BRITE-TECH BERHAD
(550212-U)

ANNUAL REPORT 2011

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of **Brite-Tech Berhad** will be held at Tioman Room, Bukit Jalil Golf and Country Resort, Jalan 3/155B, 57000 Kuala Lumpur on Friday, 18 May 2012 at 10.00 a.m. to transact the following business :-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2011 together with the Reports of the Directors and Auditors thereon. ***Please refer to Note 1***

2. To declare a final single tier dividend of 0.48 sen per ordinary share in respect of the financial year ended 31 December 2011. ***(Resolution 1)***

3. To approve the payment of Directors' fees for the financial year ended 31 December 2011. ***(Resolution 2)***

4. To re-elect the following Directors who are retiring by rotation, pursuant to Article 96 of the Articles of Association of the Company, and being eligible, offer themselves for re-election :-

   a) Mr. Pang Wee See ***(Resolution 3)***

   b) Mr. Chan Ah Kien ***(Resolution 4)***

   c) Mr. Kan King Choy ***(Resolution 5)***

5. To consider and if thought fit, pass the following resolution in accordance with Section 129(6) of the Companies Act, 1965:

   "THAT Dr. Seow Pin Kwong, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting." ***(Resolution 6)***

6. To appoint Auditors and to authorise the Directors to fix their remuneration. ***(Resolution 7)***

   Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965 (a copy of which is annexed on page 103) has been received by the Company for the nomination of Messrs AHL (formerly known as A.H.Lim & Partners) for appointment as Auditors and of the intention to propose the following ordinary resolution:

   "THAT Messrs AHL (formerly known as A.H.Lim & Partners) be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs YYC & Co. (formerly known as S. F. Yap & Co.) and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

AS SPECIAL BUSINESS

7. To consider and, if thought fit, pass with or without modification, the following resolutions:-

    Ordinary Resolution ***(Resolution 8)***
    Authority pursuant to Section 132D of the Companies Act, 1965 for the Directors to issue shares

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

8. To transact any other business of the Company of which due notice shall have been given in accordance with the Companies Act, 1965.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that the final single tier dividend of 0.48 sen per share in respect of the financial year ended 31 December 2011, if approved by the shareholders, will be paid on 8 June 2012 to shareholders whose names appear in the Register of Depositors at the close of business on 28 May 2012. A Depositor shall qualify for dividend entitlement only in respect of:-

a) Shares transferred into Depositor's Securities Account before 4.00 p.m. on 28 May 2012 in respect of ordinary transfers; and

b) Shares bought on the Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the Rules of Bursa Securities.

By order of the Board

Yip Siew Yoong (MAICSA 0736484)
Leong Siew Kit (MACS 01215)
Company Secretaries

Kuala Lumpur
25 April 2012

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

Explanatory Notes:

1. The Agenda No. 1 is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of shareholders and hence, is not put forward.

2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

3. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.

4. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

5. The instrument of appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised in writing in that behalf.

6. The instrument appointing a proxy must be deposited at the Registered Office at 17 & 19, 2nd Floor, Jalan Brunei Barat, 55100 Kuala Lumpur, not less than 48 hours before the time appointed for holding the annual general meeting or any adjournment thereof.

7. **Explanatory Note on Special Business – Ordinary Resolution 8**

   The Ordinary Resolution 8 under item 7 is proposed to seek for a renewal of the general mandate ("General Mandate") pursuant to Section 132D of the Companies Act, 1965, and if passed, will give the Directors of the Company authority to allot and issue ordinary shares of the Company up to an amount not exceeding in total, 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

   As at the date of this notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Tenth Annual General Meeting held on 12 May 2011 and which will lapse at the conclusion of the Eleventh Annual General Meeting.

   The General Mandate sought will enable the Directors of the Company to allot and issue shares, including but not limited for further placing of shares, for the purpose of funding investment(s), working capital and/or acquisitions, from time to time at such price, upon such terms and conditions, to such person or persons whomsoever as the Directors may, in their absolute discretion deem fit. This would avoid any delay and costs involved in convening a general meeting to specifically approve such an issue of shares.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

a) Directors standing for re-election/re-appointment at the Eleventh Annual General Meeting of the Company

The Directors who are retiring by rotation, pursuant to Article 96 of the Company's Article of Association and standing for re-election are as follows:

- Mr. Pang Wee See (Executive Chairman)
- Mr. Chan Ah Kien (Executive Director)
- Mr. Kan King Choy (Executive Director)

The Director who is retiring, pursuant to Section 129 of the Companies Act, 1965 and standing for re-appointment is as follows:

- Dr. Seow Pin Kwong (Independent Non-Executive Director)

Further details of the Directors who are standing for re-election/re-appointment at the Eleventh Annual General Meeting are set out in the Directors' Profile on pages 7 to 10 of the Annual Report and information on their shareholdings are listed on page 98 of the Annual Report.

