAMMAD NIZAR BIN IDRIS

Encik Mohammad Nizar bin Idris, 69, a Malaysian is the **Chairman of the Board** and an **Independent Non-Executive Director**. He was first appointed to the Board on 21st November 2000. He is also the Chairman of the Nomination and Remuneration Committee and is 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.

DATO' WONG SWEE YEE, DSSA

Dato' Wong Swee Yee, 54, a Malaysian is the founder of the company. He is the **Managing Director** and an **Executive Non-Independent Director**. He was first appointed to the Board on 18th January 1986. He is the Chairman of the Executive Committee and the Employee Share Option Scheme (ESOS) Committee, member of the Remuneration and Risk Management Committees.

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

He has been in the fire safety and prevention industry since 1979. As the founder, he has been instrumental in building up FITTERS Group. His visionary entrepreneurial skills, passion and foresight has 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 bringing into Malaysia state-of-the-art technology and he is instrumental in setting up a comprehensive network of distributorship rights for specialised fire fighting equipment and systems for FITTERS. He is instrumental in taking the Group to greater heights 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.

MR KONG SIN SENG

Mr Kong Sin Seng, 56, a Malaysian was first appointed to the Board on 22nd 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 ESOS Committee.

Mr Kong holds a Bachelor of Accounting (Hons) from the University of Kent, England. He is 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.

ENCIK MOHAMAD JAMIL BIN MOHD YUSOF

Encik Mohamad Jamil bin Mohd Yusof, 69, a Malaysian was first appointed to the Board on 15th September 1997. He is an **Independent Non-Executive Director**. He is a member of the Audit Committee, Nomination Committee and the Remuneration Committee.

He holds a Bachelor of Science degree in Electrical Engineering from the University of Strathclyde and a Diploma in Radio Engineering from Technical College, Kuala Lumpur.

He started his career with Radio TV Malaysia (RTM) as a Technical Assistant and later became a Regional Engineer and Project Engineer. During his tenure with RTM from 1963 to 1974, he was involved in the operations and maintenance of Radio/ TV equipment and later in establishing new broadcasting stations. He then joined Chubb Malaysia Sdn Bhd as a Manager in the Electronics Division. In 1982, he was appointed as Deputy Managing Director and subsequently became the Managing Director. In 1994, he joined G-Five Security Consultancy Sdn Bhd as its Managing Director.

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.

ENCIK ZAHEDI BIN HAJI MOHD ZAIN

Encik Zahedi bin Haji Mohd Zain, 57, a Malaysian was first appointed to the Board on 26th January 1994. On 22nd 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 21st March 2011 after her demise. He was appointed as an **Independent Non-Executive Director** on 1st April 2011.

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 no other directorships 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.

DATIN GOH HOOI YIN

Datin Goh Hooi Yin, 51, a Malaysian is an **Executive Non-Independent Director**. She was first appointed to the Board on 15th December 2008. She is a member of the Executive Committee and the Employee Share Option Scheme (ESOS) 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.

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, 67, a Malaysian was first appointed to the Board on 1st April 2011. He is a **Non-Independent Non-Executive Director**.

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.

Group Financial Summary

As at 31 December 2011

RM'000	2011	2010	2009	2008	2007
Revenue	446,488	189,756	126,226	163,789	146,452
Profit before taxation	29,719	18,929	9,975	24,520	8,598
Taxation	(7,436)	(4,939)	(1,675)	(1,164)	(2,749)
Profit after taxation	22,283	13,990	8,300	23,356	5,849
Minority interests	(89)	(829)	(284)	(1,726)	(320)
Profit for the year	22,194	13,161	8,016	21,630	5,529
Share capital	108,208	108,204	65,579	65,579	65,579
Treasury shares	-	-	(2,277)	(4,454)	-
Distributable reserves	42,446	20,251	43,388	38,047	20,299
Non-distributable reserves	8,454	7,033	7,862	7,890	7,885
Shareholders' Fund	159,108	135,488	114,552	107,062	93,763
Property, plant and equipment	37,617	31,684	14,658	14,242	10,680
Land held for property development	-	-	30,922	30,569	-
Investments properties	863	1,109	1,607	1,177	1,403
Intangible assets	4,360	4,531	4,702	4,848	15,113
Land use rights	4,439	3,481	-	-	-
Investments in associates	8,002	-	-	-	-
Investments securities	25,656	19,294	19,295	15,497	17,370
Trade and other receivables	4,734	17,260	582	589	-
Deferred tax asset	-	-	285	450	-
Current assets	208,787	162,260	114,632	133,901	141,763
Total Assets	294,458	239,619	186,683	201,273	186,329
Bank Borrowings	44,125	14,689	19,376	34,636	52,061
Net Assets	160,421	136,713	114,974	107,203	94,081
Net Assets per share (sen)	74.13	63.17	91.21	88.47	71.73
Weighted Average Number of Ordinary Shares Issue ('000)	216,416	203,440	194,920	129,436	128,530
Earnings per share (sen)	10.26	6.47	4.11	16.71	4.30

Statement On Corporate Governance

The Board of Directors ("Board") of FITTERS Diversified Berhad ("FITTERS" or "the Company") recognises that good corporate governance is of paramount importance in ensuring that the Company is managed in the best interest of all shareholders, stakeholders, regulators, lenders, creditors, customers, suppliers, employees and the community at large.

The Board also strives to ensure that there are appropriate systems, processes and procedures in place for purposes of managing the Company's business and significant risks. Thus, the enhancement of shareholders' value, the determination of strategic direction and the formulation of policies are premised along the corporate governance principles of accountability, transparency and integrity.

The Company is fully committed to good corporate governance practices and fair dealings in all its activities, and the Board is pleased to highlight the manner in which the Group has applied the principles of corporate governance in all procedures of doing business and the extent of compliance with the corporate governance best practices advocated by the Malaysian Code of Corporate Governance (Revised 2007) ("the Code"), in achieving optimal corporate governance framework.

1. BOARD OF DIRECTORS

1.1 Responsibilities

The Board assumes full responsibilities for the overall performance of the 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 concept of transparency, accountability and integrity forms the foundation to which the Board discharges its duties.

The Board has appropriately delegated specific task to six Committees, i.e. Audit Committee, Executive Committee ("EXCO"), Nomination Committee, Remuneration Committee, Risk Management Committee and Employee Share Option Scheme ("ESOS") Committee. 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.

1.2 Board Balance

The Board has seven members providing a balanced mix of two Executive Directors, one Non-Independent Non-Executive Director and four 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. The Board has identified Encik Mohamad Jamil Bin Mohd Yusof as the Senior Independent Non-Executive Director to whom concerns may be conveyed in accordance with the requirement of the Code.

The Independent Directors are independent of management and free from any relationship or any transaction, which may interfere with their independent judgement. 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.

BOARD OF DIRECTORS (cont't)

1.3 Board Meetings

The Board met on a scheduled basis of five times a year for the financial year ended 31 December 2011, 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	5 / 5
Datuk Dr. Soh Chai Hock	4 / 5
Encik Zahedi Bin Haji Mohd Zain	4 / 5

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 Executive Committee, 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.

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.

BOARD OF DIRECTORS (cont't)

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.

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 2011, the Board of Directors and the Senior Management team had also specifically attended the "High Impact Governance Seminar on Corporate Compliance - focusing on Directors' duties, liabilities and expectations; making sense of the contemporary financial and accounting reports in the new reporting regime and corporate governance; reviewing the risk and control on the quality of financial statements" conducted by Dr. Suresh Kannan. They had also attended briefing conducted by the Company Secretary on "Main Amendments to the Main Market Listing Requirements with effect from January 2012". Some of the directors had also attended relevant sessions conducted by Bursa Securities during the Corporate Governance week in December 2011.

The Directors had also been given regular updates from time to time on the renewable/alternative energy business by the Group's in-house Chief Technology Officer.

The directors will continue to undergo other relevant training programs and seminars to ensure that they remain well equipped with the relevant knowledge as well as emergent strategic directions and ideas to discharge their duties effectively.

BOARD OF DIRECTORS (cont't)

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 in line with the Code. The composition of the Nomination Committee, which consists of Independent Non-Executive Directors, is as follows:

Chairman	Encik Mohammad Nizar Bin Idris
Members	Encik Mohamad Jamil Bin Mohd Yusof
	Mr Kong Sin Seng

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 and integrity. In the case of the candidates for the position of the Independent Non-Executive Directors, the Nomination Committee should 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; and
(g) perform any other ad-hoc duties that may be required by the Board.

During the financial year ended 31 December 2011, 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.

BOARD OF DIRECTORS (cont't)

1.9 Board Committees (cont't)

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	Encik Mohammad Nizar Bin Idris
Members	Dato' Wong Swee Yee
	Encik Mohamad Jamil Bin Mohd Yusof

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

1.9.4 Executive Committee ("EXCO")

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; and
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
	Mr. Law Jenn Dong
	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.

1. BOARD OF DIRECTORS (cont't)

1.9 Board Committees (cont't)

1.9.6 Employee Share Option Scheme ("ESOS") Committee

The ESOS Committee was established to administer and implement the Company's ESOS in accordance with the approved by-laws, to determine participation, eligibility, option offers, share allocations and to attend to such other matters as may be required.

The members of the ESOS Committee are as follows:

Chairman: Dato' Wong Swee Yee
Members: Datin Goh Hooi Yin
Mr. Kong Sin Seng

2. DIRECTORS' REMUNERATION

During the financial year 2011, 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 2011 are as follows:

Aggregate Remuneration Categorization	Executive Directors (RM'000)	Non-Executive Directors (RM'000)
Fees	-	252
Salaries	619	-
Bonuses	50	-
Benefits-in-kind	-	-
Total	669	252

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	-	5
RM50,001 to RM100,000	-	1
RM200,001 to RM500,000	2	-

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 through 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; and
(d) the Company's website www.fittersgroup.com

3. SHAREHOLDERS (cont'd)

3.1 Dialogue between the Company and Investors (cont'd)

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.

3.2 The 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.

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 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, in all material aspects, complied with the Best Practices of the Code. The statement was approved by the Board on 16 May 2012.

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; and
- 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 2011

No proceeds were raised from any corporate proposals during the financial year ended 31 December 2011.

2. Share Buy-Back

During the financial year ended 31 December 2011, the Company resold a total of 76 treasury shares of RM0.50 each ("FITTERS shares") which are listed on the Main Board of Bursa Malaysia Securities Berhad on the open market. The details of the shares resold during the year are as follow:

Monthly breakdown	No. of "FITTERS shares" resold	Resold price per share (RM)		Average cost per share (RM)	Total proceeds (net of commission and brokerage paid)
		Lowest	Highest		
May	76	0.620	0.620	0.620	46.97

As at 31 December 2011, no "FITTERS shares" were held as treasury shares. None of the treasury shares held were cancelled during the financial year.

3. Options or convertible securities

Employees Share Option Scheme ("ESOS") of the Company came into effect on 9 May 2001 and was extended for a further five years to 9 May 2011. No options have been granted and exercised during the financial year 2011. As at 31 December 2011, the ESOS approval has expired.

6. ADDITIONAL COMPLIANCE INFORMATION (cont'd)

3. Options or convertible securities (cont'd)

On 28 November 2007, the Company issued a renounceable rights issue of 65,578,592 warrants at RM0.10 per warrant on the basis of one (1) new warrant for every two (2) existing ordinary shares of RM0.50 each. These warrants were listed on Bursa Malaysia Securities Berhad on 5 December 2007. The exercise period commenced on the date of issue of the warrants and it will mature five years from the date of issuance. On 27 September 2010, 32,789,296 new warrants were issued pursuant to the bonus issue of 72,136,054 new ordinary shares of RM0.50 each on the basis of one (1) bonus share for every two (2) existing shares held, together with an allotment of warrants on the basis of one (1) new warrant for every two (2) existing warrants held.

During the financial year ended 31 December 2011, 7,750 units of warrants were exercised and converted to 7,750 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 2011, 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 2011, there were no sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the relevant authorities.

However, on 18 August 2011, Bursa Malaysia Securities Berhad issued a public reprimand on FITTERS for breach of paragraph 9.23(2) of the Main Market Listing Requirements, for its failure to submit its annual audited accounts for the financial year ended 31 December 2010 on or before 30 April 2011.

