FUTUTECH 富德

FUTUTECH BERHAD (122592-U)

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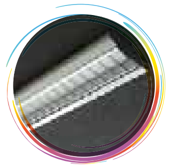
(122592-U)

Annual Report 2010







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

ANNUAL REPORT 2010

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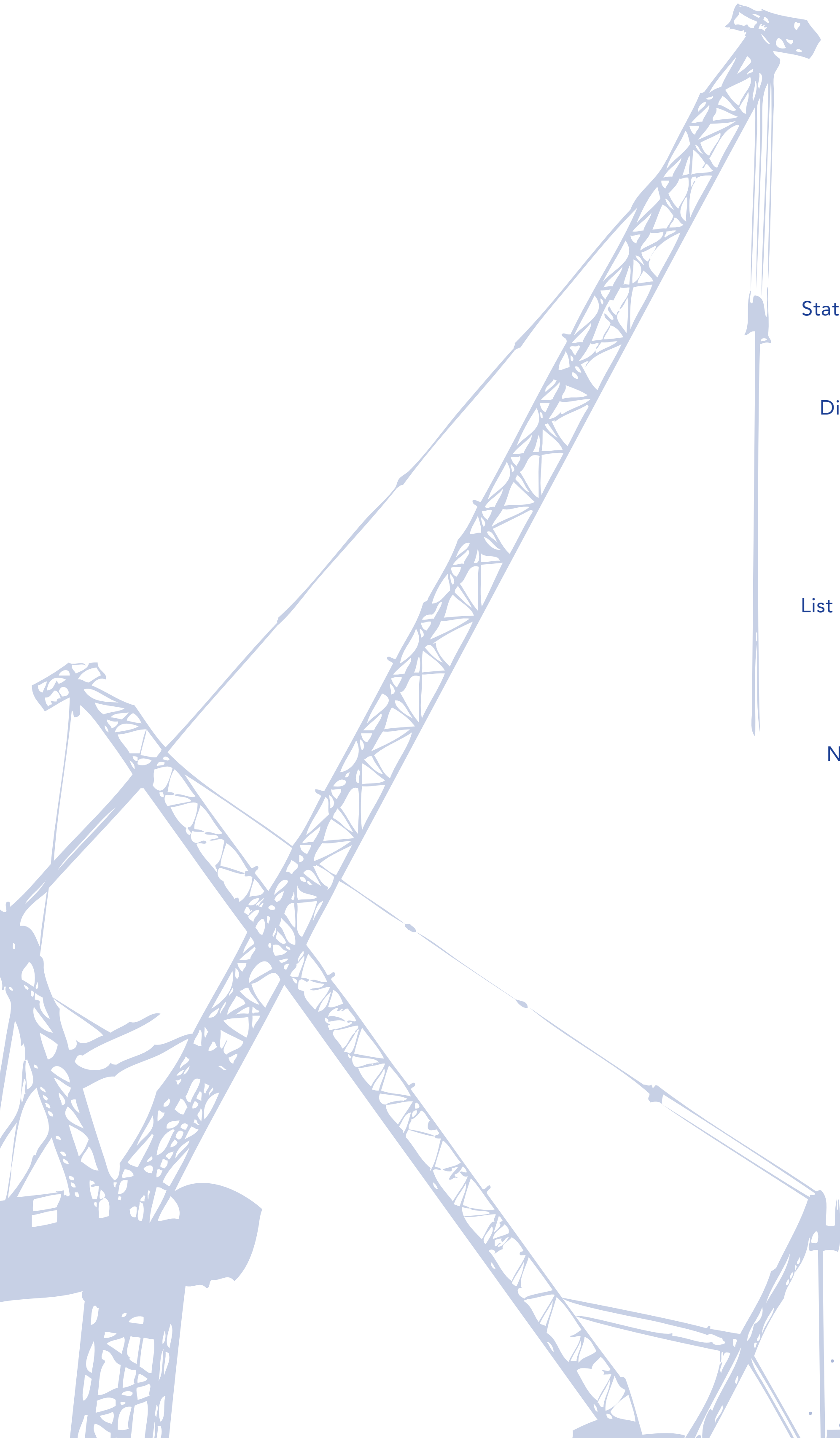


Corporate Information

BOARD OF DIRECTORS

Mr Tee Eng Ho
Executive Chairman
(Appointed on 31 March 2011)

Mr Loo Soo Loong, Evan
Chief Executive Officer

Mr Tee Eng Seng
Non-Independent Non-Executive Director
(Appointed on 31 March 2011)

Mr Khoo Siong Kee
Independent Non-Executive Director
(Appointed on 25 April 2011)

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

COMPANY SECRETARY

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

REGISTERED OFFICE

312, 3rd Floor, Block C
Kelana Square
17 Jalan SS7/26
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : 603-7803 1126
Fax : 603-7806 1387

REGISTRAR

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

AUDITORS

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

PRINCIPAL BANKERS

Malayan Banking Berhad
Public Bank Berhad
RHB Bank Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

WEBSITE

www.fututech.com.my

Profile of Directors

MR. TEE ENG HO
Executive Chairman
Malaysian, 46 years of age

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

Save for Mr. Tee Eng Seng, who is a substantial shareholder of the Company and a brother to him, he has no family relationship with any Director or major shareholder of the Company and has no conflict of interest with the Company. Within the past ten (10) years he has not been convicted of any offence other than traffic offence. As he was appointed Director of the Company on 31 March 2011, he did not attend any Board of Directors' Meeting of the Company held during the financial year ended 31 December 2010.

MR. LOO SOO LOONG, EVAN
Chief Executive Officer
Malaysian, 47 years of age

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

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

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

Mr. Loo has no family relationship with any Director or major shareholder of the Company and has no conflict of interest with the Company. Within the past ten (10) years he has not been convicted of any offence other than traffic offence. He attended all four (4) Board of Directors' Meetings held during the financial year ended 31 December 2010.

Profile of Directors
cont'd

MR. KHOO SIONG KEE
Independent Non-Executive Director
Malaysian, 61 years of age

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

He is currently the Chairman of the Audit Committee, Nominating Committee and Remuneration Committee of the Company. He has no family relationship with any Director or major shareholder of the Company and has no conflict of interest with the Company. Within the past ten (10) years he has not been convicted of any offence other than traffic offence. As he was appointed Director of the Company on 25 April 2011, he did not attend any Board of Directors' Meeting of the Company held during the financial year ended 31 December 2010.

MR. TEE ENG SENG
Non-Independent Non-Executive Director
Malaysian, 41 years of age

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

He is currently a member of the Audit Committee, Nominating Committee and Remuneration Committee of the Company. Save for Mr. Tee Eng Ho, who is a substantial shareholder of the Company and a brother to him, he has no family relationship with any Director or major shareholder of the Company and has no conflict of interest with the Company. Within the past ten (10) years he has not been convicted of any offence other than traffic offence. As he was appointed Director of the Company on 31 March 2011, he did not attend any Board of Directors' Meeting of the Company held during the financial year ended 31 December 2010.

Profile of Directors
cont'd

PROFESSOR DATUK DR. NIK MOHD ZAIN BIN NIK YUSOF
Independent Non-Executive Director
Malaysian, 64 years of age

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

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

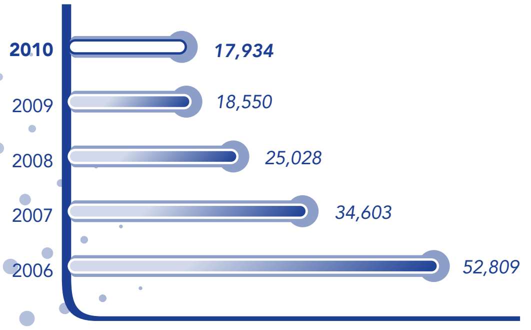
Professor Datuk Dr. Nik Mohd Zain also sits on the Board of Directors of Amway (Malaysia) Holdings Berhad.

Professor Datuk Dr. Nik Mohd Zain is also a member of the Audit Committee, Nominating Committee and Remuneration Committee of the Company. He has no family relationship with any Director or major shareholder of the Company and has no conflict of interest with the Company. Within the past ten (10) years he has not been convicted of any offence other than traffic offence. He attended all four (4) Board of Directors' Meetings held during the financial year ended 31 December 2010.

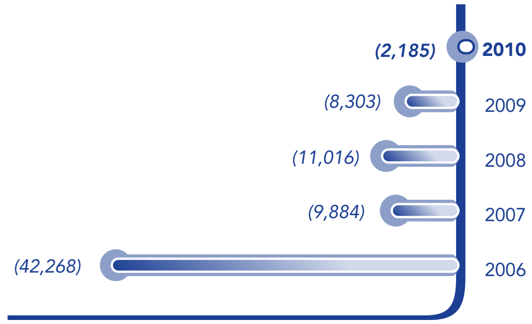
Corporate Structure

5-Year Group Financial Summary

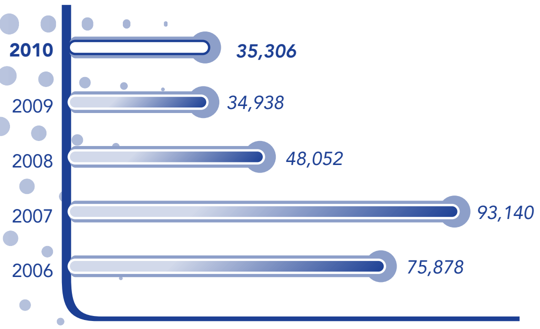
	2010 RM'000	2009 RM'000	2008 RM'000	2007 RM'000	2006 RM'000
Revenue	**17,934**	18,550	25,028	34,603	52,809
Profit/(loss) before taxation	**(2,185)**	(8,303)	(11,016)	(9,884)	(42,268)
Profit/(loss) after taxation and minority interest	**(2,453)**	(8,302)	(10,894)	(9,884)	(40,066)
Dividend - (Amount net of tax)		-	-	-	-
Total Assets	**35,306**	34,938	48,052	93,140	75,878
Shareholders' Fund	**27,601**	30,011	38,396	49,476	30,883
Net Tangible Assets	**27,601**	30,011	38,334	49,411	30,818
	Sen	**Sen**	**Sen**	**Sen**	**Sen**
Net Tangible Assets per share	**47.00**	51.10	65.28	84.13	52.48
Loss per share	**(4.18)**	(14.14)	(18.55)	(36.63)	(150.92)



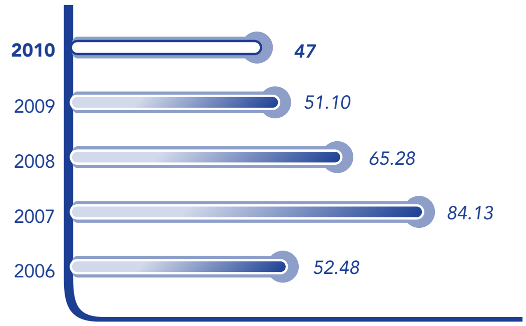
Revenue
(RM'000)



Loss Before Taxation
(RM'000)



Total Assets
(RM'000)



Net Tangible Assets per share
(sen)

Chairman's Statement

ECONOMIC OVERVIEW

Against the backdrop of a global economic recovery which begun in the second half of 2009, the Malaysian economy expanded credibly at 7.2% in 2010. Domestic demand conditions were robust as private consumption expanded at a faster rate of 6.6% in 2010 (2009: 0.7%) due to an improved labour market, higher household incomes, higher crude palm and rubber prices and continued access to credit by consumers. Strong private sector activities and the implementation of programmes to further enhance the country's infrastructure and public sector delivery system were other main drivers in the economy which contributed to the growth path.

The manufacturing sector rebounded with a growth of 11.4% (2009: 9.4%) as expansions were experienced in both the export and domestic oriented industries particularly in the first half of 2010. Export oriented industries were supported by the growth of the electronics & electrical (E & E) products, revival of global corporate IT investments and higher consumer spending on electronics whilst the domestic oriented industries were supported by strong domestic consumption activity. The pace of growth of the sector, however, moderated towards the year end due to slower external demand and the diminishing base effect.