b) Details of attendance of Directors at Board Meetings

Four (4) Board meetings were held during the financial year from 1 January 2011 to 31 December 2011. Details of attendance of Directors at the Board meetings are as follows:-

Name	Designation	Attendance
Pang Wee See	Executive Chairman	4/4
Tan Boon Kok	Executive Director	4/4
Chan Ah Kien	Executive Director	4/4
Kan King Choy	Executive Director	4/4
Ir. Koh Thong How	Non-Executive Director (Engineering)	4/4
Dr. Seow Pin Kwong	Independent Non-Executive Director	4/4
Cheng Sim Meng	Independent Non-Executive Director	4/4
Ng Kok Ann	Independent Non-Executive Director	4/4

c) Date, Time and Place of the Eleventh Annual General Meeting

The Eleventh Annual General Meeting of **Brite-Tech Berhad** will be held at Tioman Room, Bukit Jalil Golf and Country Resort, Jalan 3/155B, 57000 Kuala Lumpur on Friday, 18 May 2012 at 10.00 a.m.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Name	Designation
PANG WEE SEE	Executive Chairman
TAN BOON KOK	Executive Director
CHAN AH KIEN	Executive Director
KAN KING CHOY	Executive Director
IR. KOH THONG HOW	Non-Executive Director (Engineering)
DR. SEOW PIN KWONG	Independent Non-Executive Director
CHENG SIM MENG	Independent Non-Executive Director
NG KOK ANN	Independent Non-Executive Director
YEE OII PAH @ YEE OOI WAH	Alternate Director to Pang Wee See

AUDIT COMMITTEE

Dr. Seow Pin Kwong (Chairman)
Cheng Sim Meng
Ng Kok Ann

COMPANY SECRETARIES

Yip Siew Yoong (MAICSA 0736484)
Leong Siew Kit (MACS 01215)

REGISTERED OFFICE

17 & 19, 2nd Floor
Jalan Brunei Barat, Pudu
55100 Kuala Lumpur
Tel: 03-2142 6689
Fax: 03-2142 7301

BUSINESS OFFICE

Lot 14, Jalan Pendamar 27/90
Seksyen 27
40000 Shah Alam
Selangor Darul Ehsan
Tel: 03-5192 8188/8288/8388
Fax: 03-5191 8188
Email: admin@brite-tech.com
Website: www.brite-tech.com

AUDITORS

YYC & Co.
(formerly known as S. F. Yap & Co.)
17 & 19, Jalan Brunei Barat
Off Jalan Pudu
55100 Kuala Lumpur

SHARE REGISTRAR

Bina Management Sdn. Bhd.
Lot 10, The Highway Centre
Jalan 51/205, 46050 Petaling Jaya
Tel: 03-7784 3922
Fax: 03-7784 1988

PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Berhad
Malayan Banking Berhad

STOCK EXCHANGE LISTING

ACE Market of
Bursa Malaysia Securities Berhad
Stock Name: BTECH
Stock Code: 011

DIRECTORS' PROFILE

PANG WEE SEE Executive Chairman

Pang Wee See, a Malaysian, aged 60, was appointed to the Board on 25 May 2002.

He graduated from University Sains Malaysia with a Bachelor of Applied Science (Hons) majoring in Polymer Science in 1977. He started his career with Asia Tape Corporation Bhd as Chemist in 1978 and later was promoted to the position of Chemist cum Factory Manager. He then moved to Federal Rubber Products Co. Sdn Bhd as Production Manager in 1979. Subsequent to this, he and three partners set up Brite-Tech Corporation Sdn Bhd in 1980. He left Federal Rubber Products in 1984 to manage Brite-tech Corporation Sdn Bhd and later expanded to set up the Group.

As a founder of the Group, with his excellent entrepreneurial skills and more than 25 years of experience, he has steered the Group to become an established and acclaimed total solution provider in water and wastewater treatment and laboratory services. He sits on the Board of other private companies and also sits on the Board of Yayasan Maha Karuna, a charity organization. He does not hold directorship of any other public listed company.

He is the spouse of Madam Yee Oii Wah and brother-in-law of Ir. Koh Thong How. He has no conflict of interest with the Company and he has not been convicted for any offences in the past ten (10) years.

He attended all four (4) Board meetings of the Company held during the financial year ended 31 December 2011.

TAN BOON KOK Executive Director

Tan Boon Kok, a Malaysian, aged 54, was appointed to the Board on 25 May 2002.

Upon completion of his Form Six Level education in Tunku Abdul Rahman College in 1978, he joined Paloh Palm Oil Mill in 1979. The following year in 1980, he moved to Bukit Benut Palm Oil Mill and subsequently to Coronation Palm Oil Mill as Laboratory Conductor. He joined Brite-Tech Corporation Sdn Bhd in 1983 as Sales Executive and later was promoted to Sales Manager in 1986. He has been with the Group for more than 25 years.

He does not have any family relationship with other Directors and/or major shareholder of the Company. He has no conflict of interest with the Company and he has not been convicted for any offences in the past ten (10) years. He does not hold directorship of any other public listed company.