6. Non-Audit Fees

During the financial year ended 31 December 2011, the total non-audit fees paid to the external auditors of the Company was RM5,000.00.

7. Variation in results

There were no variances of 10% or more between the results for the financial year ended 31 December 2011 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 2011.

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 2011.

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 2011

Pursuant to Practice Note 12 issued by the 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 23 June 2011, 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 1 June 2011[(3)] (RM'000)**		**Actual value transacted during the financial year ended 31/12/2011 (RM'000)**	
				Subcontract From	Subcontract To	Subcontract From	Subcontract To
Subcontract works [(1)]	FSB PTS	Wai Soon	Wong Swee Loy and Dato' Wong Swee Yee	-	8,000	-	3,433
				Sale To	Purchase From	Sale To	Purchase
From							
Sales and purchases of goods and services [(2)]	FSB	Fsabah	Dato' Wong Swee Yee and Datin Goh Hooi Yin	1,500	-	534	-
	FMKT			800	-	670	-
	MPS			100	-	61	-
	FSPL			100	-	-	-
	PTS	Wai Soon	Wong Swee Loy and Dato' Wong Swee Yee	20	-	-	-
	FMKT			30	-	4	-
Aggregate				**2,550**	**8,000**	**1,269**	**3,433**

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 comprising certain fire safety and protection equipment, fire rated doors and maintenance services to the Related Party was performed in order to meet the needs of their customers at various geographical locations.

Transaction prices for sales 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.

(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.

(4) Abbreviations used above

Fsabah	FITTERS (Sabah) Sdn Bhd
FSB	FITTERS Sdn Bhd & its subsidiaries
FMKT	FITTERS Marketing Sdn Bhd
MPS	Master Pyroserve Sdn Bhd
PTS	Pyro-Tech Systems Sdn Bhd
Wai Soon	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.

Audit Committee Report

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 2011.

COMPOSITION, MEETINGS AND ATTENDANCE

The Audit Committee was formed in June 1994. The current Audit Committee comprises of three 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 the said members.

During the financial year under review, four Audit Committee meetings were held. The attendance of each Audit Committee member is tabulated below:

Members	No. of Meetings Attended
Mr. Kong Sin Seng (Chairman)	5/5
Encik Mohammad Nizar Bin Idris	5/5
Encik Mohamad Jamil Bin Mohd Yusof	5/5

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

Meetings shall be held not less than four 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 Finance Manager and the Internal Audit Manager were normally invited to attend the Audit Committee meetings.

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 Committee members have carried out their duties in accordance with their terms of reference.

2. Authority

The 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 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.

TERMS OF REFERENCE (cont'd)

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; and
  - major judgemental areas.

(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 of 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; and

- 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; and

- To approve any appointment or termination of internal audit staff.

(d) Related Party Transactions

- To review any 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;

- To verify the allocation of options as being in compliance with the criteria pursuant to the ESOS, at the end of each financial year; and

- 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, four meetings were convened to review and discuss the following:

(i) The External Auditors' scope of work and audit plans for the year, prior to commencement of the annual audit.

(ii) The results of the audit, the Audit Report and the management letter including management's responses to the External Auditors' report.

(iii) The Audited Financial Report of the Company.

(iv) The announcement 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) Related party transactions and the shareholders' circular in relation to the recurrent related party transactions.

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

(vii) 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.

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

(ix) Meetings with External and Internal Auditors without the presence of the Management and Executive Director.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTIONS

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 2011, 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.

EMPLOYEE SHARE OPTION SCHEME ("ESOS" or "Scheme")

The Scheme came into effect on 9 May 2001. At the Annual General Meeting held on 27 June 2005, the Scheme was extended for a further period of five years, till 9 May 2011. However, no options have been granted and exercised during the financial year 2011. As at 31 December 2011, the ESOS approval had expired.

Statement On Internal Control

Pursuant to Paragraph 15.26 (b) of the Listing Requirements of Bursa Malaysia Securities Berhad:

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.

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.

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 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.

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.

GROUP INTERNAL AUDIT FUNCTION

The Group internal audit function is carried out by the Group Internal Audit Department which reports directly to the Audit Committee. The descriptions of its functions are detailed in the Audit Committee Report 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.

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"):** 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.

CONCLUSION

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 shareholders' investments and the Group's assets.

This statement is made in accordance with the resolution of the Board of Directors passed on 16th May 2012.

FINANCIAL STATEMENTS

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 2011.

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	22,283,171	163,863
Other comprehensive income	1,421,520	-
	23,704,691	**163,863**
Total comprehensive income attributable to:-		
Owners of the parent	23,615,603	163,863
Non-controlling interests	89,088	-
	23,704,691	**163,863**

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 dividends in respect of the financial year ended 31st December 2011.

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
Mohamad Jamil bin Mohd Yusof	Independent Non-Executive Director
Datin Goh Hooi Yin	Non-Independent Executive Director
Zahedi bin Haji Mohd Zain	Independent Non-Executive Director
Datuk Dr. Soh Chai Hock @ Soh Hai San	Non-Independent Non-Executive Director

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, other than those arising from the share options granted under the Employee Share Option Plan.

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 10 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 33 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 1.1.2011	Acquired	Sold	At 31.12.2011
Direct Interest :				
Dato' Wong Swee Yee	66,282,167	3,800,000	-	70,082,167
Zahedi bin Haji Mohd Zain	4,516	-	-	4,516
Datin Goh Hooi Yin	952,875	-	-	952,875
Deemed Interest :				
Dato' Wong Swee Yee (i)	4,809,906	-	3,800,000	1,009,906
Zahedi bin Haji Mohd Zain (ii)	177,187	-	-	177,187
Datin Goh Hooi Yin (iii)	66,282,167	3,800,000	-	70,082,167

	Number of warrants of RM0.10/- each			
	At 1.1.2011	Acquired	Sold	At 31.12.2011
Direct Interest :				
Dato' Wong Swee Yee	46,451,534	4,019,400	27,000,000	23,470,934
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)	46,451,534	4,019,400	27,000,000	23,470,934

(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.

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 RM108,204,119 to RM108,207,994 by way of issuance of 7,750 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 rank pari passu in all respects with the existing ordinary shares of the Company.

WARRANTS

On 24th June 2011 and 1st August 2011, 250 units and 7,500 units of warrants were exercised and converted to ordinary shares.

TREASURY SHARES

During the financial year, the Company resold its remaining treasury shares of 76 units in the open market at an average price of RM1.00 per share. The total amount received for the sale net of transaction costs is RM47.

EMPLOYEE SHARE OPTION PLAN

The Company's Employee Share Option Plan ("ESOS") for eligible full time employee and executive directors of the Company and its subsidiaries was approved by shareholders at an Extraordinary General Meeting held on 27th November 2000 and the Securities Commission approved the Company's ESOS allocation list on 4th May 2001 which came into effect on 9th May 2001.

The ESOS was further extended for a period of five years up to 8th May 2011 and was approved at the Annual General Meeting held on 27th June 2005.

As at the date of this report, no ESOS has been implemented and the approval has expired on 8th May 2011.

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.

(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.

OTHER STATUTORY INFORMATION (cont'd)

(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: 16th April 2012

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 36 to 104 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 2011 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 105, 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 Director	DATIN GOH HOOI YIN Director

Kuala Lumpur

Date: 16th April 2012

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 36 to 104 and the supplementary information set out on page 105 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 16th April 2012

CHONG WEI WEI

Before me,

ARSHAD ABDULLAH
W550
Commissioner for Oaths

Independent Auditors' 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 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 36 to 104.

Directors' Responsibility for the Financial Statements

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

a) In our opinion, the accounting and other records and the registers required by the 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 considered the financial statements and the auditors' reports of the 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 the 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) The auditors' reports on the financial statements of the subsidiaries were not subject to 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 on page 105 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 Disclosures 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

The financial statements of the Group and of the Company for the financial year ended 31st December 2010 were audited by another firm of chartered accountants whose report dated 5th May 2011 expressed an unmodified opinion on those financial statements.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

M.J. Monteiro
No. 828/05/12 (J/PH)
Partner

Kuala Lumpur

Date: 16th April 2012

Statements Of Comprehensive Income

for the financial year ended 31 December 2011

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Revenue	4	446,488,059	189,756,485	3,480,000	30,000,000
Cost of sales	5	(389,087,197)	(154,122,576)	-	-
Gross profit		57,400,862	35,633,909	3,480,000	30,000,000
Other income	6	1,329,078	5,782,002	2,616,621	2,465,643
Administrative expenses		(29,036,811)	(21,303,928)	(4,235,943)	(4,195,120)
Finance costs	7	(1,475,393)	(1,182,191)	(253,913)	(127,126)
Share of results of associates		1,501,933	-	-	-
Profit before taxation	8	29,719,669	18,929,792	1,606,765	28,143,397
Income tax expense	11	(7,436,498)	(4,939,313)	(1,442,902)	(73,288)
Profit for the financial year		**22,283,171**	**13,990,479**	**163,863**	**28,070,109**
Other comprehensive income :					
Foreign currency translation		1,421,520	(829,126)	-	-
Income tax relating to components of other comprehensive income		-	-	-	-
Other comprehensive income for the year, net of tax		1,421,520	(829,126)	-	-
Total comprehensive income for the year		**23,704,691**	**13,161,353**	**163,863**	**28,070,109**
Profit attributable to :					
Owners of the parent		22,194,083	13,161,241	163,863	28,070,109
Non-controlling interests		89,088	829,238	-	-
		22,283,171	**13,990,479**	**163,863**	**28,070,109**
Total comprehensive income attributable to :					
Owners of the parent		23,615,503	12,332,115	163,863	28,070,109
Non-controlling interests		89,088	829,238	-	-
		23,704,691	**13,161,353**	**163,863**	**28,070,109**
Earnings per share attributable to owners of the parents (sen per share)					
Basic	12(a)	10.26	6.47		
Diluted	12(b)	8.69	-		

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

Statements Of Financial Position

As at 31 December 2011

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
ASSETS					
Non-current assets					
Property, plant and equipment	13	37,616,516	31,683,619	8,289,380	8,761,535
Investment properties	14	862,686	1,108,791	-	-
Intangible assets	15	4,360,417	4,531,221	-	-
Land use rights	16	4,439,299	3,480,823	-	-
Investment in subsidiaries	17	-	-	67,406,868	56,920,653
Investment in associates	18	8,001,933	-	-	-
Investment securities	19	25,655,975	19,294,474	-	-
Deferred tax assets	20	-	-	-	-
Trade and other receivables	21	4,733,646	17,259,991	-	-
		85,670,472	**77,358,919**	**75,696,248**	**65,682,188**
Current assets					
Development properties	22	56,923,925	54,628,315	-	-
Inventories	23	13,579,905	11,591,585	-	-
Trade and other receivables	21	100,909,356	70,801,909	85,895,429	82,634,793
Other current assets	24	27,628,921	10,532,949	-	-
Investment securities	19	649	650	-	-
Income tax recoverable		910,130	699,190	86,117	84,048
Deposits, cash and bank balances	26	8,834,567	14,005,210	139,834	2,690,623
		208,787,453	162,259,808	86,121,380	85,409,464
TOTAL ASSETS		**294,457,925**	**239,618,727**	**161,817,628**	**151,091,652**
EQUITY AND LIABILITIES					
Current liabilities					
Loans and borrowings	27	32,924,022	14,326,920	11,352,246	5,048,917
Trade and other payables	28	81,116,503	59,646,442	30,221,345	25,961,461
Other current liabilities	29	6,254,315	25,583,110	-	-
Income tax payable		2,187,181	2,686,323	-	-
		122,482,021	**102,242,795**	**41,573,591**	**31,010,378**
Non-current liabilities					
Deferred tax liabilities	20	353,502	301,598	217,422	170,431
Loans and borrowings	27	11,201,022	361,800	36,643	88,889
		11,554,524	663,398	254,065	259,320
TOTAL LIABILITIES		**134,036,545**	**102,906,193**	**41,827,656**	**31,269,698**
Equity attributable to owners of the parent					
Share capital	30	108,207,994	108,204,119	108,207,994	108,204,119
Share premium	30	246	-	246	-
Treasury shares	30(b)	-	(34)	-	(34)
Other reserves	31	8,454,326	7,032,806	6,448,418	6,448,418
Retained earnings	32	42,445,554	20,251,471	5,333,314	5,169,451
		159,108,120	135,488,362	119,989,972	119,821,954
Non-controlling interests		1,313,260	1,224,172	-	-
TOTAL EQUITY		**160,421,380**	**136,712,534**	**119,989,972**	**119,821,954**
TOTAL EQUITY AND LIABILITIES		**294,457,925**	**239,618,727**	**161,817,628**	**151,091,652**