[Source: Annual Report 2010, Bank Negara Malaysia]

GROUP REVIEW

For the Group, the year 2010 is a year to be remembered as a year of major changes. Firstly, the Group shifted and integrated its lighting production activities from Puchong to its existing Ijok factory as part of the cost and resource rationalization plan and secondly, the Group managed to successfully venture and extend its project focused business activities into the construction industry. The Group entered into the construction business with successful sub contract tenders in the second half of 2010 and these were in the high end premium property development projects known as the St. Mary Residences in Kuala Lumpur and Seri Tanjung Pinang in Pulau Pinang.

Thus in this year of transition, overall Group revenue declined from RM 18.55 million in 2009 to RM 17.93 million in 2010 due mainly to the underperformance of the lighting and kitchen cabinet manufacturing divisions consequent to their earlier downsizing, price competition and the completion of earlier projects. Although revenue declined, the Group managed to register a lower loss before tax of RM 2.18 million for year ending December 31, 2010 as compared to RM 8.30 million in the same corresponding period of 2009 after taking into consideration, amongst others, impairment of engineering equipment, inventory and the provision of legal costs amounting to an estimated RM 2.22 million.

Taking cognizance of the challenges faced by the manufacturing division previously, we believe that the Group's entry into the construction industry will be able to diversify and bring synergies into the Group's current operating business positively.

2011 PROSPECTS

The Malaysian economy is projected to grow by 5-6% in 2011. Further progress of on-going infrastructure projects and new projects due for implementation under the Government's Economic Transformation Programme (ETP) is expected to provide the impetus for the construction sector.

[Source: Annual Report 2010, Bank Negara Malaysia]

Going forward, we expect the new construction division to drive revenues and become the main engine of growth for the Group. To this end, the construction division is set to intensify its activities from 2011 onwards whereby necessary resources will have to be acquired and allocated to realize the benefits of both present and future projects to be undertaken by the Group. As part of the efforts to strengthen the Group's financial position, we believe that a corporate exercise involving the significant reduction of the Group's accumulated losses that will more closely reflect the value of the Group's underlying assets and to facilitate the Group's growth is necessary. Thus a fund raising exercise for working capital purposes and growth is required for due consideration.

APPRECIATION & ACKNOWLEDGEMENT

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

A new era for the Group began in 2010 which saw the Group overcoming challenges from previous years and is now moving forward to rebuild itself in a new direction. To the employees of the Group, I wish to thank all of you for your dedication, cooperation and determination in carrying out the Group's objectives.

TEE ENG HO
Executive Chairman

Statement on Corporate Governance

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

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

A. BOARD OF DIRECTORS

Composition of the Board

Currently, the Board consists of five (5) members comprising two (2) Independent Non-Executive Directors, one (1) Non-Independent Non-Executive Director and two (2) Executive Directors. The Company complied with the provision of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") in regards to the composition of the Board of Directors. Profile of each Director is presented on pages 3 to 5 of this Annual Report.

The Current composition of the Board is as follows:

Name of Directors	Designation	Remarks
Encik Kamil Ahmad Merican	*Non-Independent Non-Executive Chairman*	*(Resigned on 31 March 2011)*
Mr. Loo Soo Loong	*Chief Executive Officer*	
Mr. Vijeyaratnam a/l V. Thamotharam Pillay	*Independent Non-Executive Director*	*(Resigned on 21 April 2011)*
Mr. Chan Kok Leong	*Non-Independent Non-Executive Director*	*(Resigned on 31 March 2011)*
Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof	*Independent Non-Executive Director*	
Mr. Tee Eng Ho	*Executive Chairman*	*(Appointed on 31 March 2011)*
Mr. Tee Eng Seng	*Non-Independent Non-Executive Director*	*(Appointed on 31 March 2011)*
Mr. Khoo Siong Kee	*Independent Non-Executive Director*	*(Appointed on 25 April 2011)*

Board Balance

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

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

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

Statement on Corporate Governance
cont'd

A. BOARD OF DIRECTORS *cont'd*

Board Meetings

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

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

There were four (4) meetings of the Board of Directors held during the year 2010.

Attendance of each Director at the meetings held during the financial year ended 31 December 2010 is as follows:-

Name of Directors	Designation	Number of Meetings Attended
Encik Kamil Ahmad Merican*	*Non-Independent Non-Executive Chairman*	4/4
Mr. Loo Soo Loong	*Chief Executive Officer*	4/4
Mr. Vijeyaratnam a/l V. Thamotharam Pillay**	*Independent Non-Executive Director*	4/4
Mr. Chan Kok Leong*	*Non-Independent Non-Executive Director*	4/4
Professor Datuk Dr. Nik Mohd Zain Bin Nik Yusof	*Independent Non-Executive Director*	4/4
Mr. Tee Eng Ho#	*Executive Chairman*	N/A
Mr. Tee Eng Seng#	*Non-Independent Non-Executive Director*	N/A
Mr. Khoo Siong Kee^	*Independent Non-Executive Director*	N/A

Notes:
* *Resigned on 31 March 2011*
** *Resigned on 21 April 2011*
# *Appointed on 31 March 2011*
^ *Appointed on 25 April 2011*

Supply of Information

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

Re-election of Directors

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

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

Statement on Corporate Governance
cont'd

A. BOARD OF DIRECTORS *cont'd*

Directors' Training

All the Directors have completed the Mandatory Accreditation Program prescribed by Bursa Securities. During the financial year, the Directors have attended training programs in compliance with paragraph 15.08 of the Main Market Listing Requirements of Bursa Securities. Save for the Directors; Mr. Tee Eng Ho, Mr. Tee Eng Seng, and Mr. Khoo Siong Kee, who were appointed after the financial year and who will attend the mandatory accreditation programs, the Directors have attended individually or collectively the various programs and briefings on amongst others, the following:-

- Forensic Accounting and Fraud
- Ernst & Young – FRS 139 Training

The Company will continuously arrange for further training for the Directors as part of their obligation to update and enhance their skills and knowledge which are important for their carrying out an effective role as Directors. From time to time, the Board also receives updates and briefings, particularly on regulatory and legal developments relevant to the Company's business.

Board Committees

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

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

Nominating Committee

The Nominating Committee comprises the following Directors during the financial year:-

Name	Designation	Directorship
Mr. Vijeyaratnam a/l V. Thamotharam Pillay**	*Chairman*	*Independent Non-Executive Director*
Mr. Chan Kok Leong*	*Member*	*Non-Independent Non-Executive Director*
Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof	*Member*	*Independent Non-Executive Director*
Mr. Khoo Siong Kee^	*Chairman*	*Independent Non-Executive Director*
Mr. Tee Eng Seng#	*Member*	*Non-Independent Non-Executive Director*

* *Resigned and ceased to be Member of the Nominating Committee on 31 March 2011*
** *Resigned and ceased to be Chairman of the Nominating Committee on 21 April 2011*
^ *Appointed as director on 25 April 2011 and appointed as Chairman of the Nominating Committee on 26 April 2011*
# *Appointed as director on 31 March 2011 and appointed as Member of the Nominating Committee on 26 April 2011*

The Nominating Committee consists entirely Non-Executive Directors whilst two (2) of whom are Independent.

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

Statement on Corporate Governance
cont'd

A. BOARD OF DIRECTORS *cont'd*

Remuneration Committee

The Remuneration Committee comprises the following Directors during the financial year:-

Name	Designation	Directorship
Mr. Vijeyaratnam a/l V. Thamotharam Pillay**	*Chairman*	*Independent Non-Executive Director*
Mr. Chan Kok Leong*	*Member*	*Non-Independent Non-Executive Director*
Professor Datuk Dr. Nik Mohd Zain Bin Nik Yusof	*Member*	*Independent Non-Executive Director*
Mr. Khoo Siong Kee^	*Chairman*	*Independent Non-Executive Director*
Mr. Tee Eng Seng#	*Member*	*Non-Independent Non-Executive Director*

* *Resigned and ceased to be Member of the Remuneration Committee on 31 March 2011*
** *Resigned and ceased to be Chairman of the Remuneration Committee on 21 April 2011*
^ *Appointed as director on 25 April 2011 and appointed as Chairman of the Remuneration Committee on 26 April 2011*
\# *Appointed as director on 31 March 2011 and appointed as Member of the Remuneration Committee on 26 April 2011*

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

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

B. DIRECTORS' REMUNERATION

The aggregate remuneration of the Directors for the financial year ended 31 December 2010 categorised into the appropriate components and analysed into bands of RM50,000 are as below:-

	Salary and other emoluments (RM)	Fees (RM)	Total (RM)
Executive Director	241,000	-	241,000
Non-Executive Directors	8,000	94,800	102,800

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

Range of Remuneration	Executive Director	Non-Executive Directors
Below RM50,000	-	4
RM200,001 to RM250,000	1	-

Statement on Corporate Governance
cont'd

C. SHAREHOLDERS AND INVESTORS

Dialogue between the Company and Investors

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

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

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

Annual General Meeting

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

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

D. ACCOUNTABILITY AND AUDIT

Financial Reporting

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

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

Internal Control

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

The Statement on Internal Control is set out on pages 21 and 22 of this Annual Report, providing an overview of the Company's state of internal control.

Relationship with the Auditors

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

Key features underlying the relationship of the Audit Committee with the external auditors are included in the Audit Committee's terms of reference as detailed on pages 17 to 20 of this Annual Report.

Other Compliance Information

1. NON-AUDIT FEES

There were no non-audit fees paid to the external auditors by the Group for the financial year ended 31 December 2010.

2. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Details of transactions with related parties undertaken by the Group during the financial year are as follows:-

Transacting Parties	Interested Directors/Major Shareholders/Persons Connected To Them (Interested Parties)	Nature of Transaction	Transacted Value for the Financial Year Ended 31 December 2010 (RM'000)
Eastern & Oriental Berhad ("EOB@") Group and Acumen Marketing Sdn Bhd ("AMSB")	EOB@, E&O Property Development Berhad+ ("EOPD"), Dynamic Degree Sdn Bhd+ ("DDSB"), Tinggi Murni Sdn Bhd+ ("TMSB"), Samudra Pelangi Sdn Bhd+ ("SPSB"), Kamil Ahmad Merican* ("KAM"), Chan Kok Leong# ("CKL")	Sale and supply of lightings, light fittings, outdoor fittings, kitchen cabinetry and related products by AMSB to EOB Group	1,474
EOB@ Group and Ace Equity Sdn Bhd ("AESB")	EOB@ EOPD+ DDSB+ TMSB+ SPSB+ KAM* CKL#	Supply and installation of aluminium and glazing works, stones works, interior fixtures, fittings, lightings, cabinetry and related products and provision of contract workmanship and other related services, which include amongst others, stone works and road works by AESB to EOB Group.	284,983

Notes:

@ *EOB, a Major Shareholder, is the ultimate holding company of DDSB, EOPD, TMSB and SPSB. EOB ceased to be a substantial shareholder of Fututech Berhad with effect from 28 March 2011.*

+ *DDSB and EOPD are both wholly-owned subsidiaries of EOB. SPSB is a wholly-owned subsidiary of TMSB, which in turn is a wholly-owned subsidiary of EOPD.*

* *KAM, who resigned from the Board on 31 March 2011, was a Non-Independent Non-Executive Chairman of Fututech Berhad previously. He is currently the Non-Independent Non-Executive Director of EOB and Director of EOPD. He holds 0.15% direct interest in EOB. He does not hold any equity interest in Fututech Berhad.*

CKL, who resigned from the Board on 31 March 2011, was a Non-Independent Non-Executive Director of Fututech Berhad previously. He is currently the Deputy Managing Director of EOB, Executive Director of EOPD, and Director of DDSB, TMSB and SPSB. He holds 0.57% direct interest in EOB. He does not hold any equity interest in Fututech Berhad.

Other Compliance Information
cont'd

3. MATERIAL CONTRACT

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

4. REVALUATION POLICY ON LANDED PROPERTIES

The Group does not have a revaluation policy on landed properties.

5. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

On 21 December 2007, the Company issued 23,490,542 warrants 2007/2017. There were no warrants exercised during the financial year ended 31 December 2010. The Company has not issue any options or convertible securities during the financial year ended 31 December 2010.

6. UTILISATION OF PROCEEDS

The were no proceeds raised from any proposal or any utilisation of such.