He attended all four (4) Board meetings of the Company held during the financial year ended 31 December 2011.

CHAN AH KIEN Executive Director

Chan Ah Kien, a Malaysian, aged 49, was appointed to the Board on 25 May 2002.

He co-founded Hooker Chemical Sdn Bhd in 1987 and has been with the Group for more than 20 years. He had his education in Temerloh, Pahang and completed his Sijil Pelajaran Malaysia (SPM) in 1981. He built his experience since 1981 and rose through the ranks from technician, operations, marketing and to management level, involving in industrial wastewater treatment and scheduled waste disposal. He has accumulated more than 20 years experience in industrial wastewater treatment and over the years with Hooker Chemical Sdn Bhd, he is also exposed to new advance treatment technology through close working relationship with leading overseas wastewater treatment companies in USA and Europe.

He does not have any family relationship with other Directors and/or major shareholder of the Company. He has no conflict of interest with the Company and he has not been convicted for any offences in the past ten (10) years. He does not hold directorship of any other public listed company.

He attended all four (4) Board meetings of the Company held during the financial year ended 31 December 2011.

DIRECTORS' PROFILE (Cont'd)

KAN KING CHOY Executive Director

Kan King Choy, a Malaysian, aged 50, was appointed to the Board on 25 May 2002.

He joined Spectrum Laboratories Sdn Bhd as a Manager of the laboratory in 1990 and has been with the Group for more than 20 years. He graduated from Tunku Abdul Rahman College with a Diploma in Science and a Bachelor of Science degree in Chemistry and Mathematics from Campbell University (U.S.A.) in 1985. After graduation, he joined Sailcos Laboratories Sdn. Bhd. in 1986 as a Chemist where he remained for 4 years, familiarising with the laboratory operations and the laboratory business in general. He was admitted as a Licentiate of the Institut Kimia Malaysia in 1988.

He does not have any family relationship with other Directors and/or major shareholder of the Company. He has no conflict of interest with the Company and he has not been convicted for any offences in the past ten (10) year. He does not hold directorship of any other public listed company.

He attended all four (4) Board meetings of the Company held during the financial year ended 31 December 2011. He is a member of the Nomination Committee and Remuneration Committee of the Company.

IR. KOH THONG HOW Non-Executive Director

Ir. Koh Thong How, a Malaysian, aged 57, was appointed to the Board on 25 May 2002.

He received a Technician Diploma from Singapore Polytechnic in 1977 and subsequently pursued his studies in United Kingdom to obtain a Bachelor of Science degree in Civil Engineering (Honours) from University of Dundee in 1980. He then furthered his studies in Asian Institute of Technology, Thailand to obtain his Master of Engineering degree in Structural Engineering and Construction in 1982. He started his career with Jurutera Konsultant (SEA) Sdn Bhd as Design Engineer in 1982 and later moved to S Chan Project Consultancy Services Sdn Bhd as Senior Engineer and was there until 1995. Thereafter he became the Technical Director (Civil and Structural) of Murray North (M) Sdn Bhd. In 1998, he left the company to venture into his own business, KP Perunding (Civil and Structural Consulting Engineers). He was admitted as a Corporate Member of the Institution of Engineers Malaysia ("IEM") in 1986 and was the Honorary Treasurer of IEM (Southern Branch) for 1988-89, 89-90 and 90-91 sessions and the Honorary Secretary of IEM (Southern Branch) for 1991-92, 92-93 and 93-94 sessions. He was registered as a Professional Engineer (Malaysia) in 1988. Since 1995, Ir. Koh Thong How has been providing advice as the engineering advisor for Hooker Chemical Sdn Bhd.

He is the brother-in-law of Pang Wee See. He has no conflict of interest with the Company and he has not been convicted for any offences in the past ten (10) years. He does not hold directorship of any other public listed company.

He attended all four (4) Board meetings of the Company held during the financial year ended 31 December 2011.

DIRECTORS' PROFILE (Cont'd)

DR. SEOW PIN KWONG Independent Non-Executive Director

Dr. Seow Pin Kwong, a Malaysian, aged 71, was appointed to the Board on 25 May 2002.

He graduated from University of Malaya with a Bachelor of Science degree in Chemistry in 1967. He began his career as a teacher and subsequently pursued his studies in France to obtain a doctorate degree in Macromolecular Sciences. Upon completion of his studies, he served as a lecturer with Mara Institute of Technology in 1974 and then joined the Rubber Research Institute of Malaya ("RRIM") as Research Officer in 1975. He was seconded to Malaysian Rubber Producers' Research Association ("MRPRA") from 1979 to 1981 as Research Scientist and returned to RRIM in 1981. He was promoted to Senior Research Officer in 1984 and retired from RRIM in 1995 to join Thong Fook Plastics Industries as General Manager/Technical Adviser of Research and Development until 1997. He also served as the Senior Technical Manager of MI Pipes (M) Sdn Bhd.