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

Statements Of Changes In Equity

For the financial year ended 31 December 2011

			< Non-distributable				>	Distributable			
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
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

			< Non-distributable				>	Distributable			
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
At 1st January 2010	65,578,592	-	(2,277,204)	1,360,010	5,915,239	533,179	53,504	43,387,981	114,551,301	422,774	114,974,075
Effects of adopting FRS 139	-	-	-	-	-	-	-	(1,133,460)	(1,133,460)	-	(1,133,460)
At 1st January 2010 (restated)	65,578,592	-	(2,277,204)	1,360,010	5,915,239	533,179	53,504	42,254,521	113,417,841	422,774	113,840,615
Total comprehensive income	-	-	-	-	-	-	(829,126)	13,161,241	12,332,115	829,238	13,161,353
Transactions with owners :											
Shares issued during the year	6,557,500	131,150	-	-	-	-	-	-	6,688,650	-	6,688,650
Gain on resale of treasury shares transferred to share premium reserve	-	966,250	2,277,170	-	-	-	-	-	3,243,420	-	3,243,420
Bonus issued during the year	36,068,027	(903,736)	-	-	-	-	-	(35,164,291)	-	-	-
Share issuance expenses	-	(193,664)	-	-	-	-	-	-	(193,664)	-	(193,664)
Issuance of shares to non-controlling interest	-	-	-	-	-	-	-	-	-	40,000	40,000
Arising from strike off of a subsidiary	-	-	-	-	-	-	-	-	-	(67,840)	(67,840)
At 31st December 2010	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

Company	Share Capital RM	Share Premium RM	Treasury Shares RM	Asset Revaluation Reserve RM	Warrants 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

Company	Share Capital RM	Share Premium RM	Treasury Shares RM	Asset Revaluation Reserve RM	Warrants Reserve RM	Retained Earnings RM	Total Equity RM
			<—— Non-distributable		——>	Distributable	
At 1st January 2010	65,578,592	-	(2,277,204)	533,179	5,915,239	12,263,633	82,013,439
Total comprehensive income	-	-	-	-	-	28,070,109	28,070,109
Transactions with owners :							
Shares issued during the year	6,557,500	131,150	-	-	-	-	6,688,650
Bonus issue during the year	36,068,027	(903,736)	-	-	-	(35,164,291)	-
Gain on resale of treasury shares transferred to share premium reserve	-	966,250	2,277,170	-	-	-	3,243,420
Share issuance expense	-	(193,664)	-	-	-	-	(193,664)
At 31st December 2010	108,204,119	-	(34)	533,179	5,915,239	5,169,451	119,821,954

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

Statements Of Cash Flows
For the financial year ended 31 December 2011

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Operating activities				
Profit before tax	29,719,669	18,929,792	1,606,765	28,143,397
Adjustments for:				
Amortisation of intangible assets	170,804	170,806	-	-
Amortisation of land use rights	63,668	-	-	-
Bad debts written off	8,599	900	-	-
Dividend income	-	-	(3,480,000)	(30,000,000)
Impairment loss on amount due from subsidiaries	-	-	1,486,291	-
Impairment loss on investment in subsidiaries	-	-	13,783	1,650,463
Impairment loss on trade receivables	837,089	619,516	-	-
Investment properties:				
- depreciation	27,705	41,781	-	-
- net gain on disposal	(64,315)	(51,165)	-	-
Inventories written off	180,231	-	-	-
Inventories written back	(223)	(116,035)	-	-
Interest income from:				
- short term deposits	(45,218)	(49,692)	(621)	(5,144)
Interest expense	1,475,393	1,182,191	253,913	127,126
Net fair value gain on loan and receivables	(201,525)	-	-	-
Net gain on disposal/strike off of subsidiaries	-	(309,013)	-	-
Net (gain)/loss on foreign exchange:				
- unrealised	(34,572)	179,069	-	-
Overprovision of cost in prior years	-	4,000,000	-	-
Property,plant and equipment:				
- net gain on disposal	(101,737)	(88,514)	-	(499)
- depreciation	1,181,544	1,154,802	278,572	283,133
- written off	10,048	-	180	-
Reversal of impairment loss on trade receivables	(424,770)	(823,581)	-	-
Share of profits of associated companies	(1,501,933)	-	-	-
Operating profit before working capital changes	31,300,457	24,840,857	158,883	198,476
Construction contracts	(35,395,558)	24,660,117	-	-
Development property	(3,324,819)	(20,814,075)	-	-
Inventories	(2,179,467)	(3,602,173)	-	-
Trade and other receivables	(18,039,474)	(19,518,685)	16,780	152,591
Trade and other payables	21,690,878	7,713,183	68,769	16,302,136
Subsidiaries	-	-	2,233,286	(16,324,551)
	(5,947,983)	13,279,224	2,477,718	328,652
Interest paid	(1,475,393)	(606,701)	(253,913)	(127,126)
Income tax refunded	18,722	1,707,089	-	-
Income tax paid	(8,123,071)	(2,095,511)	(527,980)	(50,052)
Net cash from operating activities	**(15,527,725)**	**12,284,101**	**1,695,825**	**151,474**

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Investing activities				
Additional investment in subsidiaries	-	-	(10,499,998)	(27,375,003)
Interest received	45,218	49,692	621	5,144
Dividend received	-	-	-	20,000,000
Issuance of share capital to minority interests	-	40,000	-	-
Proceeds from disposal of property, plant and equipment	218,606	213,220	-	500
Proceeds from disposal of investment properties	546,949	507,899	-	-
Purchase of property, plant and equipment (Note a)	(6,356,512)	(18,306,775)	(2,475)	(66,311)
Purchase of land use rights	(230,674)	(3,480,823)	-	-
Subscription of unquoted preference shares in other investments	(6,361,500)	-	-	-
Investment in associated companies	(6,500,000)	-	-	-
Net cash inflow arising from disposal of a subsidiary	-	378,437	-	-
Net cash from investing activites	**(18,637,913)**	**(20,598,350)**	**(10,501,852)**	**(7,435,670)**
Financing activities				
Issuance of ordinary share	4,108	6,688,650	4,108	6,688,650
Share issuance expense	-	(193,664)	-	(193,664)
Proceed from sale of treasury shares	47	3,243,420	47	3,243,420
Repayment of finance lease obligations	(451,643)	(433,975)	(48,917)	(45,588)
Repayment of term loans	(35,468)	(33,754)	-	-
Drawdown of term loans	11,000,000	-	-	-
Revolving credits and bankers' acceptance	17,593,317	(249,130)	6,300,000	-
Net cash from financing activities	**28,110,361**	**9,021,547**	**6,255,238**	**9,692,818**
Net (decrease)/ increase in cash and cash equivalents	(6,055,277)	707,298	(2,550,789)	2,408,622
Effect of foreign exchange rate changes	(260,484)	(915,773)	-	-
Cash and cash equivalents at beginning of the year	12,125,925	12,334,400	2,690,623	282,001
Cash and cash equivalents at end of the year	5,810,164	12,125,925	139,834	2,690,623

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

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Cash	6,356,512	18,306,775	2,475	66,311
Finance lease obligations	185,000	-	-	-
	6,541,512	**18,306,775**	**2,475**	**66,311**

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

Notes To The 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 16th April 2012.

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 ("FRS"), and 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 to the financial statements.

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 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 to the financial statements.

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 New and Revised FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") and Amendments to IC Int

The Group and the Company had adopted the following revised FRSs, amendments to FRSs, new IC Interpretations ("IC Int") and amendments to IC Int that are mandatory for the current financial year:

<u>Revised FRSs</u>

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations
FRS 127	Consolidated and Separate Financial Statements

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 New and Revised FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") and Amendments to IC Int (cont'd)

Amendments/Improvements to FRSs

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 7	Financial Instruments : Disclosures
FRS 101	Presentation of Financial Statements
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments : Presentation
FRS 134	Interim Financial Reporting
FRS 138	Intangible Assets
FRS 139	Financial Instruments: Recognition and Measurement

New IC Int

IC Int 4	Determining Whether an Arrangement contains a Lease
IC Int 12	Service Concession Arrangements
IC Int 16	Hedges of a Net Investment in a Foreign Operation
IC Int 17	Distribution of Non-cash Assets to Owners
IC Int 18	Transfers of Assets from Customers

Amendments to IC Int

IC Int 9	Reassessment of Embedded Derivatives
IC Int 13	Customer Loyalty Programmes

The main effects of the adoption of the above revised FRSs, amendments/improvements to FRSs, new IC Int and amendments to IC Int are summarised below:-

FRS 3 Business Combinations (revised)

The adoption of the FRS 3 affects the way in which the Group accounts for business combinations. The main changes made in this revised standard were:

- All the acquisition-related costs incurred by the acquirer in connection with the business combination shall be recognised as expense in the profit or loss in the period in which the costs are incurred (rather than included in goodwill);
- All considerations transferred by the acquirer, including contingent considerations, in a business combination shall be measured at fair value as at the acquisition date. Subsequent changes in the fair value of contingent consideration classified as liabilities are recognised in accordance with FRS139, FRS137 or other FRSs, as appropriate (rather than by adjusting goodwill);
- An acquirer is no longer permitted to recognise contingencies acquired in a business combination that do not meet the definition of a liability;
- For each business combination, the acquirer must measure any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. Previously, only the latter was permitted;

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 New and Revised FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") and Amendments to IC Int (cont'd)

FRS 3 Business Combinations (Revised) (cont'd)

- For a business combination achieved in stages, the equity interests held by the acquirer in the acquiree immediately before achieving control are re-measured at its acquisition-date fair value with any corresponding gain or loss recognised in profit or loss; and

- Goodwill arising from the business combination is measured as the difference between the aggregate fair value of consideration transferred, any non-controlling interest in the acquiree, and the fair value at acquisition date of any previously-held equity interest in the acquiree, and the fair value of identifiable assets acquired and liabilities assumed (including contingent liabilities) at acquisition date.

This revised FRS3 shall be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st July 2010. There is no financial impact on the financial statements of the Group for the current financial year as there were no business combinations during the financial year.

FRS 127 Consolidated and Separate Financial Statements (Revised)

The revised FRS 127 requires that any changes in a parent's ownership interest in a subsidiary company that do not result in the loss of control are accounted for within equity. When the Group loses control of a subsidiary company, any remaining interest retained in the former subsidiary company will be measured at fair value and any resulting gain or loss is recognised in profit or loss. Total comprehensive income will be proportionately allocated to the owners of the parent and to the non-controlling interests even if it results in the non-controlling interests having a deficit balance.

The revised FRS 127 shall be applied prospectively to business combinations for which the acquisition date is on or after 1st July 2010. There is no financial impact on the financial statements of the Group for the current financial year as there were no business combinations during the financial year.

Amendments to FRS 7 Financial Instruments: Disclosures

Disclosures on fair value and liquidity have been enhanced upon the adoption of this amendment. In particular, financial instruments measured at fair value are disclosed by class in a three-level fair value measurement hierarchy, with specific disclosures related to transfers between levels in the hierarchy and detailed disclosures on level three of the fair value hierarchy. Certain disclosures on liquidity are also modified. The adoption of this amendment resulted in additional disclosures in the financial statements but did not have any financial impact on the Group and the Company.

IC Int 4 Determining Whether an Arrangement Contains a Lease

This IC Int clarifies that when the fulfilment of an arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset, then the arrangement should be accounted for as a lease under FRS 117, even though it does not take the legal form of a lease. This interpretation did not have any financial impact on the Group and the Company.