7. CORPORATE SOCIAL RESPONSIBILITY

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

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

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

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

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

Directors' Responsibility Statement

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

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

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

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

Report of the Audit Committee

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

Name	Designation	Directorship
Mr. Vijeyaratnam a/l V. Thamotharam Pillay**	*Chairman*	*Independent Non-Executive Director*
Mr. Chan Kok Leong*	*Member*	*Non-Independent Non-Executive Director*
Professor Datuk Dr. Nik Mohd Zain Bin Nik Yusof	*Member*	*Independent Non-Executive Director*
Mr. Khoo Siong Kee^	*Chairman*	*Independent Non-Executive Director*
Mr. Tee Eng Seng#	*Member*	*Non-Independent Non-Executive Director*

* *Resigned and ceased to be Member of the Audit Committee on 31 March 2011*
** *Resigned and ceased to be Chairman of the Audit Committee on 21 April 2011*
^ *Appointed as director and appointed as Chairman of the Audit Committee on 25 April 2011*
\# *Appointed as director on 31 March 2011 and appointed as Member of the Audit Committee on 21 April 2011*

TERMS OF REFERENCE

Composition of the Committee

1. The Committee shall be appointed by the Board from amongst the Directors of the Company which fulfils the following requirements:-

   (a) the Committee shall consist of not less than three (3) members;
   (b) all members of the Committee shall be non-executive directors and financially literate, a majority of the Committee members shall be independent directors; and
   (c) at least one (1) member of the Committee:-

      (i) must be a member of the Malaysian Institute of Accountants; or
      (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and;

         (aa) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967;
         (bb) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
         (cc) fulfills such requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").

   (d) no alternate director of the Board shall be appointed as a member of the Committee.

2. The members of the Committee shall elect a Chairman from amongst their number who shall be an independent director. In the absence of the Chairman of the Committee, the other members of the Committee shall elect amongst themselves a Chairman who must be an independent director to chair the meeting.

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

4. In the event of any vacancy in the Committee resulting in non-compliance to the composition criteria as stated in paragraph 1 above with the Listing Requirements of Bursa Securities, the Board shall within three (3) months from the date of that event fill the vacancy.

5. The term of office and performance of the Committee and each of its members shall be reviewed by the Board at least once every three (3) years to determine whether such Committee and members have carried out their duties in accordance with their terms of reference.

Report of the Audit Committee
cont'd

TERMS OF REFERENCE *cont'd*

Meetings of the Committee

1. The Committee shall meet regularly, with due notice of issues to be discussed, and shall record its conclusions in discharging its duties and responsibilities. In addition, the Chairman may call for additional meetings at any time at the Chairman's discretion.

2. Upon the request of the external auditors, the Chairman of the Committee shall convene a meeting of the Committee to consider any matter the external auditors believe should be brought to the attention of the directors or shareholders.

3. Notice of Audit Committee meetings shall be given to all the Audit Committee members unless the Audit Committee waives such requirement.

4. The Chairman of the Audit Committee shall engage on a continuous basis with senior management, the internal auditors and the external auditors in order to be kept informed of matters affecting the Company.

5. Other Board members, senior management and employees may attend meetings upon the invitation of the Audit Committee. The Audit Committee shall be able to convene meetings with the external auditors, the internal auditors or both, without executive Board members or employees present whenever deemed necessary.

6. Minutes of each meeting shall be distributed to each member of the Audit Committee and also to the other members of the Board. The Audit Committee Chairman shall report on each meeting to the Board.

7. The minutes of the Audit Committee meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

8. The quorum for the Audit Committee meeting shall be two (2) both being independent directors and any decision shall be by simple majority. The Chairman of the Committee shall not have a second or casting vote.

9. A resolution in writing signed by all members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee. Any such resolution may consist of several documents in like form, each signed by one or more members.

OBJECTIVES

The principal objectives of the Audit Committee are to assist the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the holding company and each of its subsidiaries. In addition, the Audit Committee shall:-

(a) evaluate the quality of the audits performed by the internal and external auditors;
(b) provide assurance that the financial information presented by management is relevant, reliable and timely;
(c) oversee compliance with laws and regulations and observance of a proper code of conduct; and
(d) determine the quality, adequacy and effectiveness of the Group's control environment.

Authority of the Committee

The Committee shall:-

(a) have explicit authority to investigate any activity within its terms of reference;
(b) have the resources which it needs to perform its duties;
(c) have full and unlimited/unrestricted access to all information pertaining to the Company and Group which it requires in the course of performing its duties;
(d) have unrestricted access to the senior management of the Company and Group;
(e) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any, which can be outsourced);

Report of the Audit Committee
cont'd

OBJECTIVES *cont'd*

Authority of the Committee *cont'd*

(f) be able to consult independent professional or other advice in the performance of its duties;
(g) be able to convene meetings with external auditors, internal auditors or both, excluding the attendance of the other directors and employees, whenever deemed necessary; and
(h) where the Audit Committee is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the Audit Committee shall promptly report such matter to Bursa Securities.

Functions of the Committee

(a) To consider the appointment of the external auditors, the audit fee and any question of resignation or dismissal;
(b) To discuss with the external auditors before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
(c) To review with the external auditors their evaluation of the system of internal controls and his audit report;
(d) To review the quarterly and year-end financial statements of the Company and Group, focusing particularly on:-

- any change in accounting policies and practices;
- significant adjustments arising from the audit;
- the going concern assumption; and
- compliance with accounting standards and other legal requirements.

(e) To discuss 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);
(f) To review the external auditors' management letter and management's response;
(g) To do the following, in relation to the internal audit function:-

- review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- review the internal audit program and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
- review any appraisal or assessment of the performance of members of the internal audit function;
- approve any appointment or termination of senior staff members of the internal audit function; and
- take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

(h) To consider any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
(i) To report its findings on financial and management performance, and other material matters to the Board;
(j) To consider the major findings of internal investigations and management's response;
(k) To determine the remit of the internal audit function;
(l) To consider other topics as defined by the Board; and
(m) To consider and examine such other matters as the Audit Committee considers appropriate.

Report of the Audit Committee
cont'd

SUMMARY OF ACTIVITIES

The Committee held four (4) meetings during the financial year ended 31 December 2010. Details of the attendance by the Members are as follows:-

Name of Members	Directorship	Number of Meetings Attended
Mr. Vijeyaratnam a/l V. Thamotharam Pillay**	*Independent Non-Executive Director*	4/4
Mr. Chan Kok Leong*	*Non-Independent Non-Executive Director*	4/4
Professor Datuk Dr. Nik Mohd Zain Bin Nik Yusof	*Independent Non-Executive Director*	4/4
Mr. Khoo Siong Kee^	*Independent Non-Executive Director*	N/A
Mr. Tee Eng Seng#	*Non-Independent Non-Executive Director*	N/A

* *Resigned and ceased to be Member of the Audit Committee on 31 March 2011*
** *Resigned and ceased to be Chairman of the Audit Committee on 21 April 2011*
^ *Appointed as director and appointed as Chairman of the Audit Committee on 25 April 2011*
\# *Appointed as director on 31 March 2011 and appointed as Member of the Audit Committee on 21 April 2011*

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

- review of audit plans prepared by external auditors;
- review of unaudited quarterly financial statements during the financial year prior to submission to the Board for consideration and approval;
- review and evaluate the policies for risk management and systems of internal control;
- review of the audited financial statements for the financial year ended 31 December 2010 and to discuss significant audit issues and findings with the external auditors;
- review of the procedures for identification of related party transactions for compliance with the Listing Requirements of Bursa Securities and the appropriateness of such transactions, if any, before recommending to the Board for approval;
- review of the recurrent related party transactions of a revenue or trading nature within the Group for inclusion in the circular to shareholders in relation to the proposed renewal of the shareholders' mandate for recurrent related party transactions pursuant to Bursa Securities' Listing Requirements, before recommending to the Board for approval; and
- met with the external auditors without the presence of the Executive Director and management.

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

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

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

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

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

For the financial year ended 31 December 2010, the amount of fees and related expenses incurred in respect of the internal audit reviews performed by the professional service firm was RM55,434.

Statement on Internal Control

INTRODUCTION

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

BOARD RESPONSIBILITY

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

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

RISK MANAGEMENT FRAMEWORK

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

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

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

INTERNAL AUDIT FUNCTION

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

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

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

Statement on Internal Control
cont'd

OTHER KEY ELEMENTS OF INTERNAL CONTROLS

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

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

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

FINANCIAL STATEMENTS

Directors' Report

DIRECTORS' REPORT

The directors present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2010.

PRINCIPAL ACTIVITIES

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

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

There have been no significant changes in the nature of the principal activities during the financial year except for the change in principal activities of a subsidiary, as disclosed in Note 13 to the financial statements.

RESULTS

	Group RM	Company RM
Loss, net of tax	(2,453,450)	(7,924,270)

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

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

(i) Gain on disposal of land and building classified in the previous year as non-current asset held for sale of the Group amounting to RM2,577,858; and

(ii) Impairment loss on investment in subsidiaries amounting to RM7,780,835 in the Company's separate financial statements.

DIRECTORS

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

Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof	
Loo Soo Loong	
Tee Eng Ho	*(appointed on 31 March 2011)*
Tee Eng Seng	*(appointed on 31 March 2011)*
Khoo Siong Kee	*(appointed on 25 April 2011)*
Kamil Ahmad Merican	*(resigned on 31 March 2011)*
Chan Kok Leong	*(resigned on 31 March 2011)*
Vijeyaratnam a/l V. Thamotharam Pillay	*(resigned on 21 April 2011)*

DIRECTORS' BENEFITS

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

Directors' Report
cont'd

DIRECTORS' BENEFITS *cont'd*

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

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM1.00 each			
	At 1.1.2010	Acquired	Sold	At 31.12.2010
Direct interest:				
Loo Soo Loong	5,560,000	-	-	5,560,000

	Number of warrants 2007/2017			
	At 1.1.2010	Acquired	Sold	At 31.12.2010
Direct interest:				
Loo Soo Loong	24,000	-	-	24,000

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

WARRANTS 2007/2017

The salient terms of Warrants 2007/2017 are disclosed in Note 25 to the financial statements.

OTHER STATUTORY INFORMATION

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

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

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

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

  (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and 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.

Directors' Report
cont'd

OTHER STATUTORY INFORMATION *cont'd*

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

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

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

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

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

(f) In the opinion of the directors:

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

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

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 26 April 2011.

TEE ENG HO

LOO SOO LOONG

Statement by Directors

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

We, Tee Eng Ho and Loo Soo Loong, being two of the directors of Fututech Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 30 to 80 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of their financial performance and cash flows for the year then ended.

Further to the Statement by directors pursuant to Section 169(15) of the Companies Act, 1965, the information set out in Note 33 on page 80 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 26 April 2011.