He does not have any family relationship with other Directors and/or major shareholder of the Company. He has no conflict of interest with the Company and he has not been convicted for any offences in the past ten (10) years. He does not hold directorship of any other public listed company.

He attended all four (4) Board meetings of the Company held during the financial year ended 31 December 2011. He is the Chairman of the Audit Committee, Nomination Committee and Remuneration Committee of the Company.

CHENG SIM MENG Independent Non-Executive Director

Cheng Sim Meng, a Malaysian, aged 59, was appointed to the Board on 25 May 2002.

He is a Chartered Insurer and is a Fellow of the Chartered Insurance Institute (UK), Fellow of the Malaysian Insurance Institute, Associate of the India Insurance Institute, Associate of the Chartered Institute of Arbitrators (UK), Associate of the Malaysian Institute of Management, Fellow of the Singapore Insurance Institute and armed with a Masters degree in Business Administration from Universiti Putra Malaysia and holds various certificates in accounting. He was Associate of the Insurance Brokers Association of Malaysia and Member of the Malaysian Institute of Directors.

He has been in the insurance industry for more than thirty years handling all aspects of general and life insurance in the areas of management, marketing, underwriting, claims, finance, investment, accounts and statistics, credit control, reinsurance, broking, net-working and distribution, training and leadership roles. He started his career as a clerk with a life insurance company (1972-1974) and thereafter a credit controller in a general insurance company (1974-1975). He joined a local insurance company in 1975 as an accounts assistant. He assumed the position of Manager of an insurance broking company in 1978. Subsequently, he ventured into business of an insurance agency from 1982 and has remained so until 2001. Subsequently, he was an Assistant General Manager (Commercial Lines Management) with a local insurance company.

Since 1982, he is involved on a part-time basis in education. He lectures and acts as course leader with the Malaysian Insurance Institute on various courses and training aspects, public seminars and conferences as well as lectures in TAR college, private institutes and colleges and financial institutions.

He does not have any family relationship with other Directors and/or major shareholder of the Company. He has no conflict of interest with the Company and he has not been convicted for any offences in the past ten (10) years. He does not hold directorship of any other public listed company.

He attended all four (4) Board meetings of the Company held during the financial year ended 31 December 2011. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company.

DIRECTORS' PROFILE (Cont'd)

NG KOK ANN Independent Non-Executive Director

Ng Kok Ann, a Malaysian, aged 38, was appointed to the Board on 21 January 2009.

He graduated from the Association of Chartered Certified Accountant (ACCA), United Kingdom in 1999. He is a member of the Association of Chartered Certified Accountants (ACCA) and is a Chartered Accountant of Malaysian Institute of Accountants (MIA).

Mr. Ng started his career as an Audit Assistant with Ling Kam Hoong & Co. in 1999 and was involved in accounting, auditing and taxation and business advisory of companies from various industries. He left Ling Kam Hoong & Co. in 2003 and joined Terence Oh & Associates as Principal. He is currently involved in corporate finance, tax planning, business advisory and secretarial functions of companies for various types of companies.

He does not have any family relationship with other Directors and/or major shareholder of the Company. He has no conflict of interest with the Company and he has not been convicted for any offences in the past ten (10) years. He does not hold directorship of any other public listed company.

He attended all four (4) Board meetings of the Company held during the financial year ended 31 December 2011. He is a member of the Audit Committee of the Company.

MADAM YEE OII PAH @ YEE OOI WAH Alternate Director to Pang Wee See

Yee Oii Pah @ Yee Ooi Wah, a Malaysian, aged 59, was appointed as an alternate Director to Pang Wee See on 25 May 2002.

She obtained her Bachelor degree in Pharmacy (Hons) from Universiti Sains Malaysia in 1978. She is a registered pharmacist with the Malaysian Pharmacy Board and also a member of the Malaysian Pharmaceutical Society. Upon graduation, she underwent one year of pupilage training. In 1979, she joined Mediko Farmasi Sdn Bhd as a pharmacist. She has since accumulated over 20 years of professional experience and exposure in the pharmaceutical industry. She also sits on the Board of another private company. She does not hold directorship of any other public listed company.

Madam Yee is the spouse of Pang Wee See. She has no conflict of interest with the Company and she has not been convicted for any offences in the past ten (10) years.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Brite-Tech Berhad, I am pleased to present the Annual Report and Financial Statements of the Group for the financial year ended 31 December 2011.

FINANCIAL REVIEW

For the financial year ended 31 December 2011, the Group recorded an increase of 16.3% in revenue to RM18.546 million as compared to RM15.942 million in the previous financial year. The Group's profit before tax increased by 126.2% to RM4.172 million from RM1.844 million in the previous financial year.

The increase in the Group's revenue was attributed to the higher contribution from environmental products and services segments of the Group while the increase in the Group's profit before tax was attributed to the higher revenue achieved as well as gain on fair value adjustment of investment properties of the Group.