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, not yet effective and have not been adopted early

The Group and Company have not adopted the following new and revised FRSs, amendments/improvements to FRSs, 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 124	Related Party Disclosures	1 January 2012
FRS 127	Separate Financial Statements	1 January 2013
FRS 128	Investments in Associates and Joint Ventures	1 January 2013
Amendments/Improvements to FRSs		
FRS 1	First-time Adoption of Financial Reporting Standards	1 January 2012
FRS 7	Financial Instruments: Disclosures	1 January 2012 and 1 January 2013
FRS 101	Presentation of Financial Statements	1 July 2012
FRS 112	Income Taxes	1 January 2012
FRS 132	Financial Instruments: Presentation	1 January 2014
New IC Int		
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to IC Int		
IC Int 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 July 2011

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.

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, not yet effective and have not been adopted early (cont'd)

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 of 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.

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 FRS127 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 SIC-12, 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.

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, not yet effective and have not been adopted early (cont'd)

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.

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).

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 for an additional one year. 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.

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)

Accordingly, the Group and the Company which are Transitioning Entities have chosen to defer the adoption of the MFRSs framework for an additional one year. The Group and the Company will prepare its first MFRSs financial statements using the MFRSs framework for the financial year ending 31st December 2013.

As at 31st December 2011, 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, except 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 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 2012 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 MFRS1. 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 MFRS1 cannot be determined and estimated reliably until the process is completed.

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 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 recognised. The Group is currently assessing the impact of the adoption of this Interpretation.

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

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.

In 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.

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.

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

2.3 Significant Accounting Policies (cont'd)

(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.

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.

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

2.3 Significant Accounting Policies (cont'd)

(c) Associates (cont'd)

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.

(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.

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

2.3 Significant Accounting Policies (cont'd)

(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.

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.

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

2.3 Significant Accounting Policies (cont'd)

(f) Investment Properties (cont'd)

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.

(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.

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.3(d).

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

(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.

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

2.3 Significant Accounting Policies (cont'd)

(g) Intangible Assets (cont'd)

(ii) Other Intangible Assets (cont'd)

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.

(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.

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

2.3 Significant Accounting Policies (cont'd)

(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.

(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.

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.

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)

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.

(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.

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

2.3 Significant Accounting Policies (cont'd)

(m) Construction Contracts (cont'd)

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

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

(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.

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.

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

2.3 Significant Accounting Policies (cont'd)

(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.

(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.

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

2.3 Significant Accounting Policies (cont'd)

(q) Financial Liabilities (cont'd)

(ii) Other Financial Liabilities (cont'd)

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.

(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.

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

2.3 Significant Accounting Policies (cont'd)

(s) Employee Benefits (cont'd)

(ii) Employee share option plans (cont'd)

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.

(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.

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

2.3 Significant Accounting Policies (cont'd)

(u) Revenue (cont'd)

(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.

(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.

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

2.3 Significant Accounting Policies (cont'd)

(v) Income Taxes (cont'd)

(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.

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

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

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

2.3 Significant Accounting Policies (cont'd)

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

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. The carrying amounts of goodwill as at 31st December 2011 were RM4,360,416 (2010: RM4,360,416). Further details are disclosed in Note 15.

(b) Impairment of loans and receivables

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivable at the reporting date is disclosed in Note 21.

(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	
	2011 RM	2010 RM	2011 RM	2010 RM
Sale of goods	43,068,227	50,235,873	-	-
Construction contract revenue	117,765,011	93,930,870	-	-
Rendering of services	12,297,471	11,375,509	-	-
Property development	38,065,155	4,329,064	-	-
Sale of palm oil	235,292,195	29,885,169	-	-
Dividend income from subsidiaries				
- tax-exempt	-	-	-	30,000,000
- non tax-exempt	-	-	3,480,000	-
	446,488,059	**189,756,485**	**3,480,000**	**30,000,000**

5. COST OF SALES

	Group	
	2011 RM	2010 RM
Cost of goods sold	33,677,405	34,841,274
Construction contract costs	99,187,493	83,970,795
Cost of services rendered	2,662,171	2,595,218
Property development costs	23,659,705	3,574,949
Cost of palm oil sold	229,900,423	29,140,340
	389,087,197	**154,122,576**

6. OTHER INCOME

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

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Administrative fee from subsidiaries	-	-	1,584,000	1,380,000
Bad debts recovered	132,830	14,691	-	-
Foreign exchange gain:				
- realised	233,871	199,341	-	-
- unrealised	40,834	-	-	-
Interest income from:				
- short term deposits	45,218	49,692	621	5,144
- others	-	48,000	-	48,000
Net fair value gain on loan and receivables	201,525	-	-	-
Net gain on disposal/strike off of subsidiaries	-	309,013	-	-
Net gain on disposal of plant and equipment	101,737	88,514	-	499
Net gain on disposal of investment property	64,315	51,165	-	-
Overprovision of cost in prior year	-	4,000,000	-	-
Rental income from investment properties on minimum lease payments	-	7,200	-	-
Rental income from operating leases other than those relating to investment properties	71,600	81,600	1,032,000	1,032,000

7. FINANCE COSTS

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Interest expense on:				
- bankers' acceptances	494,977	291,007	-	-
- bank overdrafts	178,030	147,114	-	-
- obligations under finance lease	36,265	48,844	7,351	10,680
- revolving credits	601,218	116,447	246,562	116,446
- term loans	164,903	3,289	-	-
Amortisation of loan and receivables	-	575,490	-	-
Total finance costs	**1,475,393**	**1,182,191**	**253,913**	**127,126**

8. PROFIT BEFORE TAX

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Auditors' remuneration				
- statutory audits	160,595	151,000	26,000	28,000
- underprovision in prior year	8,523	11,100	-	1,000
- other services	5,000	5,000	-	5,000
Amortisation of intangible assets	170,804	170,806	-	-
Amortisation of land use rights	63,668	-	-	-
Bad debts written off	8,599	900	-	-
Depreciation of investment properties	27,705	41,781	-	-
Direct operating expenses arising from investment properties				
- rental generating properties	-	3,989	-	-
- non-rental generating properties	9,728	23,270	-	-
Employee benefits expense	20,443,560	12,367,198	1,479,227	1,425,985
Impairment loss on trade receivables	837,089	619,516	-	-
Impairment loss on investment in subsidiaries	-	-	13,783	1,650,463
Impairment loss on amount due from subsidiaries	-	-	1,486,291	-
Inventories written off	180,231	10,021	-	-
Inventories written back	(223)	(116,035)	-	-
Loss on foreign exchange				
- realised	-	69,127	-	-
- unrealised	6,262	179,069	-	-
Non-executive directors' remuneration	453,000	509,800	252,000	156,000
Operating lease:				
- minimum lease payments on land and buildings	1,109,617	32,500	-	-
Property,plant and equipment				
- depreciation	1,181,544	1,154,802	278,572	283,133
- written off	10,048	-	180	-
Reversal of impairment loss on trade receivables	(424,770)	(823,581)	-	-

9. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Wages and salaries	17,792,936	10,537,087	1,166,707	1,108,366
Social security contributions	126,374	91,182	7,061	7,518
Contributions to defined contribution plan	1,773,018	1,162,328	150,265	143,363
Other benefits	751,232	576,601	155,194	166,738
	20,443,560	**12,367,198**	**1,479,227**	**1,425,985**

Included in employee benefits expense of the Group and the Company are executive directors' remuneration amounting to RM2,534,909 (2010: RM1,902,351) and RM669,020 (2010: RM522,620) respectively as further disclosed in Note 10.

10. DIRECTORS' REMUNERATION

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Executive:				
Salaries and other emoluments	1,981,369	1,353,861	520,620	360,620
Bonus	211,222	300,316	50,000	90,000
Defined contribution plan	342,318	248,174	98,400	72,000
Total executive directors' remuneration (excluding benefits-in-kind)	2,534,909	1,902,351	669,020	522,620
Estimated money value of benefits-in-kind	-	7,600	-	7,600
Total executive directors' remuneration (including benefits-in-kind)	2,534,909	1,909,951	669,020	530,220
Non-Executive:				
Fees	453,000	60,000	252,000	-
Other emoluments	-	442,000	-	156,000
Defined contribution plan	-	7,800	-	-
Total non-executive directors' remuneration	453,000	509,800	252,000	156,000
Total directors' remuneration	**2,987,909**	**2,419,751**	**921,020**	**686,220**

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	
	2011	2010
Executive directors:		
RM200,001 - RM250,000	1	-
RM300,001 - RM350,000	-	1
RM850,001 - RM900,000	-	1
RM1,150,001 - RM1,200,000	1	-
Non-Executive directors:		
RM0 - RM50,000	4	3
RM50,001 - RM100,000	2	2

11. INCOME TAX EXPENSE

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Current income tax:				
- Malaysian income tax	7,126,382	5,197,406	938,547	58,116
- Foreign tax	21,201	-	-	-
	7,147,583	5,197,406	938,547	58,116
Under/(over)provision in prior years:				
- Malaysian income tax	237,708	(217,545)	457,364	15,172
- Foreign tax	(489)	-	-	-
	237,219	(217,545)	457,364	15,172
	7,384,802	4,979,861	1,395,911	73,288
Deferred tax:				
- Origination and reversal of temporary differences	66,253	(11,977)	75,444	41,943
- Overprovision in prior year	(14,557)	(28,571)	(28,453)	(41,943)
	51,696	(40,548)	46,991	-
Total income tax expense	**7,436,498**	**4,939,313**	**1,442,902**	**73,288**

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	
	2011 RM	2010 RM	2011 RM	2010 RM
Profit before tax	29,719,669	18,929,792	1,606,765	28,143,397
Tax at Malaysian statutory tax rate of 25% (2010: 25%)	7,429,917	4,732,448	401,691	7,035,849
Expenses not deductible for tax purposes	1,088,161	1,613,298	612,300	564,210
Income not subject to tax	(1,140,935)	(1,113,725)	-	(7,500,000)
Utilisation of previously unrecognised deferred tax assets	(312,892)	(110,556)	-	-
Deferred tax assets not recognised in respect of deductible temporary differences	149,585	63,964	-	-
Under/(over)provision of income tax in prior years	237,219	(217,545)	457,364	15,172
Overprovision of deferred tax in prior year	(14,557)	(28,571)	(28,453)	(41,943)
Income tax expense for the year	**7,436,498**	**4,939,313**	**1,442,902**	**73,288**

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

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

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	
	2011 RM	2010 RM
Profit attributable to owners of the parent (RM)	22,194,083	13,161,241
Weighted average number of ordinary shares in issue	216,415,988	203,440,470
Basic earnings per share (sen)	10.26	6.47

(b) Diluted

For the purpose of calculating diluted earnings per share, the profit for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the financial year have 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

The effect on the basic earnings per share for the previous financial years arising from the assumed conversion of warrants is anti-dilutive. Accordingly, the diluted earnings per share for the previous financial years not presented.

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 vehicle 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**

Group	Freehold land at valuation RM	Buildings at valuation RM	Long term leasehold land RM	Plant and equipment RM	Motor vehicle 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 2010	2,527,217	9,655,089	280,000	4,620,445	3,153,680	5,445,753	1,550,071	472,207	178,376	27,882,838
Arising from strike off of subsidiary companies	-	-	-	(21,090)	-	(74,419)	(12,490)	-	-	(107,999)
Additions	51,748	50,154	-	11,832	151,009	131,120	7,523	-	17,903,389	18,306,775
Disposals	-	(88,990)	-	(24,000)	(62,939)	(9,040)	-	-	-	(184,969)
Exchange differences	-	-	-	-	(1,172)	(2,143)	(763)	-	-	(4,078)
At 31st December 2010	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
Accumulated depreciation and impairment losses:										
At 1st January 2010	-	1,237,388	37,142	3,798,421	1,618,422	4,812,507	1,186,008	395,783	139,500	13,225,171
Arising from strike off of subsidiary companies	-	-	-	(21,067)	-	(74,415)	(12,439)	,	,	(107,921)
Depreciation charge for the year	-	196,400	2,857	184,465	414,854	231,077	51,003	74,146	-	1,154,802
Disposals	-	(17,947)	-	(11,200)	(22,159)	(8,957)	-	-	-	(60,263)
Exchange Differences	-	-	-	(2)	(150)	(1,944)	(745)	-	-	(2,841)
At 31st December 2010	-	1,415,841	39,999	3,950,617	2,010,967	4,958,268	1,223,827	469,929	139,500	14,208,948
Net carrying amount	**2,578,965**	**8,200,412**	**240,001**	**636,570**	**1,229,611**	**533,003**	**320,514**	**2,278**	**17,942,265**	**31,683,619**

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

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**

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 2010	767,844	8,590,457	101,949	262,054	870,522	687,639	11,280,465
Additions	-	50,154	-	5,400	10,757	-	66,311
Disposals/write off	-	-	-	(4,173)	-	-	(4,173)
At 31st December 2010	767,844	8,640,611	101,949	263,281	881,279	687,639	11,342,603
Accumulated depreciation and impairment losses:							
At 1st January 2010	-	920,021	101,945	72,941	823,264	383,936	2,302,107
Depreciation charge for the year	-	172,645	-	52,116	24,363	34,009	283,133
Disposals/write off	-	-	-	(4,172)	-	-	(4,172)
At 31st December 2010	-	1,092,666	101,945	120,885	847,627	417,945	2,581,068
Net carrying amount	**767,844**	**7,547,945**	**4**	**142,396**	**33,652**	**269,694**	**8,761,535**

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:

	Freehold land RM	Building RM	Total RM
Group			
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**
31st December 2010			
Cost or valuation			
- Cost	1,814,090	7,186,356	9,000,446
- At 1994 valuation	764,875	2,429,897	3,194,772
	2,578,965	9,616,253	12,195,218
Net carrying amount	**2,578,965**	**8,200,412**	**10,779,377**
Company			
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**
31st December 2010			
Cost or valuation			
- Cost	2,969	6,210,714	6,213,683
- At 1994 valuation	764,875	2,429,897	3,194,772
	767,844	8,640,611	9,408,455
Net carrying amount	**767,844**	**7,547,945**	**8,315,789**

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	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Motor vehicles	818,564	969,947	85,960	137,536

(c) As at reporting date, titles to certain land and building with net book value of RM114,204/- (2010: RM117,216/-) have yet to be registered in the subsidiaries' name.