TEE ENG HO

LOO SOO LOONG

Statutory Declaration

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

I, Lim Kah Yoong, being the officer primarily responsible for the financial management of Fututech Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 30 to 81 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed Lim Kah Yoong
at Kuala Lumpur in Federal Territory
on 26 April 2011

LIM KAH YOONG

Before me,

R. VASUGI AMMAL, PJK
Commissioner for Oaths
No. W480

Independent Auditors' Report

to the Members of Fututech Berhad (Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Fututech Berhad, which comprise the statements of financial position as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 30 to 80.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of their financial performance and cash flows for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 13 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

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

Independent Auditors' Report

to the Members of Fututech Berhad (Incorporated in Malaysia)
cont'd

OTHER MATTERS

The supplementary information set out in Note 33 on page 81 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

ERNST & YOUNG
AF: 0039
Chartered Accountants

LOKE SIEW HENG
No. 2871/07/11(J)
Chartered Accountant

Kuala Lumpur, Malaysia
26 April 2011

Statements of Comprehensive Income
for the Financial Year Ended 31 December 2010

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Revenue	4	17,933,641	18,549,571	-	-
Cost of sales		(16,359,297)	(15,878,298)	-	-
Gross profit		1,574,344	2,671,273	-	-
Other income	5	2,971,839	1,514,702	219,848	29,835
Selling and distribution expenses		(410,112)	(2,012,872)	-	-
Administrative expenses		(3,547,195)	(3,938,255)	(337,221)	(338,223)
Finance costs	6	(53,834)	(214,987)	-	-
Other expenses		(2,719,938)	(6,322,809)	(7,806,897)	(17,654,186)
Loss before tax	7	(2,184,896)	(8,302,948)	(7,924,270)	(17,962,574)
Taxation	10	(268,554)	760	-	-
Loss, net of tax		(2,453,450)	(8,302,188)	(7,924,270)	(17,962,574)
Other comprehensive income:					
Foreign currency translation		43,440	(82,708)	-	-
Total comprehensive income for the year		(2,410,010)	(8,384,896)	(7,924,270)	(17,962,574)
Loss per share attributable to owners of the parent (sen)	11	(4.18)	(14.14)		

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

Statements of Financial Position
as at 31 December 2010

	Note	Group			Company	
		2010	2009	1.1.2009	2010	2009
		RM	RM	RM	RM	RM
			Restated	Restated		
Assets						
Non-current assets						
Property, plant and equipment	12	9,233,740	11,102,147	23,722,493	585	943
Investment in subsidiaries	13	-	-	-	5,089,337	12,870,172
Other investments	14	53,810	70,810	73,000	-	-
Intangible assets	15	-	-	61,251	-	-
		9,287,550	11,172,957	23,856,744	5,089,922	12,871,115
Current assets						
Inventories	16	1,944,045	2,917,421	7,999,900	-	-
Trade and other receivables	17	12,179,890	6,255,636	6,998,693	15,132,115	13,136,378
Tax recoverable		1,159,334	894,812	894,812	129,507	129,507
Other current assets	18	5,679,438	53,083	170,031	-	-
Cash and bank balances		5,055,438	6,529,181	1,751,642	12,941	2,171,526
		26,018,145	16,650,133	17,815,078	15,274,563	15,437,411
Non-current asset held for sale	20	-	7,115,038	6,380,000	-	-
		26,018,145	23,765,171	24,195,078	15,274,563	15,437,411
Total assets		35,305,695	34,938,128	48,051,822	20,364,485	28,308,526

Statements of Financial Position
as at 31 December 2010
cont'd

	Note	Group 2010 RM	Group 2009 RM Restated	Group 1.1.2009 RM Restated	Company 2010 RM	Company 2009 RM
Equity and liabilities						
Current liabilities						
Provisions	21	630,000	-	-	-	-
Loan and borrowings	22	215,027	885,592	839,402	-	-
Trade and other payables	23	6,636,218	3,004,193	6,590,606	150,919	170,690
Income tax payable		192,808	79,292	383,933	-	-
		7,674,053	3,969,077	7,813,941	150,919	170,690
Net current assets		18,344,092	19,796,094	16,381,137	15,123,644	15,266,721
Non-current liabilities						
Provisions	21	20,000	-	-	-	-
Deferred tax liabilities	24	10,931	-	-	-	-
Loan and borrowings	22	-	958,330	1,842,264	-	-
		30,931	958,330	1,842,264	-	-
Total liabilities		7,704,984	4,927,407	9,656,205	150,919	170,690
Net assets		27,600,711	30,010,721	38,395,617	20,213,566	28,137,836
Equity attributable to owners of the parent						
Share capital	25	58,726,356	58,726,356	58,726,356	58,726,356	58,726,356
Other reserves	26	275,674	232,234	314,942	-	-
Accumulated losses		(31,401,319)	(28,947,869)	(20,645,681)	(38,512,790)	(30,588,520)
Total equity		27,600,711	30,010,721	38,395,617	20,213,566	28,137,836
Total equity and liabilities		35,305,695	34,938,128	48,051,822	20,364,485	28,308,526

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

Consolidated Statement of Changes in Equity
for the Financial Year Ended 31 December 2010

	← Attributable to equity holders of the Company →			
	Share capital	Non-distributable Other reserves	Accumulated losses	Total equity
	RM	RM	RM	RM
At 1 January 2009	58,726,356	314,942	(20,645,681)	38,395,617
Total comprehensive income for the year	-	(82,708)	(8,302,188)	(8,384,896)
At 31 December 2009	58,726,356	232,234	(28,947,869)	30,010,721
At 1 January 2010	58,726,356	232,234	(28,947,869)	30,010,721
Total comprehensive income for the year	-	43,440	(2,453,450)	(2,410,010)
At 31 December 2010	58,726,356	275,674	(31,401,319)	27,600,711

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

Company Statement of Changes in Equity
as at 31 December 2010

	Share capital RM	Accumulated losses RM	Total RM
At 1 January 2009	58,726,356	(12,625,946)	46,100,410
Total comprehensive income for the year	-	(17,962,574)	(17,962,574)
At 31 December 2009	58,726,356	(30,588,520)	28,137,836
At 1 January 2010	58,726,356	(30,588,520)	28,137,836
Total comprehensive income for the year	-	(7,924,270)	(7,924,270)
At 31 December 2010	58,726,356	(38,512,790)	20,213,566

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

Statements of Cash Flows
for the Financial Year Ended 31 December 2010

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
		Restated		
Operating Activities				
Loss before tax	(2,184,896)	(8,302,948)	(7,924,270)	(17,962,574)
Adjustments for:				
Interest income	(31,136)	(19,165)	-	(1,665)
Finance costs	53,834	214,987	-	-
Depreciation of property, plant and equipment	1,599,959	2,731,159	358	356
Gain on disposal of property, plant and equipment	-	(823,990)	-	-
Gain on disposal of non-current asset held for sale	(2,577,858)	-	-	-
Property, plant and equipment written off	-	2,543,377	-	-
Impairment loss on				
- property, plant and equipment	777,417	-	-	-
- investment in subsidiary	-	-	7,780,835	1,729,827
- other investments	17,000	2,190	-	-
Intangible asset written off	-	61,251	-	-
Impairment loss on financial assets:				
- trade receivable	224,085	356,735	-	-
- loan to a subsidiary	-	-	26,063	15,924,359
Reversal of impairment loss:				
- trade receivable	(19,306)	(82,589)	-	-
- other receivable	-	-	(219,848)	-
Provisions	650,000	-	-	-
Bad debts written off	21,491	3,582	-	-
Inventories written (back)/down	(1,128,199)	3,561,055	-	-
Reversal of accrued liabilities	(317,867)	-	-	-
Unrealised loss/(gain) on foreign exchange	413,492	(469,190)	-	(28,170)
Operating loss before working capital changes	(2,501,984)	(223,546)	(336,862)	(337,867)
Changes in working capital:				
Inventories	2,101,575	1,521,424	-	-
Trade and other receivables	(6,564,016)	928,812	(1,801,952)	2,518,850
Other current assets	(5,626,355)	-	-	-
Trade and other payables	3,949,892	(3,586,413)	(19,771)	(25,492)
Cash (used in)/generated from operations	(8,640,888)	(1,359,723)	(2,158,585)	2,155,491
Interest received	31,136	19,165	-	1,665
Interest paid	(53,834)	(214,987)	-	-
Income taxes paid	(408,629)	(181,226)	-	-
Net cash (used in)/generated from operating activities	(9,072,215)	(1,736,771)	(2,158,585)	2,157,156

Statements of Cash Flows
for the Financial Year Ended 31 December 2010
cont'd

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
		Restated		
Investing Activities				
Purchase of property, plant and equipment	(508,969)	-	-	-
Net proceeds from disposal of non-current asset held for sale	9,692,896	6,380,000	-	-
Proceeds from disposal of property, plant and equipment	-	1,055,600	-	-
Net cash generated from investing activities	9,183,927	7,435,600	-	-
Financing activities				
Repayment of loans	(1,111,979)	(340,841)	-	-
Repayment of obligations under finance leases	(516,916)	(496,903)	-	-
Net cash used in financing activities	(1,628,895)	(837,744)	-	-
Net (decrease)/increase in cash and bank balances	(1,517,183)	4,861,085	(2,158,585)	2,157,156
Effect of foreign exchange rate changes	43,440	(83,546)	-	-
Cash and bank balances at 1 January	6,529,181	1,751,642	2,171,526	14,370
Cash and bank balances at 31 December	5,055,438	6,529,181	12,941	2,171,526

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

Notes to the Financial Statements
31 December 2010

1. CORPORATE INFORMATION

Fututech Berhad ("the Company") is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Bursa Malaysia Securities Berhad. The registered office is located at 312, 3rd Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan. The principal place of business of the Company is located at 17-G, Jalan Puteri 4/7A, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan.

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

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

There have been no significant changes in the nature of the principal activities during the financial year except for the change in principal activities of a subsidiary, as disclosed in Note 13.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2010 as described fully in Note 2.2.

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

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

2.2 Changes in Accounting Policies

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

On 1 January 2010, the Group and the Company adopted the following applicable new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2010.

- FRS 7 Financial Instruments: Disclosures
- FRS 8 Operating Segments
- FRS 101 Presentation of Financial Statements (Revised)
- FRS 123 Borrowing Costs
- FRS 139 Financial Instruments: Recognition and Measurement
- Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 2 Share-based Payment – Vesting Conditions and Cancellations
- Amendments to FRS 132 Financial Instruments: Presentation
- Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives
- Improvements to FRS issued in 2009
- IC Interpretation 9 Reassessment of Embedded Derivatives
- IC Interpretation 10 Interim Financial Reporting and Impairment
- IC Interpretation 11 FRS 2 – Group and Treasury Share Transactions
- IC Interpretation 13 Customer Loyalty Programmes
- IC Interpretation 14 FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Notes to the Financial Statements

31 December 2010
cont'd

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

2.2 Changes in Accounting Policies *cont'd*

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

FRS 7 Financial Instruments: Disclosures

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 31 December 2010.

FRS 8 Operating Segments

FRS 8, which replaces FRS 114 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. The Group has adopted FRS 8 retrospectively. These revised disclosures, including the related revised comparative information, are shown in Note 32 to the financial statements.

FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital (see Note 31).

The revised FRS 101 was adopted retrospectively by the Group and the Company.

Amendments to FRS 117 Leases

Prior to 1 January 2010, for all leases of land and buildings, if title is not expected to pass to the lessee by the end of the lease term, the lessee normally does not receive substantially all the risks and rewards incidental to ownership. Hence, all leasehold land held for own use was classified by the Group as operating lease and where necessary, the minimum lease payments or the up-front payments made were allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represented prepaid lease payments and were amortised on a straight-line basis over the lease term.

Notes to the Financial Statements

31 December 2010
cont'd

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

2.2 Changes in Accounting Policies *cont'd*

Amendments to FRS 117 Leases *cont'd*

The amendments to FRS 117 Leases clarify that leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. They also clarify that the present value of the residual value of the property in a lease with a term of several decades would be negligible accounting for the land element as a finance lease in such circumstances would be consistent with the economic position of the lessee. Hence, the adoption of the amendments to FRS 117 has resulted in certain unexpired land leases to be reclassified as finance leases. The Group has applied this change in accounting policy retrospectively and certain comparatives have been restated. The following are effects to the consolidated statement of financial position as at 31 December 2010 arising from the above change in accounting policy:

	Group 31.12.2010 RM
Increase/(decrease) in:	
Property, plant and equipment	902,793
Land use rights	(902,793)

The following comparatives have been restated:

	As previously stated RM	Adjustments RM	As restated RM
Statement of financial position			
31 December 2009			
Property, plant and equipment	10,185,159	916,988	11,102,147
Land use rights	916,988	(916,988)	-
1 January 2009			
Property, plant and equipment	22,791,310	931,183	23,722,493
Land use rights	931,183	(931,183)	-

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

- **Equity Instruments**

  Prior to 1 January 2010, the Group classified its investments in equity instruments which were held for non-trading purposes as non-current investments. Such investments were carried at cost less impairment losses. Upon the adoption of FRS 139, these investments, except for those whose fair value cannot be reliably measured, are designated at 1 January 2010 as available-for-sale financial assets and accordingly are stated at their fair values as at that date. However, adjustment to their previous carrying amounts is not material to be adjusted against opening balance of accumulated losses as at that date.

Notes to the Financial Statements
31 December 2010
cont'd

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

2.2 Changes in Accounting Policies *cont'd*

FRS 139 Financial Instruments: Recognition and Measurement *cont'd*

- **Impairment of Receivables**

  Prior to 1 January 2010, provision for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate. As at 1 January 2010, the Group has remeasured the allowance for impairment losses as at that date in accordance with FRS 139. However, the difference is not material to be adjusted against opening balance of accumulated losses as at that date.