ECONOMIC AND INDUSTRY OUTLOOK

The growth prospects for the Malaysian economy for 2012 remain favourable. GDP growth in Malaysia will be largely domestic driven, due to heightened uncertainties in the global economy. While the outlook for 2012 is affected by the increasing adverse external environment, strong economic fundamentals coupled with pragmatic macroeconomic policies and implementation of the ETP will enhance domestic sources of growth. Domestic demand, in particular private sector expenditure is expected to play a more significant role in driving economic expansion in 2012.

On the supply side, growth is expected to be broad-based. A turnaround is projected for the mining sector with the anticipated normalisation of production in 2012. A strong performance is projected for the construction sector supported by the commencement of large infrastructure projects. The manufacturing sector is expected to grow supported by strong domestic-oriented industries and improvement in the global personal computer market. The services sector is expected to sustain its growth momentum supported by strong domestic economic activities and steady regional trade. Growth in agriculture sector will be supported by increased output of palm oil and rubber as well as high growth segments such as ornamental fish, bird nests and herbal products.

(Source: Economic Report 2011/2012; Ministry of Finance Malaysia)

PROSPECTS

Moving forward, the Group's business segments are expected to operate in a challenging environment in 2012. Barring any unforeseen circumstances, the Group's prospects for the financial year ending 31 December 2012 are expected to be positive as the markets in which the Group's business segments operate are expected to remain resilient.

The Group will continue to focus on its core business and continue to penetrate into existing markets. At the same time, the Group is constantly on the lookout for business opportunities outside the Group's industry domain for opportunities which can bring financial stability to the Group.

DIVIDENDS

As recognition of your continuous support, the Board of Directors is pleased to recommend a final single tier dividend of 0.48 sen per share, tax exempt, for the approval of shareholders at the forthcoming Annual General Meeting.

CHAIRMAN'S STATEMENT (Cont'd)

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board of Directors, I would like to take this opportunity to express our sincere appreciation to the management and staff for their hard work and contribution to the Group; our valued shareholders, all regulatory authorities, bankers, customers and business associates for their co-operation and support.

Finally, I would like to express my sincere appreciation and gratitude to my fellow directors for their invaluable contributions and support.

PANG WEE SEE
Executive Chairman

CORPORATE GOVERNANCE STATEMENT

The Board of Directors ("Board") of the Company recognizes the importance of good corporate governance and is committed to promote the highest standards of corporate governance within the Group by supporting and implementing the principles and best practices as outlined in the Malaysian Code on Corporate Governance and the relevant provisions of the Bursa Securities Listing Requirements for ACE Market.

The Board strives to ensure that high standards of corporate governance are practiced throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and the financial performance of the Company.

1. THE BOARD

a) Responsibilities of the Board

The Board has overall responsibility for the performance of the Group and its responsibilities include the following:-

- reviewing and adopting a strategic plan for the Group;
- overseeing the conduct of the Group's business to evaluate whether the business is being properly managed;
- identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management;
- developing and implementing an investor relations programme or shareholder communications policy for the Group; and
- reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including system for compliance with applicable laws, regulations, rules, directives and guidelines.

b) Composition of the Board

The Board currently consists of eight (8) members, comprising an Executive Chairman, three (3) Executive Directors, one (1) Non-Executive Director (Engineering) and three (3) Independent Non-Executive Directors.

The Company considers that its complement of non-executive directors provides an effective Board with a mix of industry-specific knowledge and broad business and commercial experience. The balance enables the Board to provide clear and effective leadership of the Company and to bring informed and independent judgment to many aspects of the Company's strategy and performance so as to ensure the highest standards of conduct and integrity are maintained throughout the Group.

No individual or group of individuals dominates the Board's decision making and the number of directors fairly reflects the investment of the shareholders.

The Board has a formal schedule of matters specifically reserved to it for decision to ensure that the direction and control of the Company is firmly in its hands.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

1. THE BOARD (CONT'D)

c) Board Meetings

The Board ordinarily meets at least four (4) times a year at quarterly interval with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. There were four (4) meetings held during the financial year ended 31 December 2011.

Details of each Director's attendance at Board meetings are set out in the Statement Accompanying Notice of Annual General Meeting.

d) Supply of Information

All Directors receive appropriate and timely information which includes an agenda prior to the Board meetings to enable the Board to discharge its duties.

The Board receives information that is not just historical and bottom line and financial-oriented but information that is beyond assessing the quantitative performance of the Group and looks at other performance factors such as customer satisfaction, product and service quality, market share, market reaction, environmental performance. This enables the Board to deal with any item on the agenda to facilitate informed decision-making and thus enable the Board to discharge its duties effectively.

All Directors have full access to information pertaining to all matters for the purpose of making decisions. There is an agreed procedure for the Directors to take independent professional advice at the Company's expense, if necessary.