(d) Included in the capital work in progress of the Group is an amount of RM18,677,450/- (2010: RM16,735,527/-) 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	
	2011	**2010**
	RM	**RM**
Cost		
At 1st January	1,697,150	2,170,450
Disposal	(517,600)	(473,300)
Addition	254,874	-
At 31st December	1,434,424	1,697,150
Accumulated depreciation and impairment		
At 1st January	588,359	563,144
Depreciation charge for the year	27,705	41,781
Disposal	(44,326)	(16,566)
At 31st December	571,738	588,359
Net carrying amount	**862,686**	**1,108,791**
Estimated fair value of investment properties by directors	1,036,424	1,308,000

Properties pledged as security

Certain investment properties of the Group amounting to RM291,102 (2010: RM343,100) are mortgaged to secure bank loans (Note 27).

Titles to properties

As at reporting date, titles to investment properties with carrying amount of RM862,686 (2010: RM1,108,791) have yet to be registered in the subsidiaries' name.

15. INTANGIBLE ASSETS

	Goodwill RM	Computer Software RM	Total RM
Group			
At 1st January 2010	4,360,416	341,611	4,702,027
Amortisation during the year	-	(170,806)	(170,806)
At 31st December 2010	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**

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:

	2011 RM	2010 RM
Malaysia - Contracting		
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	
	2011	2010	2011	2010	2011	2010
Contracting	11.94%	8.15%	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	
	2011	**2010**
	RM	**RM**
At 1st January	3,480,823	-
Addition during the year	230,674	3,480,823
Reclassification from capital work-in-progress	503,400	-
Amortisation	(63,668)	-
Exchange differences	288,070	-
At 31st December	**4,439,299**	**3,480,823**

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 49 years.

17. INVESTMENT IN SUBSIDIARIES

	Company	
	2011	**2010**
	RM	**RM**
Unquoted shares, at cost		
In Malaysia	69,125,191	58,625,193
Outside Malaysia	32,536	32,536
	69,157,727	58,657,729
Less: Accumulated impairment losses	(1,750,859)	(1,737,076)
	67,406,868	**56,920,653**

17. INVESTMENT IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Proportion of ownership interest 2011 %	2010 %
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
Armatrade Sdn Bhd	Malaysia	Installing and servicing of fire fighting systems	100	100
Wintip Sdn Bhd	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	Malaysia	Renewable energy development	100	100
Solid Orient Holdings Sdn Bhd	Malaysia	Operation of palm oil mill	100	100

17. INVESTMENT IN SUBSIDIARIES (cont'd)

Name	Country of incorporation	Principal activities	Proportion of ownership interest 2011 %	2010 %
Subsidiaries of FITTERS Sdn Bhd:				
FITTERS Property Development Sdn Bhd	Malaysia	Property development	100	100
FITTERS (Ipoh) Sdn Bhd	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
Subsidiaries 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
Subsidiaries of Modular Floor Systems (M) Sdn Bhd:				
Titan Access Floors Limited @	United Kingdom	Ceased operations	-	100
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	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

17. INVESTMENT IN SUBSIDIARIES (cont'd)

Name	Country of incorporation	Principal activities	Proportion of ownership interest 2011 %	2010 %
Subsidiaries of Future NRG Sdn Bhd				
Future Biomass Gasification Sdn Bhd	Malaysia	Renewable energy development	60	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	-
Future NRG (SEA) Pte Ltd#	Singapore	Renewable energy development	100	-
Subsidiaries 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
@ Struck off during the financial year 2010

(a) Acquisition of subsidiary

On 1st August 2011, the Company through its subsidiary, Future NRG Sdn Bhd, incorporated a wholly-owned subsidiary company, Future NRG Asia Limited ("FNAL") with the issuance of 1 ordinary shares of USD1, representing 100% equity interest of FNAL, a company incorporated under the British Virgin Island Companies Act, 2004, for a total consideration of USD1. FNAL remained dormant as at the financial year ended 31st December 2011.

On 31st October 2011, the Company through its subsidiary, Future NRG Sdn Bhd, acquired 2 ordinary shares of SGD1 each of Future NRG (SEA) Pte Ltd ("FNSPL"), representing 100% equity interest of FNSPL, a company incorporated in Singapore, for a total consideration of SGD2. FNSPL remained dormant as at the financial year ended 31st December 2011.

(b) Striking off and dissolution of dormant subsidiaries

The notice of struck off were received from the Companies House of United Kingdom on 2nd February 2010 to struck off and dissolved a dormant subsidiary, Titan Access Floors Limited, pursuant to Section 1000 of the United Kingdom Companies Act 2006.

The effective date of the striking off of the above subsidiary was on 2nd May 2010.

18. INVESTMENT IN ASSOCIATES

	Group 2011 RM	2010 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 2011 %	2010 %
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

The summarised financial information of the associates are as follows:

	Group 2011 RM	2010 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	2011 Carrying amount RM	2011 Market value of quoted investments RM	2010 Carrying amount RM	2010 Market value of quoted investments RM
Current				
Held for trading investments				
- Equity instruments (quoted in Malaysia)*	649	818	650	650
Total current investment securities	649		650	
Non-current				
Fair value through profit or loss				
- Convertible redeemable preference shares (unquoted), at cost	24,943,834	#	18,582,334	#
Available-for-sale financial assets				
- Equity instruments (unquoted), at cost	607,141	#	607,140	#
- Corporate memberships in golf club	105,000	#	105,000	#
Total non-current investment securities	25,655,975		19,294,474	
Total investment securities	**25,656,624**		**19,295,124**	

* Prior to 1 January 2010, the current investments were carried at lower of cost and market value, determined on aggregate basis. The non-current investments are stated at costs less impairment.

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		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
At beginning of financial year	301,598	209,486	170,431	170,431
Recognised in the profit or loss	51,696	(40,548)	46,991	-
Arising form disposal of a subsidiary	-	132,660	-	-
Exchange differences	208	-	-	-
At end of financial year	**353,502**	**301,598**	**217,422**	**170,431**
Presented after appropriate offsetting as follows:				
Deferred tax assets	-	-	-	-
Deferred tax liabilities	353,502	301,598	217,422	170,431
	353,502	**301,598**	**217,422**	**170,431**

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 2010	494,952
Recognised in the profit or loss	(170,499)
At 31st December 2010	324,453
Recognised in profit or loss	29,049
At 31st December 2011	**353,502**

Deferred tax liability of the Company:

	Property, plant and equipment RM
At 1st January 2010/2011	170,431
Recognised in profit or loss	46,991
At 31st December 2011	**217,422**

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

Deferred tax assets of the Group:

	Inventories RM	Provisions RM	Unutilised tax losses and unabsorbed capital allowances RM	Total RM
At 1st January 2010	(44,575)	(100,685)	(140,206)	(285,466)
Recognised in profit or loss	44,575	(54,830)	140,206	129,951
Arising from disposal of a subsidiary	-	132,660	-	132,660
At 31st December 2010	-	(22,855)	-	(22,855)
Recognised in profit or loss	-	22,855	-	22,855
At 31st December 2011	**-**	**-**	**-**	**-**

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

	Group	
	2011 RM	2010 RM
Unutilised tax losses	13,175,643	13,079,772
Unabsorbed capital allowances	872,709	300,215
Other deductible temporary differences	83,191	75,056
	14,131,543	**13,455,043**

21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Current				
Trade receivables				
Third parties	72,953,835	55,917,681	-	-
Less: Allowance for impairment	(18,277,575)	(17,888,432)	-	-
	54,676,260	38,029,249	-	-
Amounts due from related companies	547,841	432,021	-	-
Retention sum on contracts	4,183,682	1,544,274	-	-
Trade receivables, net	59,407,783	40,005,544	-	-
Other receivables				
Amounts due from subsidiaries	-	-	85,744,403	82,466,987
Sundry receivables	17,861,706	16,232,033	88,725	111,234
Refundable deposits	22,934,636	14,501,285	45,611	39,881
Prepayment	705,231	63,047	16,690	16,691
	41,501,573	30,796,365	85,895,429	82,634,793
	100,909,356	**70,801,909**	**85,895,429**	**82,634,793**

21. TRADE AND OTHER RECEIVABLES (cont'd)

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Non-current				
Trade receivables				
Third parties	1,909,434	-	-	-
Retention sum on contracts	2,824,212	16,735,796	-	-
Trade receivables, net	4,733,646	16,735,796	-	-
Other receivables				
Sundry receivables	-	524,195	-	-
	4,733,646	17,259,991	-	-
Total trade and other receivables (current and non-current)	105,643,002	88,061,900	85,895,429	82,634,793

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2010: 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 2011 RM	Group 2010 RM
Neither past due nor impaired **	48,630,675	48,566,856
1 to 30 days past due not impaired	3,741,477	3,465,819
31 to 60 days past due not impaired	4,335,525	1,621,433
61 to 90 days past due not impaired	655,138	723,508
91 to 120 days past due not impaired	5,131,797	2,096,063
More than 121 days past due not impaired	1,646,817	267,661
	15,510,754	8,174,484
Impaired	18,277,575	17,888,432
	82,419,004	**74,629,772**

** Included in neither past due nor impaired are retention sums amounted to RM7,007,894 (2010: RM18,280,070).

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.

21. TRADE AND OTHER RECEIVABLES (cont'd)

(a) Trade Receivables (cont'd)

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM15,510,754 (2010: RM8,174,484) 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.