2.3 Standards Issued but Not Yet Effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
FRS 1 First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 Business Combinations (Revised)	1 July 2010
Amendments to FRS 2 Share-based Payment	1 July 2010
Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 127 Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 138 Intangible Assets	1 July 2010
Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to FRS 132 Classification of Rights Issues	1 March 2010
Amendments to FRS 1 Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1 Additional Exemptions for First-time Adopters	1 January 2011
FRS 1 First-time Adoption of Financial Reporting Standards [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 2 [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 3 [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 7 Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 7 [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 101 [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 121 [Improvements to FRSs (2010)]	1 January 2011

Notes to the Financial Statements

31 December 2010
cont'd

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

2.3 Standards Issued but Not Yet Effective *cont'd*

The Group has not adopted the following standards and interpretations that have been issued but not yet effective: *cont'd*

Description	Effective for annual periods beginning on or after
Amendments to FRS 128 [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 131 [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 132 [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 134 [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 139 [Improvements to FRSs (2010)]	1 January 2011
Amendments to IC Interpretation 13 [Improvements to FRSs (2010)]	1 January 2011
IC interpretation 4 Determining whether an Arrangement contains a Lease	1 January 2011
IC Interpretation 18 Transfers of Assets from Customers	1 January 2011
Amendments to IC Interpretation 14 Prepayments of a Minimum Funding Requirement	1 July 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to FRS 124 Related Party Disclosure	1 January 2012
IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012

Except for the changes in accounting policies arising from the adoption of the revised FRS 3 and the amendments to FRS 127, as well as the new disclosures required under the Amendments to FRS 7, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 3 and the amendments to FRS 127 are described below.

<u>Revised FRS 3 Business Combinations and Amendments to FRS 127 Consolidated and Separate Financial Statements</u>

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 107 Statement of Cash Flows, FRS 112 Income Taxes, FRS 121 The Effects of Changes in Foreign Exchange Rates, FRS 128 Investments in Associates and FRS 131 Interests in Joint Ventures. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early adopted. However, the Group does not intend to early adopt.

2.4 Basis of Consolidation

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

Notes to the Financial Statements
31 December 2010
cont'd

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

2.4 Basis of Consolidation *cont'd*

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

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 2.7(a). Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

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

2.5 Foreign Currency

(a) Functional and Presentation Currency

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

(b) Foreign Currency Transactions

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

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

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

Notes to the Financial Statements
31 December 2010
cont'd

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

2.5 Foreign Currency *cont'd*

(c) Foreign Operations

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

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

2.6 Property, Plant and Equipment and Depreciation

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

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

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

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

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

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

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

2.7 Intangible Assets

(a) Goodwill

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

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.

Notes to the Financial Statements

31 December 2010
cont'd

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

2.7 Intangible Assets *cont'd*

(a) Goodwill *cont'd*

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

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

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

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

(b) Other Intangible Assets

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

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

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

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

(i) Software

Software represents expenses incurred in the development of off-the-shelf software prior to the utilisation of the software. The said expenditure will be amortised over a period in which benefits are expected to be derived, commencing in the year in which the software is utilised.

Notes to the Financial Statements
31 December 2010
cont'd

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

2.8 Impairment of Non-Financial Assets

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

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

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

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

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

2.9 Subsidiaries

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

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

2.10 Financial Assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

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

(a) Financial Assets at Fair Value Through Profit or Loss

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

Notes to the Financial Statements

31 December 2010
cont'd

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

2.10 Financial Assets *cont'd*

(a) Financial Assets at Fair Value Through Profit or Loss *cont'd*

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 is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

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

(b) Loans and Receivables

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

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

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

(c) Held-to-maturity Investments

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

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

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

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

(d) Available-for-sale Financial Assets

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

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

Notes to the Financial Statements

31 December 2010
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.10 Financial Assets *cont'd*

(d) Available-for-sale Financial Assets *cont'd*

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

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

2.11 Impairment of Financial Assets

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

(a) Trade and Other Receivables and Other Financial Assets Carried at Amortised Cost

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

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

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

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

(b) Available-for-sale Financial Assets

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

Notes to the Financial Statements

31 December 2010
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.11 Impairment of Financial Assets *cont'd*

(b) Available-for-sale Financial Assets *cont'd*

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

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

2.12 Cash and Cash Equivalents

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

2.13 Construction Contract

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

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

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

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

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

2.14 Inventories

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

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

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

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

Notes to the Financial Statements

31 December 2010
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.15 Provisions

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

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

2.16 Financial Liabilities

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

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

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

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

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

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

(b) Other Financial Liabilities

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

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

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

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

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.

Notes to the Financial Statements

31 December 2010
cont'd

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

2.17 Financial Guarantee Contracts

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

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

2.18 Borrowing Costs

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

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

2.19 Employee Benefits

Defined Contribution Plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the 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.

2.20 Leases

As Lessee

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

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

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

Notes to the Financial Statements
31 December 2010
cont'd

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

2.21 Revenue

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

(i) Sale of Goods

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

(ii) Construction Contracts

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

(iii) Interest Income

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

2.22 Income Taxes

(a) Current Tax

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

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

(b) Deferred Tax

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

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

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

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

Notes to the Financial Statements

31 December 2010
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.22 Income Taxes *cont'd*

(b) Deferred Tax *cont'd*

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

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

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

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

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

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

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

2.23 Segment Reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 32, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.24 Share Capital and Share Issuance Expenses

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

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

Notes to the Financial Statements
31 December 2010
cont'd

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

2.25 Contingencies

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

3.1 Judgements Made in Applying Accounting Policies

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

3.2 Key Sources of Estimation Uncertainty

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

(a) Impairment of Investment in Subsidiaries

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

In performing discounted cash flow analysis, the discount rates and growth rates used reflect, amongst others, the maturity of the business development cycle as well as the industry growth potential. The discount rate applied to the respective cash flow projections range is 8.0%. The growth rates used to forecast the projected cash flows for the following financial year approximate the performances of the respective investments based on the latest available management accounts.

Following the above assessment, the Company recognised impairment losses of RM7,780,835 (2009: RM1,729,827) on investment in subsidiaries as further disclosed in Note 7. Based on management's review, no further adjustment for impairment is required for the invesment in subsidiaries by the Company during the current year.

(b) Impairment of Loans and Receivables

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

Notes to the Financial Statements

31 December 2010
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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *cont'd*

3.2 Key Sources of Estimation Uncertainty *cont'd*

(b) Impairment of Loans and Receivables *cont'd*

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 Groups's loans and receivable at the reporting date is disclosed in Note 17.

(c) Useful Lives of Property, Plant and Equipment

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

(d) Deferred Tax Assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and provisions to the extent that it is probable that taxable profit will be available against which the losses, capital allowances and provisions can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of recognised tax losses, capital allowances and provisions of the Group were approximately RM4,343,000 (2009: RM880,000). The unrecognised tax losses, capital allowances and provisions of the Group and of the Company were approximately RM59,004,000 (2009: RM55,967,000) and RM705,000 (2009: RM705,000) respectively.

(e) Construction Contracts

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

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

4. REVENUE

	Group	
	2010	2009
	RM	RM
Sale of goods	10,296,120	18,549,571
Construction revenue	7,637,521	-
	17,933,641	18,549,571

Notes to the Financial Statements

31 December 2010
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5. OTHER INCOME

Included in other income are:

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Interest income from loans and receivables	31,136	19,165	-	1,665
Reversal of impairment loss on:				
- trade receivables (Note 17(a))	19,306	82,589	-	-
- other receivables (Note 17(b))	-	-	219,848	-
Gain on disposal of property, plant and equipment	-	823,990	-	-
Gain on disposal of non-current asset held for sale	2,577,858	-	-	-
Reversal of accrued liabilities	317,867	-	-	-
Net foreign exchange gain				
- realised	25,672	63,635	-	-
- unrealised	-	469,190	-	28,170
Gain on sale of scrap metals	-	56,133	-	-
	2,971,839	1,514,702	219,848	29,835

6. FINANCE COSTS

	Group	
	2010	2009
	RM	RM
Interest expense on:		
Obligations under finance lease	33,454	66,882
Bank loan	20,380	148,105
	53,834	214,987

Notes to the Financial Statements

31 December 2010
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7. LOSS BEFORE TAX

The following items have been included in arriving at loss before tax:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Auditors' remuneration:				
- statutory audits	79,856	84,138	27,000	27,000
- other services	5,000	5,000	5,000	5,000
Employee benefits expense (Note 8)	2,747,969	6,983,499	-	-
Non-executive directors' remuneration (Note 9)	102,800	90,000	102,800	90,000
Depreciation of property, plant and equipment (Note 12)	1,599,959	2,731,159	358	356
Impairment loss on				
- property, plant and equipment (Note 12)	777,417	-	-	-
- investment in subsidiaries	-	-	7,780,835	1,729,827
- other investments (Note 14)	17,000	2,190	-	-
Intangible asset written off (Note 15)	-	61,251	-	-
Impairment loss on financial assets:				
- trade receivables (Note 17(a))	224,085	356,735	-	-
- other receivables (Note 17(b))	-	-	26,063	15,924,359
Inventories written (back)/down (Note 16)	(1,128,199)	3,561,055	-	-
Property, plant and equipment written off	-	2,543,377	-	-
Bad debts written off	21,491	3,582	-	-
Operating lease, minimum lease payments for office	405,956	163,734	-	-
Net foreign exchange loss:				
- unrealised	413,492	-	-	-
Provisions (Note 21)	650,000	-	-	-

8. EMPLOYEE BENEFITS EXPENSE

	Group	
	2010 RM	2009 RM
Wages and salaries	2,405,976	5,019,128
Social security contributions	17,553	39,087
Contributions to defined contribution plan	192,232	428,532
Voluntary separation scheme	-	1,383,862
Other benefits	132,208	112,890
	2,747,969	6,983,499

Included in employee benefits expense of the Group are executive directors' remuneration amounting to RM241,023 (2009: RM228,530), as further disclosed in Note 9.

Notes to the Financial Statements
31 December 2010
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9. DIRECTORS' REMUNERATION

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Executive:				
- Salaries and other emoluments	204,000	204,050	-	-
- Contributions to defined contribution plan	24,480	24,480	-	-
- Estimated money value of benefits-in-kind	12,543	-	-	-
Total executive directors' remuneration (Note 8)	241,023	228,530	-	-
Non-executive:				
- Fees	94,800	90,000	94,800	90,000
- Other emoluments	8,000	-	8,000	-
Total non-executive directors' remuneration (Note 7)	102,800	90,000	102,800	90,000
Total directors' remuneration	343,823	318,530	102,800	90,000

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

	Number of Directors	
	2010	2009
Executive directors:		
RM200,001 - RM250,000	1	1
Non-executive directors:		
Below RM50,000	4	4

10. TAXATION

Major Components of Income Tax Expense

The major components of income tax expense for the years ended 31 December 2010 and 2009 are:

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Statement of comprehensive income:				
Current income tax:				
- Malaysian income tax	281,078	237,000	-	-
- Overprovision in prior years	(23,455)	(237,760)	-	-
	257,623	(760)	-	-
Deferred income tax (Note 24):				
Relating to origination and reversal of temporary differences	10,931	-	-	-
Income tax expense recognised in profit or loss	268,554	(760)	-	-

Notes to the Financial Statements
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10. TAXATION *cont'd*

Reconciliation Between Tax Expense and Accounting Loss

The reconciliation between tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the years ended 31 December 2010 and 2009 are as follows:

	Group	
	2010 RM	2009 RM
Loss before tax	(2,184,896)	(8,302,948)
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	(546,224)	(2,075,737)
Non-deductible expenses	390,297	639,286
Income not subject to tax	(311,414)	(295,188)
Deferred tax assets not recognised	759,350	1,968,639
Overprovision of income tax in respect of prior years	(23,455)	(237,760)
	268,554	(760)

	Company	
	2010 RM	2009 RM
Loss before tax	(7,924,270)	(17,962,574)
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	(1,981,068)	(4,490,644)
Non-deductible expenses	1,980,978	4,490,399
Deferred tax assets not recognised	90	245
	-	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2009: 25%) of the estimated assessable profit for the year.