All Directors have access to the advice and services of the Company Secretary who ensures compliance with statutory obligations, Bursa Securities Listing Requirements for ACE Market or other regulatory requirements. The removal of the Company Secretary shall be a matter for the Board as a whole.

e) Retirement and Re-election of Directors

In accordance with the Company's Articles of Association, at least one third of the Directors shall retire by rotation from office at least once in every three (3) years and offer themselves for re-election.

All Directors who are appointed by the Board shall subject themselves for re-election by shareholders at the next Annual General Meeting immediately after their appointment.

Directors over seventy (70) years of age are subject to re-appointment by shareholders on an annual basis in accordance with Section 129(6) of the Companies Act, 1965.

f) Directors' Training

All the Directors have attended and successfully completed the Mandatory Accreditation Programme (MAP) in accordance to Bursa Securities Listing Requirements for ACE Market.

The Directors are encouraged to attend relevant training programmes, seminars and courses to keep abreast with development in the business environment as well as with the new regulatory and statutory requirements.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

1. THE BOARD (CONT'D)

f) Directors' Training (Cont'd)

During the financial year ended 31 December 2011, the seminars and training courses attended by the Directors are as follows:

Directors	Seminar/Training Course Attended
Pang Wee See	Bursa Malaysia Half Day Governance Program: Assessing the Risk and Control Environment
	Bursa Malaysia Governance Series for Directors: "The Board's Responsibility for Corporate Culture – Selected Governance Concerns and Tools for Addressing Corporate Culture and Board Performance" by John H. Stout, Chair, Corporate Governance Group, Fredrikson & Byrone, PA, USA
	Bursa Malaysia Advocacy Sessions on Disclosure for Chief Executive Officers (CEOs) and Chief Financial Officers (CFOs)
	Securities Commission/Bursa Malaysia Programme: "Sustainability: Taking Corporate Governance A Step Further" Session by Institute of Internal Auditors Malaysia: Risk Management & Internal Controls – Are the Boards aware what they are up against? Session by Business Council for Sustainability & Responsibility Malaysia: How Business Solutions Will Deliver the Vision of a Sustainable World
Tan Boon Kok	Securities Commission/Bursa Malaysia Programme: "Sustainability: Taking Corporate Governance A Step Further" SC/Bursa Malaysia Sessions: ASEAN Corporate Governance Scorecard and the Corporate Governance Ranking of ASEAN PLCs The Continuing CG Agenda – Next Steps for Asia Oxford Union Style CG Debate: Motion: Independent Directors are a Myth
Chan Ah Kien	Securities Commission/Bursa Malaysia Programme: "Sustainability: Taking Corporate Governance A Step Further" SC/Bursa Malaysia Sessions: ASEAN Corporate Governance Scorecard and the Corporate Governance Ranking of ASEAN PLCs The Continuing CG Agenda – Next Steps for Asia Oxford Union Style CG Debate: Motion: Independent Directors are a Myth Session by Institute of Internal Auditors Malaysia: Risk Management & Internal Controls – Are the Boards aware what they are up against? Session by Business Council for Sustainability & Responsibility Malaysia: How Business Solutions Will Deliver the Vision of a Sustainable World

CORPORATE GOVERNANCE STATEMENT (Cont'd)

1. THE BOARD (CONT'D)

f) Directors' Training (Cont'd)

Directors	Seminar/Training Course Attended
Kan King Choy	Bursa Malaysia Half Day Governance Program: Assessing the Risk and Control Environment
	Bursa Malaysia Governance Series for Directors: "The Board's Responsibility for Corporate Culture – Selected Governance Concerns and Tools for Addressing Corporate Culture and Board Performance" by John H. Stout, Chair, Corporate Governance Group, Fredrikson & Byrone, PA, USA
	Bursa Malaysia Advocacy Sessions on Disclosure for Chief Executive Officers (CEOs) and Chief Financial Officers (CFOs)
	Securities Commission/Bursa Malaysia Programme: "Sustainability: Taking Corporate Governance A Step Further" SC/Bursa Malaysia Sessions: ASEAN Corporate Governance Scorecard and the Corporate Governance Ranking of ASEAN PLCs The Continuing CG Agenda – Next Steps for Asia Oxford Union Style CG Debate: Motion: Independent Directors are a Myth Session by Institute of Internal Auditors Malaysia: Risk Management & Internal Controls – Are the Boards aware what they are up against? Session by Business Council for Sustainability & Responsibility Malaysia: How Business Solutions Will Deliver the Vision of a Sustainable World
Ir. Koh Thong How	Technical Talk on Precast Concrete Structures – Design, Detailing, Manufacturing and Construction
	Precast Concrete Structures – Connections & Stability and Lifting & Handling Solutions
	High Performance Concrete for Durability Compliance: Do We Have The Solutions?
	Geosynthetics for Geotechnical, Civil, Hydraulic & Environmental Engineering – Design, Application & Worldwide Case Histories
	Technical Talks on Infrastructure Design
Ng Kok Ann	Training on IFRS Convergence
Yee Oii Pah @ Yee Ooi Wah	Securities Commission/Bursa Malaysia Programme: "Sustainability: Taking Corporate Governance A Step Further" SC/Bursa Malaysia Sessions: ASEAN Corporate Governance Scorecard and the Corporate Governance Ranking of ASEAN PLCs The Continuing CG Agenda – Next Steps for Asia Oxford Union Style CG Debate: Motion: Independent Directors are a Myth