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	
	2011 RM	**2010 RM**
Trade receivables - nominal amounts	18,277,575	17,888,432
Less: Allowance for impairment	(18,277,575)	(17,888,432)
	-	-

Movement in allowance accounts:

	Group	
	2011 RM	**2010 RM**
At beginning of financial year	17,888,432	20,730,156
Allowance made during the financial year	837,089	619,516
Written off	(23,176)	(2,637,659)
Reversal of allowance for impairment losses	(424,770)	(823,581)
At end of financial year	**18,277,575**	**17,888,432**

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 RM373,310 (2010: RM6,520,922) 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) 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 2010	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 2010/2011	**-**	**-**	**-**

(b) Property development costs

	Leasehold land RM	Development cost RM	Total RM
Group			
Cumulative property development costs			
At 1st January 2010	-	-	-
Costs incurred during the year	-	27,280,848	27,280,848
Transfer from land held for property development	22,167,944	8,754,472	30,922,416
At 31st December 2010	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**
Cumulative costs recognised in profit or loss			
At 1st January 2010	-	-	-
Recognised during the year	(281,604)	(3,293,345)	(3,574,949)
At 31st December 2010	(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)**
Property development costs at			
31st December 2011	**20,244,542**	**36,679,383**	**56,923,925**
31st December 2010	**21,886,340**	**32,741,975**	**54,628,315**

23. INVENTORIES

	Group 2011 RM	2010 RM
Cost		
Raw materials	7,104,670	5,966,717
Work-in-progress	727,509	628,533
Finished goods	5,747,726	4,996,335
	13,579,905	**11,591,585**

24. OTHER CURRENT ASSETS

	Group	
	2011 RM	2010 RM
Amount due from customers for contract	27,628,921	10,532,949

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

	Group	
	2011 RM	2010 RM
Construction contract costs incurred to date	528,755,777	440,787,339
Attributable profits	54,343,124	42,185,451
	583,098,901	482,972,790
Less: Progress billings	(559,861,680)	(495,131,127)
	23,237,221	(12,158,337)
Presented as:		
Gross amount due from customers for contracts (Note 24)	27,628,921	10,532,949
Gross amount due to customers for contracts (Note 29)	(4,391,700)	(22,691,286)
	23,237,221	(12,158,337)
Retention sums on construction contract, included within trade receivables	7,007,894	18,280,070
Advance received on contracts, included within other payables	-	16,052,612

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

	Group	
	2011 RM	2010 RM
Hire of plant and machinery	4,413,271	139,891
Wages and salaries	6,213,385	1,926,446
Social security contributions	3,664	5,302
Contribution to defined contribution plans	110,052	87,878
Rental expense for building	324,142	151,903

26. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Cash at bank and on hand	8,564,567	12,071,210	139,834	2,690,623
Short term deposits with licensed banks	270,000	1,934,000	-	-
	8,834,567	14,005,210	139,834	2,690,623

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between 7 and 15 days depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates. The weighted average effective interest rates as at 31st December 2011 for the Group were 1.85% (2010: 2.5%).

Short term deposits with licensed banks of the Group amounting to RM20,000 (2010: RM20,000) are pledged as securities for borrowings (Note 27).

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

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Cash and short term deposits	8,834,567	14,005,210	139,834	2,690,623
Bank overdraft	(3,024,403)	(1,879,285)	-	-
	5,810,164	12,125,925	139,834	2,690,623

27. LOANS AND BORROWINGS

		Group		Company	
	Maturity	2011 RM	2010 RM	2011 RM	2010 RM
Current					
Secured:					
Obligations under finance leases (Note a)	2012	273,170	400,905	52,246	48,917
Term loans	2012	12,262	25,860	-	-
		285,432	426,765	52,246	48,917
Unsecured:					
Bank overdrafts	On demand	3,024,403	1,879,285	-	-
Revolving credit	On demand	16,300,000	5,000,000	11,300,000	5,000,000
Bankers' acceptances	On demand	13,314,187	7,020,870	-	-
		32,638,590	13,900,155	11,300,000	5,000,000
		32,924,022	14,326,920	11,352,246	5,048,917

27. LOANS AND BORROWINGS (cont'd)

		Group		Company	
		2011	2010	2011	2010
	Maturity	RM	RM	RM	RM
Non-current					
Secured:					
Obligations under finance leases (Note a)	2013-2014	201,022	339,930	36,643	88,889
Term loans	2013-2014	11,000,000	21,870	-	-
		11,201,022	361,800	36,643	88,889
Total loans and borrowings		**44,125,044**	**14,688,720**	**11,388,889**	**5,137,806**

The remaining maturities of the loans and borrowings as at 31st December 2011 are as follows:

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
On demand or within one year	32,924,022	14,326,920	11,352,246	5,048,917
More than 1 year and less than 2 years	153,456	229,222	36,643	52,246
More than 2 years and less than 5 years	11,047,566	132,578	-	36,643
	44,125,044	**14,688,720**	**11,388,889**	**5,137,806**

Obligations under finance leases

The average discount rate implicit in the leases is 2.96% p.a. (2010: 2.71% 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.

Term loan

The current term loan bear a weighted average effective interest rate of 5.6% (2010: 4.93%) per annum. This loan is secured by a first mortgage over a freehold land and building of the Group's investment properties, and corporate guarantee provided by the Company. The term loan is repayable on monthly basis and final repayment is due on 26th January 2014.

The long 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, 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.

27. LOANS AND BORROWINGS (cont'd)

(a) Obligations under finance lease

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Future minimum lease payments:				
Not later than 1 year	292,259	429,963	56,268	56,268
Later than 1 year and not later than 2 years	161,813	241,781	37,475	56,268
Later than 2 years and not later than 5 years	48,583	116,013	-	37,475
Total minimum lease payments	502,655	787,757	93,743	150,011
Less: Future finance charges	(28,463)	(46,922)	(4,854)	(12,205)
Present value of finance lease liabilities	474,192	740,835	88,889	137,806
Analysis of present value of finance lease liabilities:				
Not later than 1 year	273,170	400,905	52,246	48,917
Later than 1 year and not later than 2 years	153,456	229,222	36,643	52,246
Later than 2 years and not later than 5 years	47,566	110,708	-	36,643
	474,192	740,835	88,889	137,806
Less: Amount due within 12 months	(273,170)	(400,905)	(52,246)	(48,917)
Amount due after 12 months	201,022	339,930	36,643	88,889

28. TRADE AND OTHER PAYABLES

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Current				
Trade payables				
Third parties	40,606,188	20,493,454	-	-
Amount due to related parties	903,987	865,945	-	-
	41,510,175	21,359,399	-	-
Other payables				
Accrued operating expenses	17,659,951	20,182,153	411,591	386,389
Other payables	17,244,077	18,084,840	67,507	219,818
Deposits received	2,300	20,050	-	-
Amount due to subsidiaries	-	-	29,742,247	25,355,254
Amount due to director	4,700,000	-	-	-
	39,606,328	38,287,043	30,221,345	25,961,461
Total trade and other payables	81,116,503	59,646,442	30,221,345	25,961,461

28. TRADE AND OTHER PAYABLES (cont'd)

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 days (2010: 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 (2010: 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.

29. OTHER CURRENT LIABILITIES

	Group 2011 RM	Group 2010 RM
Progress billings in respect of property development cost	1,862,615	2,891,824
Amount due to customers for contracts	4,391,700	22,691,286
	6,254,315	25,583,110

30. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	Number of ordinary share of RM0.50 each 2011 Units	Number of ordinary share of RM0.50 each 2010 Units	Amount 2011 RM	Amount 2010 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 2010	131,157,184	5,108,376	65,578,592	-	65,578,592	(2,277,204)
Bonus share issue	72,136,054	-	36,068,027	(903,736)	35,164,291	-
Shares issue during the year	13,115,000	-	6,557,500	131,150	6,688,650	-
Share issuance expense	-	-	-	(193,664)	(193,664)	-
Gain on reissuance of treasury shares transferred to share premium reserve	-	(5,108,300)	-	966,250	966,250	2,277,170
At 31st December 2010	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	-

30. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES (cont'd)

(a) Share capital

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM108,204,119 to RM108,207,994 by way of issuance of 7,750 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 rank 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.

During the financial year, the Company resold its remaining treasury shares of 76 units in the open market at an average price of RM1.00 per share. The total amount received for the sale net of transaction costs is RM47.

31. OTHER RESERVES

	Asset valuation reserve RM	Capital reserve RM	Foreign currency translation reserve RM	Warrant reserve RM	Total RM
Group					
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**
At 1st January 2010	533,179	1,360,010	53,504	5,915,239	7,861,932
Other comprehensive income:					
Foreign currency translation	-	-	(829,126)	-	(829,126)
At 31st December 2010	**533,179**	**1,360,010**	**(775,622)**	**5,915,239**	**7,032,806**
Company					
At 31st December 2010/2011	533,179	-	-	5,915,239	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.

31. OTHER RESERVES (cont'd)

(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.

(d) Warrant reserve

On 28th November 2007, the Company issued 65,578,592 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.

Principal terms of the warrants are as follows:

(i) The exercise period commenced on the date of issue of the warrants and it will end five years from the date of issuance. Warrants that are not exercised during the exercise period will thereafter lapse and cease to be valid.

(ii) The warrants are issued in registered form and constituted by a Deed Poll date 18th October 2007.

(iii) The exercise price will be RM0.80 payable in full in respect of each new share of the Company issued upon the exercise of the warrant. Each warrant carries the entitlement to subscribe of one (1) new ordinary share of the Company.

(iv) In the event of an issue of shares or other securities convertible to shares by the Company, the warrant holders shall not have any participating right in respect of such issue although the exercise price and the number of additional warrants to be issued shall be adjusted, calculated and determined as per the Deed Poll, unless otherwise resolved by the Company in general meeting.

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 warrant 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.

On 24th June 2011 and 1st August 2011, 250 units and 7,500 units of warrants were exercised and converted to ordinary shares.

32. RETAINED EARNINGS

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28th December 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 in accordance with Section 39 of the Finance Act 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 2011, the Company has tax exempt profits available for distribution of approximately RM12,724,000/- (2010: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 2011.

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:

	2011 RM	2010 RM
Group		
Transaction with related parties		
Wai Soon Engineering Sdn Bhd		
- contract fee	3,432,740	2,773,746
- sales to	(4,203)	(19,331)
FITTERS (Sabah) Sdn Bhd		
- sales to	(1,265,429)	(1,931,283)
- 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	312,000
Company		
Transaction with subsidiaries		
Administrative income receivable	(1,584,000)	(1,380,000)
Rental income	(1,032,000)	(1,032,000)

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 2011 RM	Group 2010 RM
Capital expenditure approved and contracted for:		
Property,plant and equipment	4,059,000	3,374,141

(b) Contingent liabilities

	Company 2011 RM	Company 2010 RM
Unsecured		
Corporate guarantee given to corporations for performance project of a subsidiary	134,000,000	134,000,000

35. FAIR VALUE OF 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).

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	105,643,002	-	-	-	105,643,002
Investment securities	-	649	24,943,834	712,141	25,656,624
Deposits, cash and bank balances	8,834,567	-	-	-	8,834,567
	114,477,569	649	24,943,834	712,141	140,134,193
Financial liabilities					
Trade and other payables	(81,116,503)	-	-	-	(81,116,503)
Loans and borrowings	(44,125,044)	-	-	-	(44,125,044)
	(125,241,547)	-	-	-	(125,241,547)

35. FAIR VALUE OF 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
Company					
Financial assets					
Trade and other receivables	85,895,429	-	-	-	85,895,429
Deposits, cash and bank balances	139,834	-	-	-	139,834
	86,035,263	-	-	-	86,035,263
Financial liabilities					
Trade and other payables	(30,221,345)	-	-	-	(30,221,345)
Loans and borrowings	(11,388,889)	-	-	-	(11,388,889)
	(41,610,234)	-	-	-	(41,610,234)
2010					
Group					
Financial assets					
Trade and other receivables	88,061,900	-	-	-	88,061,900
Investment securities	-	650	18,582,334	712,140	19,295,124
Deposits, cash and bank balances	14,005,210	-	-	-	14,005,210
	102,067,110	650	18,582,334	712,140	121,362,234
Financial liabilities					
Trade and other payables	(59,646,442)	-	-	-	(59,646,442)
Loans and borrowings	(14,688,720)	-	-	-	(14,688,720)
	(74,335,162)	-	-	-	(74,335,162)
Company					
Financial assets					
Trade and other receivables	82,634,793	-	-	-	82,634,793
Deposits, cash and bank balances	2,690,623	-	-	-	2,690,623
	85,325,416	-	-	-	85,325,416
Financial liabilities					
Trade and other payables	(25,961,461)	-	-	-	(25,961,461)
Loans and borrowings	(5,137,806)	-	-	-	(5,137,806)
	(31,099,267)	-	-	-	(31,099,267)

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.

Exposure to credit risk

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:

	2011 RM	**2010 RM**
Secured		
Corporate guarantee given to banks for credit facilities granted to a subsidiary	240,660	240,660
Unsecured		
Corporate guarantee given to banks for credit facilities granted to subsidiaries	59,825,000	64,965,000
Corporate guarantee given to corporations for credit facilities granted to subsidiaries	17,410,000	16,460,000
	77,475,660	81,665,660

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			
	2011		2010	
	RM	% of total	RM	% of Total
By country:				
Malaysia	61,872,379	96%	55,641,815	98%
Singapore	2,263,822	4%	1,099,525	2%
China	5,228	0%	-	0%
	64,141,429	**100%**	**56,741,340**	**100%**
By industry sectors:				
Manufacturing and trading, services and theming	20,320,133	32%	18,541,917	33%
Construction, engineering services and property development	26,719,187	42%	33,310,180	59%
Renewable energy and palm oil	17,070,374	26%	3,114,181	5%
Investment holding and others	31,735	0%	1,775,062	3%
	64,141,429	**100%**	**56,741,340**	**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 statement of financial position.