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

11. LOSS PER SHARE

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

	Group	
	2010 RM	2009 RM
Loss, net of tax attributable to owners of the parent	(2,453,450)	(8,302,188)
Weighted average number of ordinary shares outstanding	58,726,356	58,726,356
Basic loss per share (sen)	(4.18)	(14.14)

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

Notes to the Financial Statements
31 December 2010
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12. PROPERTY, PLANT AND EQUIPMENT

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

Notes to the Financial Statements
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12. PROPERTY, PLANT AND EQUIPMENT *cont'd*

	Long term leasehold land RM	**Land and buildings RM	Plant and machinery RM	*Other assets RM	Total RM
Group					
At 31 December 2009					
Cost					
At 1 January 2009	-	11,011,729	35,493,015	5,092,240	51,596,984
Effects of adopting the amendments to FRS 117	1,051,975	-	-	-	1,051,975
As restated	1,051,975	11,011,729	35,493,015	5,092,240	52,648,959
Disposals	-	-	(3,875,408)	(17,120)	(3,892,528)
Written off	-	-	(8,770,252)	(200,992)	(8,971,244)
Reclassified as held for sale	-	(7,719,000)	-	(496,696)	(8,215,696)
Exchange differences	-	-	-	17,387	17,387
At 31 December 2009	1,051,975	3,292,729	22,847,355	4,394,819	31,586,878
Accumulated depreciation and impairment					
At 1 January 2009	-	834,262	23,584,131	4,387,281	28,805,674
Effects of adopting the amendments to FRS 117	120,792	-	-	-	120,792
As restated	120,792	834,262	23,584,131	4,387,281	28,926,466
Depreciation charge (Note 7)	14,195	151,473	2,291,850	273,641	2,731,159
Disposals	-	-	(3,646,757)	(14,161)	(3,660,918)
Written off	-	-	(6,227,235)	(200,632)	(6,427,867)
Reclassified as held for sale	-	(692,082)	-	(408,576)	(1,100,658)
Exchange differences	-	-	-	16,549	16,549
At 31 December 2009	134,987	293,653	16,001,989	4,054,102	20,484,731
Net carrying amount					
At 31 December 2009	916,988	2,999,076	6,845,366	340,717	11,102,147
At 1 January 2009	931,183	10,177,467	11,908,884	704,959	23,722,493

* *Oher assets consists of office equipment, furniture, fittings, motor vehicles and renovation.*

Notes to the Financial Statements

31 December 2010
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12. PROPERTY, PLANT AND EQUIPMENT *cont'd*

** Land and buildings

	Buildings RM
Group	
At 31 December 2010	
Cost	
At 1 January 2010/31 December 2010	3,292,729
Accumulated depreciation	
At 1 January 2010	293,653
Depreciation charge	65,853
At 31 December 2010	359,506
Net carrying amount	
At 31 December 2010	2,933,223

	Freehold land RM	Buildings RM	Total RM
At 31 December 2009			
Cost			
At 1 January 2009	3,438,080	7,573,649	11,011,729
Reclassified as held for sale	(3,438,080)	(4,280,920)	(7,719,000)
At 31 December 2009	-	3,292,729	3,292,729
Accumulated depreciation			
At 1 January 2009	-	834,262	834,262
Depreciation charge	-	151,473	151,473
Reclassified as held for sale	-	(692,082)	(692,082)
At 31 December 2009	-	293,653	293,653
Net carrying amount			
At 31 December 2009	-	2,999,076	2,999,076

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31 December 2010
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12. PROPERTY, PLANT AND EQUIPMENT *cont'd*

	Office equipment RM	Furniture and fittings RM	Total RM
Company			
At 31 December 2010			
Cost			
At 1 January 2010/31 December 2010	57,022	2,376	59,398
Accumulated depreciation			
At 31 December 2010	56,771	1,684	58,455
Depreciation charge (Note 7)	120	238	358
At 31 December 2010	56,891	1,922	58,813
Net carrying amount			
At 31 December 2010	131	454	585
At 31 December 2009			
Cost			
At 1 January 2009/31 December 2009	57,022	2,376	59,398
Accumulated depreciation			
At 1 January 2009	56,652	1,447	58,099
Depreciation charge (Note 7)	119	237	356
At 31 December 2009	56,771	1,684	58,455
Net carrying amount			
At 31 December 2009	251	692	943

Assets Held Under Finance Leases

The net carrying amount of plant and machinery and motor vehicle held under finance leases of the Group at the reporting date were RM1,604,244 (2009: RM1,785,856) and RM40,387 (2009: RM64,620) respectively.

Leased assets are pledged as security for the related finance lease liabilities (Note 22).

Notes to the Financial Statements
31 December 2010
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13. INVESTMENT IN SUBSIDIARIES

	Company 2010 RM	Company 2009 RM
Unquoted shares, at costs	28,952,003	28,952,003
Impairment losses	(23,862,666)	(16,081,831)
	5,089,337	12,870,172

Details of the subsidiaries, all of which are audited by Ernst & Young Malaysia, unless otherwise stated, are as follows:

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2010	Proportion (%) of ownership interest 2009
Held by the Company:				
Advance Industries Sdn. Bhd.	Malaysia	Manufacturing, assembly, installation and sales of light fittings, furniture and related products	100	100
Acumen Marketing Sdn. Bhd.	Malaysia	Supply of lightings, light fittings, outdoor fittings, furniture and related products	100	100
Lighting Louvres Manufacturing Sdn. Bhd.	Malaysia	Manufacturing and sale of aluminium lighting louvres.	100	100
Futumeds Sdn. Bhd.	Malaysia	Production and sale of disposable safety medical devices. Temporarily ceased operations.	100	100
Fututech (Labuan) Limited	Malaysia	Investment holding	100	100
Acumen Industries Limited *	Hong Kong	Investment holding	100	100
Subsidiary of Advance Industries Sdn. Bhd				
Ace Equity Sdn. Bhd. **	Malaysia	Supply and installation of aluminium and glazing works, stones works, interior fixtures, fittings, lightings, cabinetry and related products and provision of contract workmanship and other related services	100	100
Subsidiary of Fututech (Labuan) Limited				
Acumen Design & Development Solutions Limited *	Hong Kong	Provision of consultancy services	100	100

* *Audited by a firm other than Ernst & Young.*

** *During the financial year, Ace Equity Sdn. Bhd. changed its principal activities from manufacturing and sale of high pressure die cast alloy products to supply and installation of aluminium and glazing works, stones works, interior fixtures, fittings, lightings, cabinetry and related products and provision of contract workmanship and other related services.*

Notes to the Financial Statements
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14. OTHER INVESTMENTS

	Group 2010 RM	Group 2009 RM
Available for sale financial assets:		
Equity instruments (quoted in Malaysia)	2,310	2,310
Club memberships	93,500	93,500
Less: Accumulated impairment losses (Note 7)	(42,000)	(25,000)
	51,500	68,500
Total other investments	53,810	70,810

15. INTANGIBLE ASSETS

	Group 2010 RM	Group 2009 RM
Cost		
Software		
At 1 January	-	61,251
Written off	-	(61,251)
At 31 December	-	-

16. INVENTORIES

	Group 2010 RM	Group 2009 RM
Cost		
Raw materials	1,157,685	1,541,982
Work-in-progress	542,775	423,883
Finished goods	243,585	951,556
	1,944,045	2,917,421

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM8,575,616 (2009: RM14,611,207). The reversal of write-down of inventories was made during the year when the related inventories were sold above their carrying amounts (Note 7).

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17. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Trade receivables				
Third parties	9,750,076	11,255,848	-	-
Less: Allowance for impairment	(5,724,496)	(5,524,838)	-	-
Trade receivables, net	4,025,580	5,731,010	-	-
Other receivables				
Amounts due from subsidiaries	-	-	37,852,404	36,050,452
Deposits	130,168	199,658	-	-
Sundry receivables	8,024,142	324,968	-	-
	8,154,310	524,626	37,852,404	36,050,452
Less: Allowance for impairment	-	-	(22,720,289)	(22,914,074)
Other receivables, net	8,154,310	524,626	15,132,115	13,136,378
Total trade and other receivables	12,179,890	6,255,636	15,132,115	13,136,378
Add: Cash and bank balances	5,055,438	6,529,181	12,941	2,171,526
Total loans and receivables	17,235,328	12,784,817	15,145,056	15,307,904

(a) Trade Receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 (2009: 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	
	2010	2009
	RM	RM
Neither past due nor impaired	1,853,098	3,441,474
1 to 30 days past due not impaired	104,393	266,867
31 to 60 days past due not impaired	117,270	897,757
61 to 90 days past due not impaired	126,936	292,146
More than 90 days past due not impaired	1,202,335	480,757
More than 365 days past due not impaired	621,548	352,009
	2,172,482	2,289,536
Impaired	5,724,496	5,524,838
	9,750,076	11,255,848

Notes to the Financial Statements
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17. TRADE AND OTHER RECEIVABLES *cont'd*

(a) Trade Receivables *cont'd*

Receivables That are neither Past Due nor Impaired

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

Receivables That are Past Due but not Impaired

The Group have trade receivables amounting to RM2,172,482 (2009: RM2,289,536) that are past due at the reporting date but not impaired. Based on historical payment received, the Group and the Company believe that no impairment allowance is necessary. These receivables are unsecured.

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	
	2010	**2009**
	RM	**RM**
Trade receivables – nominal amounts	5,724,496	5,524,838
Less: Allowance for impairment losses	(5,724,496)	(5,524,838)
	-	-

Movement in allowance accounts:

	Group	
	2010	**2009**
	RM	**RM**
At 1 January	5,524,838	5,250,692
Charge for the year (Note 7)	224,085	356,735
Reversal of impairment losses (Note 5)	(19,306)	(82,589)
Written off	(5,121)	-
At 31 December	5,724,496	5,524,838

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

Notes to the Financial Statements
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17. TRADE AND OTHER RECEIVABLES *cont'd*

(b) Other Receivables

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

	Company	
	2010	2009
	RM	RM
Other receivables – nominal amounts	22,720,289	22,914,074
Less: Allowance for impairment losses	(22,720,289)	(22,914,074)
	-	-

Movement in allowance accounts:

	Company	
	2010	2009
	RM	RM
At 1 January	22,914,074	6,989,715
Charge for the year (Note 7)	26,063	15,924,359
Reversal of impairment losses (Note 5)	(219,848)	-
At 31 December	22,720,289	22,914,074

(c) Related Party Balances

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

18. OTHER CURRENT ASSETS

	Group	
	2010	2009
	RM	RM
Prepayments	45,133	53,083
Amount due from customers for contract work (Note 19)	5,634,305	-
	5,679,438	53,083

Notes to the Financial Statements
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19. GROSS AMOUNT DUE FROM CUSTOMERS FOR CONTRACT WORK-IN-PROGRESS

	Group 2010 RM	2009 RM
Construction contract costs incurred to date	6,778,392	-
Attributable profits	888,963	-
	7,667,355	-
Less: Progress billings	(2,033,050)	-
	5,634,305	-
Presented as:		
Gross amount due from customers for contract work (Note 18)	5,634,305	-

20. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

On 21 October 2009, a wholly owned subsidiary of the Company, Advance Industries Sdn. Bhd., entered into a conditional sale and purchase agreement to dispose of its land and building for a total cash consideration of RM10 million ("Proposed Disposal"). The Proposed Disposal was completed on 28 April 2010, resulting in a gain on disposal of RM2,577,858.

The freehold land and building was pledged to financial instituitions for bank loan as disclosed in Note 22.

21. PROVISIONS

	Restoration of office RM	Legal claims RM	Total RM
Group			
At 1 January 2010	-	-	-
Arose during the year (Note 7)	20,000	630,000	650,000
At 31 December 2010	20,000	630,000	650,000
At 31 December 2010			
Current	-	630,000	630,000
Non-current:			
Later than 1 year but not later than 2 years	-	-	-
Later than 2 year but not later than 5 years	20,000	-	20,000
	20,000	-	20,000
	20,000	630,000	650,000

Notes to the Financial Statements
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21. PROVISIONS *cont'd*

Restoration of Office

On 1 May 2010, the Group entered into an operating lease for an office building for a term of 3 years. However, renovation on the office building has taken place during the year. The provision made represents management's best estimate of the restoration cost, being a quotation obtained from a third party as at the reporting date.