Save as disclosed above, other Directors were not able to attend any training during the financial period due to their personal commitments and busy schedule. However, they have kept themselves abreast on the financial and business matters through readings to enable them to contribute to the Board. In addition, the Board was briefed at quarterly Board meetings on any changes to the relevant guidelines on the regulatory and statutory requirements by the Company Secretary.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

2. DIRECTORS' REMUNERATION

The Group's remuneration scheme for Executive Directors is linked to performance, seniority, experience and scope of responsibility and is benchmarked to market/industry practises. For Non-Executive Directors, the level of remuneration reflects the level of responsibilities undertaken by them.

Details of the aggregate remuneration of the Directors for the financial year ending 31 December 2011 are as follows:

	Executive Directors RM	Non-Executive Directors RM
Salary and other emoluments	691,200	–
Bonuses	57,600	–
Fees	276,000	24,000
Total	1,024,800	24,000

The number of directors whose aggregate remuneration during the financial year ending 31 December 2011 which falls within the following bands is as follows:

Band of Remuneration	Executive Directors	Non-Executive Directors
RM 50,000 and below	–	4
RM200,001 – RM250,000	3	–
RM250,001 and above	1	–

The Board is of the view that the above disclosure, without divulging respective individual Director's remuneration is sufficient so as to preserve a degree of privacy.

3. BOARD COMMITTEES

To assist the Board in the discharge of its duties effectively, the Board has delegated certain responsibilities to the Board Committees, which operate within clearly defined terms of reference.

a) Audit Committee

The composition and the terms of reference of the Audit Committee are set out in the Audit Committee Report on Page 20 of this Annual Report.

b) Remuneration Committee

The present members of the Remuneration Committee are as follows:

Chairman:	DR. SEOW PIN KWONG	(Independent Non-Executive Director)
Members:	CHENG SIM MENG	(Independent Non-Executive Director)
	KAN KING CHOY	(Executive Director)

The Committee's roles include making recommendations to the Board on the remuneration framework for Executive Directors of the Group as well as reviewing and recommending annual remuneration adjustments of the Executive Directors, where necessary, with the emphasis being placed on performance and comparability with market practises and the performance of the Group.

The Board, as a whole, determines the remuneration of the Executive and Non-Executive Directors and the individual Director is required to abstain from discussing his own remuneration.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

3. BOARD COMMITTEES (CONT'D)

c) Nomination Committee

The present members of the Nomination Committee are as follows:

Chairman:	DR. SEOW PIN KWONG	(Independent Non-Executive Director)
Members:	CHENG SIM MENG	(Independent Non-Executive Director)
	KAN KING CHOY	(Executive Director)

The Committee's role includes review and recommending of candidates to the Board for directorships and seats of Board committees. The Committee is also responsible for assessing the effectiveness of the Board and the various committees of the Board as a whole, and contribution of all members of the Board. It also reviews the appropriate Board balance and size, and that the Board has the required mix of expertise, skills and experience.

4. ACCOUNTABILITY AND AUDIT

a) Financial Reporting

The Board of Directors aims to provide and present a balanced and understandable assessment of the Group's financial performance and prospects through the annual financial statements, quarterly announcements to shareholders as well as Chairman's Statement and Financial Review in the Annual Report. In this respect, the Audit Committee assists the Board by overseeing the Group's financial reporting processes and the quality of the financial reporting.

b) Internal Control

The Board acknowledges its responsibility for the Group's system of internal controls that is designed to identify and manage the risks to which the Group is exposed. However, the Board recognizes that such system is structured to manage rather than eliminate possibility of encountering risk of failure to achieve corporate objectives.

The Group's overall internal controls system includes :-
- clearly established policies and procedures;
- regular review and update of policies and procedures to meet business needs;
- clearly defined job responsibilities and appropriate segregation of duties;
- regular internal audits to monitor compliance with policies, procedures, external regulations and assess integrity of financial information.

These are covered in more detail in the "Statement of Internal Controls" in Pages 23 to 25.

c) Relationship with the Auditors

The Board has established a transparent relationship with the external auditors through the Audit Committee, which has been accorded the power to communicate directly with the external auditors, towards ensuring compliance with the accounting standards and other related regulatory requirements.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

5. RELATIONSHIP WITH SHAREHOLDERS

The Board maintains an effective communications policy that enables both the Board and the management to communicate effectively with its shareholders, stakeholders and the public. The policy effectively interprets the operations of the Group to the shareholders and accommodates feedback from shareholders, which are factored into the Group's business decisions.