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

(b) Liquidity risk

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

Analysis of financial instruments by remaining contractual maturities

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

	2011		
	On demand or within one year RM	One to five years RM	Total RM
Group			
Financial liabilities:			
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			
Financial liabilities:			
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**

	2010		
	On demand or within one year RM	One to five years RM	Total RM
Group			
Financial liabilities:			
Trade and other payables	59,646,442	-	59,646,442
Loans and borrowings	14,326,920	408,722	14,735,642
Total undiscounted financial liabilities	**73,973,362**	**408,722**	**74,382,084**
Company			
Financial liabilities:			
Trade and other payables	25,961,461	-	25,961,461
Loans and borrowings	5,048,917	185,336	5,234,253
Total undiscounted financial liabilities	**31,010,378**	**185,336**	**31,195,714**

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 RM43,651(2010: RM13,922) 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 States 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 1.13% (2010: 3.45%) of the Group's sales are denominated in foreign currencies whilst almost 2.10% (2010: 8.50%) 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 RM224,400 (2010: RM1,218,496) and RM215,277 (2010: RM415,769) 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 ended 31st December 2011.

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

		Group		Company	
	Note	2011 RM	2010 RM	2011 RM	2010 RM
Loans and borrowings	27	44,125,044	14,688,720	11,388,889	5,137,806
Less: Cash and bank balances	26	(8,834,567)	(14,005,210)	(139,834)	(2,690,623)
Net debt		**35,290,477**	**683,510**	**11,249,055**	**2,447,183**
Equity attributable to the owners of the parent		159,108,120	135,488,362	119,989,972	119,821,954
Gearing ratio		22%	1%	9%	2%

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.

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.

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						
Revenue						
External sales	95,994,938	115,176,192	235,296,404	20,525	-	446,488,059
Results						
Segment results	10,152,361	17,452,905	2,562,005	3,534,077	(2,506,286)	31,195,062
Finance costs						(1,475,393)
Income tax						(7,436,498)
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 allowance for impairment 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
31st December 2010						
Revenue						
External sales	61,763,532	97,794,445	29,885,169	313,339	-	189,756,485
Results						
Segment results	6,977,878	11,975,061	(1,490,934)	31,003,896	(28,353,918)	20,111,983
Finance costs						(1,182,191)
Income tax						(4,939,313)
Profit, net of tax						13,990,479
Assets and liabilities						
Segment assets	69,983,145	94,453,714	47,512,465	258,321,759	(235,012,780)	235,258,303
Unallocated assets						4,360,424
Total assets						239,618,727
Segment liabilities	64,168,644	75,519,306	20,272,913	90,686,898	(148,043,166)	102,604,595
Unallocated liabilities						301,598
Total liabilities						102,906,193
Other information						
Capital expenditure	36,051	14,028,141	4,242,583	-	-	18,306,775
Depreciation and amortisation	848,532	206,976	8,837	303,044	-	1,367,389
Reversal of allowance for impairment on trade receivables	(499,100)	(223,078)	-	(101,403)	-	(823,581)
Inventories written back	-	-	-	(116,035)	-	(116,035)
Non cash expenses	(339,301)	(291,136)	-	-	-	(630,437)

38. SEGMENT INFORMATION (cont'd)

Geographical information

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

	Revenue 2011 RM	Revenue 2010 RM
Malaysia	425,330,176	184,789,623
Singapore	21,153,674	4,966,862
China	4,209	-
	446,488,059	**189,756,485**

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

	Segments assets		Capital expenditure	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Malaysia	257,453,481	218,602,051	2,092,088	1,571,248
Singapore	10,564,572	3,552,581	95,182	-
China	26,439,872	17,464,095	5,998,962	16,735,527
	294,457,925	**239,618,727**	**8,186,232**	**18,306,775**

Supplementary Information

On realised and unrealised profits or losses

The breakdown of the retained earnings of the Group and of the Company as at 31st December 2011 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	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Total retained earnings				
- realised	40,540,304	19,146,063	5,115,892	4,999,020
- unrealised	318,930	472,407	217,422	170,431
	40,859,234	19,618,470	5,333,314	5,169,451
Total share of retained earnings from associates				
- realised	1,501,933	-	-	-
	42,361,167	19,618,470	5333,314	5,169,451
Less: Consolidation adjustments	84,387	633,001	-	-
Total retained earnings as per statement of financial position	**42,445,554**	**20,251,471**	**5,333,314**	**5,169,451**

List Of Properties Held By The Group
as at 31 December 2011

	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 m²	No. 1 Jalan Tembaga SD 5/2 Bandar Sri Damansara 52200 Kuala Lumpur	7,947,423	Freehold	21-8-1991	Office	18
2.	2-storey shop house 143.07 m²	12 Jalan Sagu 5 Taman Daya 81100 Johor Bahru Johor Darul Takzim	172,261	Freehold	5-4-1993	Office	18
3.	3-storey shop house 143.07 m²	66 Lintang Angsana Bandar Baru Ayer Itam 11500 Pulau Pinang	368,570	Leasehold Expire on 2093	24-2-1995	Office	17
4.	2-storey shop office 130.0 m²	13 Jalan Dato' Haji Megat Khas Taman Bandaraya Utama 31400 Ipoh, Perak	205,841	Leasehold Expire on 2093	10-4-1996	Office	17
5.	Apartment 70.14 m²	D-4-21 Rapis Pangsapuri Las Palmas Jalan Desa Ria Bandar Country Homes 48000 Rawang Selangor	61,273	Freehold	10-12-1999	Vacant	12
6.	Shop Office 73.02 m²	2A-28 Jalan Desa 9/3 Bandar Country Homes 48000 Rawang Selangor	52,931	Freehold	10-12-1999	Vacant	12
7.	2-storey town house 149.8 m²	No. 40, Jalan P14D/6, A21, Block 4B No. 2515, Mukim Dengkil Precinct 16 Putrajaya	291,102	Freehold	20-4- 2001	Vacant	8
8.	Office 172.8 m²	32-03 (Bk) Merchant Square Cheras Taman Juara Jaya Selangor Darul Ehsan	76,590	Freehold	21-12-2001	Vacant	10
9.	Office 163.4 m²	32-03 (Fr) Merchant Square Cheras Taman Juara Jaya Selangor Darul Ehsan	74,370	Freehold	21-12-2001	Vacant	10
10.	Office 336.22 m²	32-01, Merchant Square Cheras Taman Juara Jaya Selangor Darul Ehsan	165,750	Freehold	29-01-2004	Vacant	8
11.	Shop Office 131.18 m²	G-48, Jalan Putra Perdana 5/1 Taman Putra Perdana, 47100 Puchong, Selangor	254,874	Leasehold Expire on 19-10-2093	28-03-2011	Vacant	1
12.	Land 8.094 Hec. (20 acres)	HS (D): 3805, Lot PT 2279, Mukim of Ulu Telom District of Cameron Highlands Pahang	1,837,728	Freehold	16-03-2007	Agriculture	-
13.	Land 34,130 m²	PN 46795 No. Lot 30119, Mukim Setapak, Daerah Kuala Lumpur	20,244,542	Leasehold Expire on 20-11-2106	12-12-2007	Develop-ment	-
14.	Land 12,141 m²	HS (D):204963, Lot PT 6127, Bandar Sri Sendayan, Daerah Seremban Negeri Sembilan	2,329,040	Freehold	21-09-2010	Industrial	-

Analysis of Shareholdings

Authorised Share Capital	: RM500,000,000.00 (1,000,000,000 Ordinary Shares of RM0.50 each)
Issued and fully paid-up	: RM108,207,994.00 (216,415,988 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 2012

Size of Holdings	No. of Shareholders	%	No. of Shares Held	%
1 – 99	222	9.16	12,211	0.01
100 – 1,000	141	5.82	67,010	0.03
1,001 – 10,000	1,213	50.04	7,487,620	3.46
10,001 – 100,000	723	29.83	22,287,661	10.30
100,001 to less than 5% of issued shares	123	5.07	133,903,544	61.87
5% and above of issued shares	2	0.08	52,657,942	24.33
Total	**2,424**	**100.00**	**216,415,988**	**100.00**

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 3 MAY 2012

		Direct Shareholdings		Indirect Shareholdings	
No.	Name	No. of Shares Held	%	No. of Shares Held	%
1.	Mohammad Nizar Bin Idris	-	-	-	-
2.	Dato' Wong Swee Yee	70,082,167	32.38	1,009,906 (1)	0.47
3.	Datin Goh Hooi Yin	952,875	0.44	70,082,167 (2)	32.38
4.	Datuk Soh Chai Hock @ Soh Hai San	-	-	-	-
5.	Kong Sin Seng	-	-	-	-
6.	Mohamad Jamil Bin Mohd Yusof	-	-	-	-
7.	Zahedi Bin Hj Mohd Zain	4,516	Neg	177,187 (3)	0.08

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.

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 3 MAY 2012

		Direct Shareholdings		Indirect Shareholdings	
No.	Name	No. of Shares Held	%	No. of Shares Held	%
1.	Dato' Wong Swee Yee	70,082,167	32.38	1,009,906 *	0.47
2.	Datin Goh Hooi Yin	952,875	0.44	70,082,167 **	32.38

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.

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No.	Name	No. of Shares Held	%
1.	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Wong Swee Yee (KLM)	30,899,200	14.28
2.	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Swee Yee (M14)	21,758,742	10.05
3.	Tee Tiam Lee	9,950,050	4.60
4.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Swee Yee	9,000,000	4.16
5.	Wong Swee Yee	8,424,225	3.89
6.	Leong Kok Wah	7,312,300	3.38
7.	Chu Chee Kuen @ Steven Tseu	6,932,900	3.20
8.	QI Asset Management Ltd	6,480,000	2.99
9.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Gan Seong Liam	6,435,550	2.97
10.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sim Keng Chor	5,566,100	2.57
11.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chin Chin Seong	5,000,000	2.31
12.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for OSK-UOB Growth and Income Focus Trust (4892)	3,462,000	1.60
13.	Mohamed Nizam Bin Mohamed Jakel	3,398,600	1.57
14.	JS Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Nazimah Binti Syed Majid (NA243)	3,250,000	1.50
15.	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Siew Lai (Margin)	3,080,610	1.42
16.	Teo Kwee Hock	2,927,557	1.35
17.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for OSK-UOB Small Cap Opportunity Unit Trust (3548)	2,900,000	1.34
18.	Sim Joo Heng	2,035,807	0.94
19.	RHB Capital Nominees (Tempatan) Sdn Bhd Lim Twee Yong	2,000,750	0.92
20.	Yon Yu Hon @ Hon Yew Hon	1,787,467	0.83

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

No.	Name	No. of Shares Held	%
21.	AMSEC Nominees (Tempatan) Sdn Bhd Assar Asset Management Sdn Bhd for Lembaga Kumpulan Wang Kawasan Konsesi Hutan (FM-ASSAR-LKW)	1,769,025	0.82
22.	Lai Lan @ Loow Lai Lan	1,713,285	0.79
23.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for OSK-UOB Emerging Opportunity Unit Trust (4611)	1,400,000	0.65
24.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Low Wen Yun	1,271,700	0.59
25.	Universal Trustee (Malaysia) Berhad CIMB Islamic Small Cap Fund	1,265,800	0.58
26.	Amsec Nominees (Tempatan) Sdn Bhd Assar Asset Management Sdn Bhd for Sarawak Timber Industry Development Corporation (FM-ASSAR-STI)	1,155,387	0.53
27.	Sim Keng Chor	1,114,600	0.52
28.	UOBM Nominees (Tempatan) Sdn Bhd UOB-OSK Asset Management Sdn Bhd for Uni Aggressive Fund	1,000,000	0.46
29.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Low Keng Kok	990,000	0.46
30.	Goh Hooi Yin	952,875	0.44
Total :		**155,234,530**	**71.73**