Legal Claims

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

22. LOANS AND BORROWINGS

		Group	
		2010	2009
	Maturity	RM	RM
Secured:			
Current			
Obligations under finance leases (Note 28)	2011	215,027	519,629
Bank loan – RM loan at BLR + 1.25% p.a.		-	365,963
		215,027	885,592
Non-current			
Obligations under finance leases (Note 28)		-	212,314
Bank loans – RM loan at BLR + 1.25% p.a.		-	746,016
		-	958,330
Total			
Obligations under finance leases		215,027	731,943
Bank loan – RM loan at BLR + 1.25% p.a.		-	1,111,979
		215,027	1,843,922

Obligations under Finance Leases

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

RM Bank Loan at BLR + 1.25% p.a.

This loan was secured by a charge over the Group's freehold land and building (Note 20) and a corporate guarantee provided by the Company of RM1,843,922. This loan has been fully repaid during the year.

Notes to the Financial Statements

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23. TRADE AND OTHER PAYABLES

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Current				
Trade payables				
Third parties	5,860,748	910,360	-	-
Other payables				
Accruals	521,820	751,586	132,626	126,381
Other payables	253,650	1,342,247	18,293	44,309
	775,470	2,093,833	150,919	170,690
Total trade and other payables	6,636,218	3,004,193	150,919	170,690
Add: Loans and borrowings (Note 22)	215,027	1,843,922	-	-
Total financial liabilities carried at amortised cost	6,851,245	4,848,115	150,919	170,690

(a) Trade Payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 (2009: 30 to 90) days terms.

(b) Other Payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of 90 (2009: 90) days.

24. DEFERRED TAX

	Group	
	2010	2009
	RM	RM
At 1 January	-	-
Recognised in profit or loss (Note 10)	10,931	-
At 31 December	10,931	-

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24. DEFERRED TAX *cont'd*

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

	Property, plant and equipment RM	Unabsorbed capital allowances and unused tax losses RM	Provisions and others RM	Net RM
At 1 January 2009	2,345,633	(1,379,619)	(966,014)	-
Recognised in profit or loss	(2,204,265)	1,159,656	1,044,609	-
At 31 December 2009	141,368	(219,963)	78,595	-
Recognised in profit or loss	955,326	(262,156)	(682,239)	10,931
At 31 December 2010	1,096,694	(482,119)	(603,644)	10,931

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

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Unused tax losses	34,843,701	32,724,558	705,198	704,839
Unabsorbed capital allowances	19,769,591	18,814,877	-	-
Other deductible temporary differences	4,390,990	4,427,445	-	-
	59,004,282	55,966,880	705,198	704,839

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

25. SHARE CAPITAL

	Number of ordinary shares of RM1 each		Amount	
	2010	2009	2010 RM	2009 RM
Authorised:				
At 1 January/31 December	300,000,000	300,000,000	300,000,000	300,000,000
Issued and fully paid:				
At 1 January/31 December	58,726,356	58,726,356	58,726,356	58,726,356

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

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25. SHARE CAPITAL *cont'd*

Warrants 2007/2017

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

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

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

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

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

The number of unexercised Warrants as at the reporting date was 23,490,542 (2009: 23,490,542).

26. OTHER RESERVES

	Group	
	2010	2009
	RM	RM
Other reserve	475,000	475,000
Foreign currency translation reserve	(199,326)	(242,766)
	275,674	232,234
The movements in each category of reserves were as follows:		
Other reserve		
At 1 January/31 December	475,000	475,000
Foreign currency translation reserve		
Balance at 1 January	(242,766)	(160,058)
Arose during the year	43,440	(82,708)
Balance at 31 December	(199,326)	(242,766)

(a) Other Reserve

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

(b) Foreign Currency Translation Reserve

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

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27. RELATED PARTY DISCLOSURES

(a) Significant Related Party Transactions

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

	Group	
	2010	2009
	RM	RM
Related companies:		
Sale of finished goods	1,474,227	117,535
Construction contract revenue	7,637,521	-
	9,111,748	117,535

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

On 24 March 2011, EOPD and another corporate shareholder of the Company, Samudra Pelangi Sdn. Bhd. ("SPSB"), entered into a Share Sale Agreement with Egovision Sdn. Bhd. ("Egovision") for the disposal of their entire securities interest in the Company ("Proposed Disposal").

The Proposed Disposal was completed on 28 March 2011 and Egovision is a substantial corporate shareholder of the Company after that date.

(b) Compensation of Key Management Personnel

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

28. COMMITMENTS

(a) Operating Lease Commitments – as Lessee

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

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

	Group	
	2010	2009
	RM	RM
Not later than 1 year	153,600	-
Later than 1 year and not later than 5 years	126,400	-
	280,000	-

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28. COMMITMENTS *cont'd*

(b) Finance Lease Commitments

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

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

	Group	
	2010	2009
	RM	RM
Minimum lease payments:		
Not later than 1 year	218,384	553,092
Later than 1 year but not later than 2 years	-	215,662
Total minimum lease payments	218,384	768,754
Less: Amounts representing finance charges	(3,357)	(36,811)
Present value of minimum lease payments	215,027	731,943
Present value of payments:		
Not later than 1 year	215,027	519,629
Later than 1 year but not later than 2 years	-	212,314
Present value of minimum lease payments	215,027	731,943
Less: Amount due within 12 months (Note 22)	(215,027)	(519,629)
Amount due after 12 months (Note 22)	-	212,314

29. FAIR VALUE OF FINANCIAL INSTRUMENTS

A. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

	Group	
	Carrying amount	Fair value
	RM	RM
Financial liabilities		
As at 31 December 2009:		
Term loan	746,016	731,805
Obligations under finance leases	212,314	208,386

Notes to the Financial Statements
31 December 2010
cont'd

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

B. Determination of fair value

Financial Instruments That are Not Carried at Fair Value and Whose Carrying Amounts are Reasonable Approximation of Fair Value

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

	Note
Trade and other receivables (current)	17
Loans and borrowings (current)	22
Trade and other payables (current)	23

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

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

Amounts Due from Subsidiaries and Finance Lease Obligations

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

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

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

(a) Credit Risk

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

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

Notes to the Financial Statements
31 December 2010
cont'd

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

(a) Credit Risk *cont'd*

Exposure to Credit Risk

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

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

Credit Risk Concentration Profile

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

The Group has no significant concentration of credit risk that may arise from exposures to single debtor or to groups of debtors.

Financial Assets That are neither Past Due nor Impaired

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

Financial Assets That are either Past Due or Impaired

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

(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.

At the reporting date, the Group's and the Company's trade and other payables (Note 23) will mature in less than one year based on carrying amount reflected in financial statements.

(c) Interest Rate Risk

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

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

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

Information on the carrying amounts, average interest rates as at balance sheet date and the remaining maturities of the Group's instruments that are exposed to interest rate risk are disclosed in Note 22.

(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.

Notes to the Financial Statements

31 December 2010
cont'd

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

(d) Foreign Currency Risk *cont'd*

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

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

	Group	
	2010	**2009**
	RM	**RM**
United States Dollar ("USD")	3,440,617	2,044,720
Australian Dollar ("AUD")	463,722	1,598,553
	3,904,339	3,643,273

Sensitivity Analysis for Foreign Currency Risk

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

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

31. CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2010 and 2009.

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

Notes to the Financial Statements

31 December 2010
cont'd

31. CAPITAL MANAGEMENT *cont'd*

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Loans and borrowings	215,027	1,843,922	-	-
Trade and other payables	6,636,218	3,004,193	150,919	170,690
Less: Cash and bank balances	(5,055,438)	(6,529,181)	(12,941)	(2,171,526)
Net debt/(credit)	1,795,807	(1,681,066)	137,978	(2,000,836)
Equity attributable to the owners of the parent, representing total capital	27,600,711	30,010,721	20,213,566	28,137,836
Capital and net debt, excluding net credit	29,396,518	30,010,721	20,351,544	28,137,836
Gearing ratio	6%	0%	1%	0%

32. SEGMENT INFORMATION

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

(i) Manufacturing segment – Manufacturing, supply and installation of light fittings and related products.

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

Except as indicated above, 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.

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

Notes to the Financial Statements
31 December 2010
cont'd

32. SEGMENT INFORMATION *cont'd*

	Manufacturing RM	Construction RM	Elimination RM	Total RM
31 December 2010				
Revenue				
External sales	10,296,120	7,637,521	-	17,933,641
Inter-segment sales	2,010,954	-	(2,010,954)	-
Total revenue	12,307,074	7,637,521	(2,010,954)	17,933,641
Results				
Segment results	(10,902,260)	500,562	8,270,636	(2,131,062)
Finance costs				(53,834)
Loss before tax				(2,184,896)
Income tax expense				(268,554)
Loss for the year				(2,453,450)
Assets				
Segment assets	49,194,524	14,074,928	(29,123,091)	34,146,361
Unallocated assets	-	-	-	1,159,334
Consolidated total assets				35,305,695
Liabilities				
Segment liabilities	(84,473,468)	(13,011,709)	89,983,932	(7,501,245)
Unallocated liabilities	-	-	-	(203,739)
Consolidated total liabilities				(7,704,984)
Other information				
Depreciation	1,595,925	4,034	-	1,599,959

Notes to the Financial Statements

31 December 2010
cont'd

32. SEGMENT INFORMATION *cont'd*

	Manufacturing RM	Construction RM	Elimination RM	Total RM
31 December 2009				
Revenue				
External sales	18,549,571	-	-	18,549,571
Inter-segment sales	5,427,072	-	(5,427,072)	-
Total revenue	23,976,643	-	(5,427,072)	18,549,571
Results				
Segment results	(24,869,646)	-	16,781,685	(8,087,961)
Finance costs				(214,987)
Loss before tax				(8,302,948)
Income tax expense				760
Loss for the year				(8,302,188)
Assets				
Segment assets	61,509,789	-	(27,466,473)	34,043,316
Unallocated assets	-	-	-	894,812
Consolidated total assets				34,938,128
Liabilities				
Segment liabilities	(86,271,980)	-	81,265,281	(5,006,699)
Unallocated liabilities	-	-	-	79,292
Consolidated total liabilities				(4,927,407)
Other information				
Depreciation	2,731,159	-	-	2,731,159

Notes to the Financial Statements

31 December 2010
cont'd

33. SUPPLEMENTARY INFORMATION – BREAKDOWN OF ACCUMULATED LOSSES INTO REALISED AND UNREALISED

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

	Group RM'000	Company RM'000
Total accumulated losses of the Company and its subsidiaries		
- Realised	(95,065,914)	(38,512,790)
- Unrealised	(1,083,304)	-
	(96,149,218)	(38,512,790)
Less: Consolidation adjustments	64,747,899	-
Accumulated losses as per financial statements	(31,401,319)	(38,512,790)

List of Property Owned by the Group
as at 31 December 2010

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

Analysis of Shareholdings
as at 5 May 2011

Authorised Share Capital	: RM300,000,000
Paid-up Share Capital	: RM58,726,356
Class of Shares	: Ordinary Shares of RM1.00 each
Voting Rights	: One (1) vote per ordinary share

ANALYSIS BY SIZE OF HOLDINGS AS AT 5 MAY 2011

Size of Shareholdings	No. of Holders	%	No. of Holdings	%
1 – 99	282	14.70	6,989	0.01
100 – 1,000	705	36.74	449,502	0.77
1,001 – 10,000	694	36.16	2,419,483	4.12
10,001 – 100,000	187	9.74	6,446,701	10.98
100,001 – 2,936,316 (*)	48	2.50	23,887,198	40.68
2,936,317 and above (**)	3	0.16	25,516,483	43.45
Total	**1,919**	**100.00**	**58,726,356**	**100.00**

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

THE 30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 5 MAY 2011

No.	Holder Name	No. of Holdings	Percentage
1	EGOVISION SDN BHD	16,269,783	27.70
2	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LOO SOO LOONG*	5,500,000	9.37
3	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB BANK FOR CHIA KWOON MENG (MM0678)*	3,746,700	6.38
4	GOH HUI TIANG	1,768,700	3.01
5	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHIA KWOON MENG (CEB)*	1,601,900	2.73
6	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR YAP CHING LOON (SMART)*	1,520,900	2.59
7	MAYBAN NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TOH SIEW CHUON*	1,502,700	2.56
8	CHU YOKE LEN	1,500,000	2.55
9	SOONG CHEE KEONG	1,092,200	1.86
10	POLOFIELD SDN BHD	1,000,000	1.70
11	SALTER'S ASSETS LIMITED	1,000,000	1.70
12	DERRICK KONG YING KIT	969,600	1.65
13	FONG MOH CHEEK @ FONG MOW KIT	883,000	1.50
14	CATHERINE GRIPE	832,000	1.42