Analysis of Warrant Holdings

Right Issue of Warrants 2007/2012	: 98,367,888 at an Issue Price of RM0.10 per Warrant
No. of Warrants Unexercised	: 98,360,138
Exercise Period	: From the date of Issuance of 28 November 2007 to the expiry date on 27 November 2012
Exercise Price	: RM0.53
Exercise Right	: Each warrant entitles the holder during the Exercise Period to subscribe for one (1) new ordinary share of RM0.50 each at the Exercise Price

ANALYSIS BY SIZE OF WARRANT HOLDINGS AS AT 3 MAY 2012

Size of Holdings	No. of Holders	%	No. of Warrants Held	%
1 – 99	63	5.51	2,755	0.00
100 – 1,000	52	5.42	25,049	0.03
1,001 – 10,000	349	41.40	1,949,725	1.98
10,001 – 100,000	320	39.72	12,308,000	12.51
100,001 to less than 5% of total warrants	93	7.66	42,769,100	43.48
5% and above of total warrants	3	0.28	41,305,509	41.99
Total	**880**	**100.00**	**98,360,138**	**100.00**

DIRECTORS' WARRANT HOLDINGS AS PER THE REGISTER OF DIRECTORS' WARRANT HOLDINGS AS AT 3 MAY 2012

		Direct Warrant Holdings		Indirect Warrant Holdings	
No.	Name	No. of Warrants Held	%	No. of Warrants Held	%
1.	Mohammad Nizar Bin Idris	-	-	-	-
2.	Dato' Wong Swee Yee	23,470,934	36.06	528,750 (1)	0.54
3.	Datin Goh Hooi Yin	528,750	0.54	23,470,934 (2)	36.06
4.	Datuk Soh Chai Hock @ Soh Hai San	-	-	-	-
5.	Kong Sin Seng	-	-	-	-
6.	Mohamad Jamil Bin Mohd Yusof	-	-	-	-
7.	Zahedi Bin Hj Mohd Zain	3,000	Neg	99,450 (3)	0.10

Notes:-
(1) Deemed interested in his brother, Mr. Wong Swee Seong's, and his spouse, Datin Goh Hooi Yin's, direct warrant holdings in FITTERS.
(2) Deemed interested in her spouse, Dato' Wong Swee Yee's, direct warrant holdings in FITTERS.
(3) Deemed interested by virtue of his substantial warrant holdings 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.

LIST OF THIRTY (30) LARGEST WARRANT HOLDERS

No.	Name	No. of Warrants Held	%
1.	Wong Swee Yee	23,405,459	23.80
2.	Leong Kok Wah	12,000,050	12.20
3.	Gan Seong Liam	5,900,000	6.00
4.	JS Nominees (Tempatan) Sdn Bhd Plegded Securities Account for Nazimah Binti Syed Majid (NA243)	2,900,000	2.95
5.	Tan Boon Kuan	2,393,000	2.43
6.	Lim Twee Yong	1,888,900	1.92
7.	Maybank Investment Bank Berhad CLR (II) for OSK-UOB Investment Management Berhad	1,824,300	1.85
8.	Chu Chee Kuen @ Steven Tseu	1,436,900	1.46
9.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Low Wen Yun	1,160,000	1.18
10.	UOBM Nominees (Tempatan) Sdn Bhd UOB-OSK Asset Management Sdn Bhd for Uni Aggressive Fund	1,140,000	1.16
11.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for OSK-UOB Small Cap Opportunity Unit Trust (3548)	1,100,000	1.12
12.	Liow Song Hock	1,040,900	1.06
13.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Lim Ka Kian (PB)	1,032,100	1.05
14.	RHB Capital Nominees (Tempatan) Sdn Bhd Sim Keng Chor	950,000	0.97
15.	Kamaruzaman Bin Che Mat	850,000	0.86
16.	Chok Syn Vun	842,300	0.86
17.	Hon Pansy	831,500	0.85
18.	Mohamed Faroz Bin Mohamed Jakel	800,000	0.81
19.	Fong Kum Kuan	765,200	0.78
20.	Chan Fee Whye	750,000	0.76
21.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chok Syn Vun (850959)	744,000	0.76
22.	Lee Seng Kiang	610,900	0.62
23.	Sim Keng Chor	600,000	0.61

LIST OF THIRTY (30) LARGEST WARRANT HOLDERS (cont'd)

No.	Name	No. of Warrants Held	%
24.	Su Thai Ping	555,000	0.56
25.	Goh Hooi Yin	528,750	0.54
26.	RHB Capital Nominees (Tempatan) Sdn Bhd Lim Twee Yong	527,000	0.54
27.	Kan Chee Wang	522,000	0.53
28.	Chok Syn Vun	500,000	0.51
29.	Chok Syn Yung	500,000	0.51
30.	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Razlin Dawina Binti Abdul Razak (M)	500,000	0.51
Total :		**68,598,259**	**69.74**

Notice of Twenty-Sixth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Sixth 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 Wednesday, 20 June 2012 at 11.00 a.m. for the following purposes:

A G E N D A

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2011 together with the Directors' and Auditors' Reports thereon.

2. (a) To re-elect Encik Mohamad Jamil Bin Mohd Yusof, who retires pursuant to Article 83 of the Articles of Association of the Company but who has given notification that he is not seeking re-election as a Director. **Resolution 1**

   (b) To re-elect Datin Goh Hooi Yin, who retires pursuant to Article 83 of the Articles of Association of the Company. **Resolution 2**

3. To approve the payment of Directors' fees for the financial year ended 31 December 2011. **Resolution 3**

4. To re-appoint Messrs. Baker Tilly Monteiro Heng as the Company's Auditors and to authorise the Board of Directors to fix their remuneration. **Resolution 4**

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modifications, the following Resolutions:

   (a) **Ordinary Resolution** **Resolution 5**
   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."

   (b) **Ordinary Resolution** **Resolution 6**
   Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ('Proposed Renewal of Shareholders' Mandate')

   "**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 29 May 2012 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;

SPECIAL BUSINESS (cont'd)

(b) **Ordinary Resolution**
Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ('Proposed Renewal of Shareholders' Mandate') (cont'd)

Resolution 6 (cont'd)

(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 Secretary 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."

(c) **Ordinary Resolution**
Proposed Renewal of Share Buy-Back Mandate

Resolution 7

"**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 the Twenty-Fifth Annual General Meeting of the Company held on 23 June 2011, 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 RM5,333,314.00 for the financial year ended 31 December 2011.

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.

SPECIAL BUSINESS (cont'd)

(c) **Ordinary Resolution**
Proposed Renewal of Share Buy-Back Mandate (cont'd) — **Resolution 7 (cont'd)**

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."

(d) **Special Resolution**
Proposed Amendments to the Company's Articles of Association — **Resolution 8**

"**THAT** the proposed amendments to the Articles of Association of the Company as contained in Appendix I of the Annual Report 2011 ("Proposed Amendments") be and are hereby approved and adopted."

6. 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
29 May 2012

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy in his / her stead.
2. 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.
3. 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.
4. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.
5. 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.

EXPLANATORY NOTES ON SPECIAL BUSINESS

Resolution 5 - 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 (AGM), 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 AGM of the Company.

This mandate is a renewal of the last mandate granted to the Directors at the Twenty-Fifth AGM held on 23 June 2011 which will lapse at the conclusion of the Twenty-Sixth AGM.

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-Fifth AGM because there were no investment(s), acquisition(s) or working capital that required fund raising activity.

Resolution 6 - Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")

The detailed text on Resolution 6 on the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature is included in the Circular to Shareholders dated 29 May 2012 which is enclosed together with the Annual Report.

Resolution 7 - Proposed Renewal of Share Buy Back Authority

The detailed text on Resolution 7 on the Proposed Renewal of Share Buy Back Authority is included in the Circular to Shareholders dated 29 May 2012 which is enclosed together with the Annual Report.

Resolution 8 - Proposed Amendments to the Company's Articles of Association

Resolution 8 is to amend the Company's Articles of Association to be in line with the recent amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The details of the Proposed Amendments are as set out in Appendix I of the Annual Report.

GENERAL MEETING RECORD OF DEPOSITORS

For the purpose of determining a member who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd in accordance with Article 59 of the Company's Articles of Association and Section 55(3) of the Securities Industry (Central Depositories) Act, 1991, to issue a General Meeting Record of Depositors as at 13 June 2012. Only a depositor whose name appears on the Record of Depositors as at 13 June 2012 shall be entitled to attend this meeting or appoint proxy/proxies to attend and/or vote in his stead.

Appendix I

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
2 Interpretation	**Words** / **Meanings** - / No Provision	**Words** / **Meanings** **Exempt Authorised Nominee** / **An authorised nominee defined under the Central Depositories Act which is exempted from compliance with provisions of subsection 25A(l) of the Central Depositories Act.**
71 Voting	Subject to any rights or restrictions for the time being attached to any class of shares at meeting of Members or classes of Members, each Member entitled to vote may vote in person or by proxy or by attomey or by duly authorised representative and on a show of hands, every Member who is a holder of ordinary shares or preference shares present in person or proxy or attorney or representative of a Member shall have one vote, and on a poll, every Member present in person or by proxy or attorney of representative shall have one vote for each share he holds.	Subject to any rights or restrictions for the time being attached to any class of shares at meeting of Members or classes of Members, each Member entitled to vote may vote in person or by proxy or by attomey or by duly authorised representative and on a show of hands, every Member who is a holder of ordinary shares or preference shares present in person or proxy or attomey or representative of a Member shall have one vote, and on a poll, every Member present in person or by proxy or attomey of representative shall have one vote for each share he holds. **A proxy appointed to attend and vote at the meeting of the Company shall have the same rights as the Member to speak at the meeting.**
76 Instrument appointing at least one proxy to be in writing	(a) The instrument appointing at least one proxy shall be in writing under the hand of the appointor or of his attomey duly authorised in writting or, if the appointor is a corporation, either under corporation's common seal or under the hand of an officer or attomey duly authorised. The Directors may but shall not be bound to require evidence of the authority of any such attomey or office. A proxy may but need not be a Member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. The instrument appointing at least one proxy shall be deemed to confer authority to demand or join in demanding a poll.	(a) The instrument appointing at least one proxy shall be in writing under the hand of the appointor or of his attomey duly authorised in writing or, if the appointor is a corporation, either under corporation's common seal or under the hand of an officer or attomey duly authorised. The Directors may but shall not be bound to require evidence of the authority of any such attomey or office. A proxy may but need not be a Member of the Company. **There shall be no restriction as to the qualification of the proxy** and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. The instrument appointing at least one proxy shall be deemed to confer authority to demand or join in demanding a poll.
	(b) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.	(b) **Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), the exempt authorised nominee may appoint any number of proxy (no limit) in respect of each omnibus account it holds.**

Article No.	Existing Articles	Amended Articles
78 Instrument appointing proxy to be left at company's office	The instrument appointing a proxy and the power of attomey or other authority, if any, under which it is signed or a notarially certified copy of that power of specified for that purpose in the notice convening the meeting, not less than forty eight (48) hours before the time appointed for holding the meeting or adjoumed meeting as the case may be, which the person named in the instrument proposes to vote, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for taking of the poll, and in default, the instrument of proxy shall be treated as valid.	The instrument appointing a proxy and the power of attomey or other authority, if any, under which it is signed or a notarially certified copy of that power of specified for that purpose in the notice convening the meeting, not less than forty eight (48) hours before the time appointed for holding the meeting or adjourned meeting as the case may be, which the person named in the instrument proposes to vote, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for taking of the poll, and in default, the instrument of proxy shall be treated as valid. **The completed instrument appointing a proxy once deposited will not preclude the Member from attending and voting in person at the general meeting should the member subsequently wish to do so.**

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-Sixth 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 Wednesday, 20 June 2012 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		

	FOR	AGAINST
RESOLUTION 5		
RESOLUTION 6		
RESOLUTION 7		
RESOLUTION 8		

(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 ___________ 2012.

(Signature/Common Seal of Shareholder)

(*Delete if not applicable)

Notes :

1) A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy in his/her stead.
2) 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.
3) 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.
4) A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.
5) 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 appointor 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.

FOLD THIS FLAP FOR SEALING

FOLD HERE

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

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