Analysis of Shareholdings
as at 5 May 2011
cont'd

THE 30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 5 MAY 2011 *cont'd*

No.	Holder Name	No. of Holdings	Percentage
15	LUCY LEE SIOK KIEM	680,431	1.16
16	TAY CHAI ONG	622,000	1.06
17	HUANG PHANG LYE	617,100	1.05
18	KONG KUI LING	531,100	0.90
19	YAP NYUK FOONG	500,000	0.85
20	WONG CHING PING @ WONG CHIN PING	456,400	0.78
21	CHIA KWOON MENG	430,000	0.73
22	CHAN SAU CHEE	400,000	0.68
23	CHIN SIEW LING	400,000	0.68
24	LIM KOK WEI	400,000	0.68
25	AFFIN NOMINEES (ASING) SDN BHD *UOB KAY HIAN PTE LTD FOR CHAN TZE LEUNG ROBERT*	358,600	0.61
26	HDM NOMINEES (TEMPATAN) SDN BHD *DBS VICKERS SECS (S) PTE LTD FOR YEAP POH CHIM*	332,000	0.57
27	TAN JOO TIAN	329,500	0.56
28	NETUREN CO LTD	326,667	0.56
29	CHIM LUANG ENG	261,700	0.45
30	CHAN SWEE FUK @ CHAN SWEE FATT	248,800	0.42

DIRECTORS' SHAREHOLDINGS
as per the Register of Directors' Shareholdings as at 5 May 2011

		No. of Shares			
No.	Name of Directors	Direct	%	Indirect	%
1	Tee Eng Ho	-	-	17,755,183 [1]	30.23
2	Tee Eng Seng	-	-	16,269,783 [2]	27.70
3	Loo Soo Loong	5,560,000	9.47	-	-
4	Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof	-	-	-	-
5	Khoo Siong Kee	-	-	-	-

Notes:-

[1] *Deemed interested by virtue of his interest in Egovision Sdn. Bhd. pursuant to Section 6A and his spouse's direct interest in Fututech Berhad*

[2] *Deemed interested by virtue of his interest in Egovision Sdn. Bhd. pursuant to Section 6A*

Analysis of Shareholdings
as at 5 May 2011
cont'd

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS
as per the Register of Substantial Shareholders' as at 5 May 2011

	No. of Shares Held			
Name of Substantial Shareholders	**Direct**	**%**	**Indirect**	**%**
Egovision Sdn. Bhd.	16,269,783	27.70	-	-
Tee Eng Ho	-	-	17,755,183 [1]	30.23
Tee Eng Seng	-	-	16,269,783 [2]	27.70

Notes:-

[1] *Deemed interested by virtue of his interest in Egovision Sdn. Bhd. pursuant to Section 6A and his spouse's direct interest in Fututech Berhad*

[2] *Deemed interested by virtue of his interest in Egovision Sdn. Bhd. pursuant to Section 6A*

Analysis of Warrantholdings
as at 5 May 2011

No. of 2007/2017 Warrants issued : 23,490,542
No. of 2007/2017 Warrants outstanding : 23,490,542

ANALYSIS BY SIZE OF HOLDINGS AS AT 5 MAY 2011

Size of Warrantholdings	No. of Holders	%	No. of Holdings	%
1 – 99	47	8.87	2,555	0.01
100 – 1,000	101	19.06	58,627	0.25
1,001 – 10,000	235	44.34	860,614	3.66
10,001 – 100,000	112	21.13	3,805,435	16.20
100,001 – 1,174,526 (*)	33	6.23	9,381,104	39.94
1,174,527 and above (**)	2	0.38	9,382,207	39.94
Total	**530**	**100.00**	**23,490,542**	**100.00**

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

THE 30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 5 MAY 2011

No.	Holder Name	No. of Holdings	Percentage
1	EGOVISION SDN BHD	7,169,027	30.52
2	*CIMSEC NOMINEES (TEMPATAN) SDN BHD* *CIMB BANK FOR CHIA KWOON MENG (MM0678)*	2,213,180	9.42
3	*DERRICK KONG YING KIT*	858,580	3.66
4	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR YAP CHING LOON (SMART)*	725,600	3.09
5	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHIA KWOON MENG (CEB)*	640,760	2.73
6	GOH HUI TIANG	627,480	2.67
7	CHEW CHOONG SIAM	575,900	2.45
8	FONG MOH CHEEK @ FONG MOW KIT	504,000	2.15
9	LIM KOK WEI	460,000	1.96
10	POLOFIELD SDN BHD	400,000	1.70
11	SOONG CHEE KEONG	349,404	1.49
12	CATHERINE GRIPE	332,800	1.42
13	MAYBAN NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TOH SIEW CHUON*	327,000	1.39
14	TAN LIAM KWEE	242,000	1.03
15	ANDY TAN CHO YEOW	238,800	1.02
16	LUCY LEE SIOK KIEM	202,680	0.86

Analysis of Warrantholdings
as at 5 May 2011
cont'd

THE 30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 5 MAY 2011 *cont'd*

No.	Holder Name	No. of Holdings	Percentage
17	CHAN SAU CHEE	200,000	0.85
18	YAP NYUK FOONG	200,000	0.85
19	PUBLIC INVEST NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR YEAP GEK @ YEAP POH CHIM (C)*	197,900	0.84
20	KOH SOOI KWANG	192,080	0.82
21	ONG KAM MING	180,000	0.77
22	HUANG PHANG LYE	176,000	0.75
23	HLG NOMINEE (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR PANG YANG CHUNG*	175,000	0.74
24	MOHAMED AZMI BIN MAHMOOD	166,640	0.71
25	HAUW TIO HIONG	152,320	0.65
26	LIM KOK SENG	150,000	0.64
27	LEE KOK GUAN	142,200	0.61
28	HDM NOMINEES (TEMPATAN) SDN BHD *DBS VICKERS SECS (S) PTE LTD FOR YEAP POH CHIM*	140,000	0.60
29	HLB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR NG YOKE YEN*	140,000	0.60
30	AFFIN NOMINEES (ASING) SDN BHD *UOB KAY HIAN PTE LTD FOR CHAN TZE LEUNG ROBERT*	120,000	0.51

DIRECTORS' WARRANTHOLDINGS AS AT 5 MAY 2011

		No. of Warrants			
No.	Name of Directors	Direct	%	Indirect	%
1	Tee Eng Ho	-	-	7,496,027 [1]	31.91
2	Tee Eng Seng	-	-	7,169,027 [2]	30.52
3	Loo Soo Loong	24,000	0.10	-	-
4	Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof	-	-	-	-
5	Khoo Siong Kee	-	-	-	-

Notes:-

[1] Deemed interested by virtue of his interest in Egovision Sdn. Bhd. pursuant to Section 6A and his spouse's direct interest in Fututech Berhad

[2] Deemed interested by virtue of his interest in Egovision Sdn. Bhd. pursuant to Section 6A

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Seventh Annual General Meeting of the Company will be held at Tioman Room, Bukit Jalil Golf & Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur on Wednesday, 29 June 2011 at 10.00 a.m. to transact the following businesses:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2010 and the Reports of Directors and Auditors thereon. ***Ordinary Resolution 1***

2. To approve payment of Directors' fees for the financial year ended 31 December 2010. ***Ordinary Resolution 2***

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

   (i) Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof (Article 89) ***Ordinary Resolution 3***
   (ii) Mr. Tee Eng Ho (Article 83) ***Ordinary Resolution 4***
   (iii) Mr. Tee Eng Seng (Article 83) ***Ordinary Resolution 5***
   (iv) Mr. Khoo Siong Kee (Article 83) ***Ordinary Resolution 6***

4. To appoint Messrs Ernst & Young as Auditors of the Company and authorise the Directors to determine their remuneration. ***Ordinary Resolution 7***

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

   ORDINARY RESOLUTION - AUTHORITY TO ISSUE SHARES

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

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

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

   "THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Bursa Malaysia Securities Berhad Main Market Listing Requirements, approval be and is hereby given to the Company and its subsidiaries ("Fututech Group") to enter into all transactions involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the Group ("Related Parties") as specified in Section 2.2.2 of the Circular to Shareholders dated 7 June 2011 ("Recurrent RPTs") provided that such transactions are:- ***Ordinary Resolution 9***

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

   ("RRPT Mandate").

Notice of Annual General Meeting
cont'd

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

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

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

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

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

BY ORDER OF THE BOARD

SEOW FEI SAN
MOK MEE KEE
Secretaries

Selangor
7 June 2011

Notes:

1. *A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company, an advocate, an approved company auditor, or a person approved by the Registrar.*
2. *A member of the Company may appoint more than one (1) proxy to attend at the same meeting. Where a member appoints two (2) or more proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.*
3. *Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
4. *A Power of Attorney or a certified copy thereof or the instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing.*
5. *The instrument appointing a proxy, together with the power of attorney (if any) under which it is signed or a certified copy thereof, shall be deposited at the Registered Office at 312, 3rd Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan at least forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting as the case may be.*
6. *Explanatory notes on Special Business:*

Ordinary Resolution 8

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

As at the date of this Notice, no new shares in the Company were issue pursuant to the authority granted to the Directors at the Twenty-Sixth Annual General Meeting held on 18 June 2010 and which will lapse at the conclusion of the Twenty-Seventh Annual General Meeting.

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

Ordinary Resolution 9

The proposed Ordinary Resolution 9, if passed, will enable the Company and/or its Subsidiaries to enter into recurrent transactions involving the interests of Related Parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.

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FORM PROXY

I/We, ____

(Full Name in Block Letters)

NRIC No./Company No. ________________________of ____

____

(Full Address)

being a member/members of Fututech Berhad, hereby appoint ____

____

(Full Name and NRIC No.)

of ____

(Full Address)

or failing him/her ____

(Full Name and NRIC No.)

of ____

(Full Address)

or failing *him/her, the Chairman of the Meeting as my/our proxy to vote for *me/us and on *my/our behalf at the Twenty-Seventh Annual General Meeting ("AGM") of the Company to be held at Tioman Room, Bukit Jalil Golf & Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur on Wednesday, 29 June 2011 at 10.00 a.m., or at any adjournment thereof. (* strike out whichever is not desired)

With reference to the agenda set forth in the Notice of Meeting, please indicate with an "X" in the space provided below how you wish your votes to be cast on the resolutions specified. If no specific direction as to the voting is given, the Proxy will vote or abstain at his/her discretion.

NO.	**RESOLUTION RELATING TO**	FOR	AGAINST
1	**Receive Reports and Financial Statements**		
2	**Payment of Directors' fees**		
3	**Re-election of Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof as Director**		
4	**Re-election of Tee Eng Ho as Director**		
5	**Re-election of Tee Eng Seng as Director**		
6	**Re-election of Khoo Siong Kee as Director**		
7	**Appointment of Messrs Ernst & Young as Auditor**		
8	**Authority for the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965**		
9	**Approval on shareholders' mandate for recurrent related party transactions of a revenue on trading nature**		

Dated this _________ day of _________ 2011

Number of Ordinary Shares Held

____

Signature of Shareholder(s) or Common Seal

Notes:

1. *A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company, an advocate, an approved company auditor, or a person approved by the Registrar.*
2. *A member of the Company may appoint more than one (1) proxy to attend at the same meeting. Where a member appoints two (2) or more proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.*
3. *Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
4. *A Power of Attorney or a certified copy thereof or the instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing.*
5. *The instrument appointing a proxy, together with the power of attorney (if any) under which it is signed or a certified copy thereof, shall be deposited at the Registered Office at 312, 3rd Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan at least forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting as the case may be.*

Fold This Flap For Sealing

Then Fold Here

Affix
Stamp

The Company Secretary

FUTUTECH BERHAD
(122592-U)

312, 3rd Floor, Block C
Kelana Square, 17 Jalan SS7/26
47301 Petaling Jaya
Selangor Darul Ehsan

1st Fold Here