The Board communicates information on the operations, activities and performance of the Group to the shareholders, stakeholders and the public through the following:-

a) the Annual Report, which contains the financial and operational review of the Group's business, corporate information, financial statements, and information on Audit Committee and Board of Directors;

b) various announcements made to the Bursa Securities, which includes announcement on quarterly results;

In addition, the Annual General Meeting ("AGM") provides an opportunity for the shareholders to seek and clarify any matter pertaining to the business and financial performance of the Group. The Board encourage shareholders to attend and participate in the AGM held annually.

6. STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE

The Group endeavours, in so far as it is applicable, towards achieving compliance with the best practices of good governance to the recommendations of the Malaysian Code on Corporate Governance.

7. STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The Directors are responsible in the preparation of financial statements prepared for each financial year to give a true and fair view of the state of affairs of the Group and the Company and of the results and cash flow of the Group and the Company for the financial year then ended.

In ensuring the preparation of these financial statements, the Directors have:-
- adopted suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensured that applicable approved accounting standards have been complied with.

The Directors are responsible for ensuring that proper accounting and other records are kept which disclose with reasonable accuracy at any time the financial position of the Group and the Company and ensuring that the financial statements comply with the applicable Accounting Standards of Malaysia, the Companies Act 1965 and Bursa Securities Listing Requirements for ACE Market.

AUDIT COMMITTEE REPORT

1. INTRODUCTION

The Audit Committee was established on 2002 and currently comprises the following committee members:

Chairman:	DR. SEOW PIN KWONG	Independent Non-Executive Director
Members:	CHENG SIM MENG	Independent Non-Executive Director
	NG KOK ANN	Independent Non-Executive Director

2. TERMS OF REFERENCE

a) Composition of Audit Committee

The Audit Committee shall be appointed by the Board of Directors from amongst their members and shall comprise no fewer than three (3) members, the majority of whom shall be independent and all members should be non-executive directors. At least one (1) member must be a member of the Malaysian Institute of Accountants or possess such other qualifications and/or experience approved by the Bursa Securities.

The members of the Audit Committee shall elect a Chairman from amongst its members who shall be an Independent Non-Executive Director. The Board of Directors must review the term of office and performance of the Audit Committee and each of its members at least once every three years to determine whether the Audit Committee has carried out their duties according with their terms of reference.

b) Meetings

The Audit Committee shall meet not less than four (4) times per year and as and when necessary. The quorum of each meeting shall be a minimum of two (2) members of which the majority must be Independent Non-Executive Directors. The presence of external auditors can be requested if required while other members of the Board and employees may attend the meeting upon the invitation of the Committee. The secretary to the Audit Committee shall be the Company Secretary and minutes of each meeting shall be distributed to each member of the Board. The Chairman of the Audit Committee shall report on each meeting to the Board.

c) Authority

The Audit Committee is authorised by the Board to investigate any activity of the Company and its subsidiaries within its terms of reference. The Committee shall have unrestricted access to information, records, properties and personnel of the Company and has direct communication channels with the external auditors and person(s) carrying out the internal audit function. The Committee shall have all the resources it needs to perform its duties at the cost of the Company including the right to appoint independent professionals to advice the Committee.

Notwithstanding the above, the Committee does not have executive powers, and shall report to the Board on matters considered and its recommendations thereon, pertaining to the Company.

AUDIT COMMITTEE REPORT (Cont'd)

2. TERMS OF REFERENCE (CONT'D)

d) Duties and Responsibility

The duties and responsibilities of the Audit Committee shall include the following:

(i) To consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal;

(ii) To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;

(iii) To discuss with the external auditor on the evaluation of the system of internal controls and the assistance given by the employees to the external auditors.

(iv) To review and report to the Board if there is reason (supported by grounds) to believe that the external auditor is not suitable for reappointment.

(v) To review the quarterly and year-end financial statements of the Board, focusing particularly on:
- Any changes in the accounting policies and practices;
- Significant adjustments arising from the audit;
- The going concern assumption; and
- Compliance with accounting standards and other legal requirements.

(vi) To discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of the management where necessary);

(vii) To review the external auditor's management letter and the management's response;

(viii) To do the following where the internal audit function is outsourced:
- review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- review the internal audit programme and results of the internal audit process and where necessary ensure that appropriate action is 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
- inform itself of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

(ix) To consider any related party transactions that may arise within the Company or the Group;

(x) To consider the major findings of internal investigations and the management's response;

(xi) To consider other topics as defined by the Board from time to time.

AUDIT COMMITTEE REPORT (Cont'd)

3. SUMMARY OF ACTIVITIES

The Audit Committee held four (4) meetings during the financial year ended 31 December 2011. The details of their meetings are as follows:

Audit Committee Members	Attendance
Dr. Seow Pin Kwong	4/4
Cheng Sim Meng	4/4
Ng Kok Ann	4/4

The activities of the Audit Committee during the financial year ended 31 December 2011 include the following:-

(i) Reviewed the Group's quarterly unaudited financial statements prior to submission to the Board for consideration and approval for release to Bursa Securities;

(ii) Reviewed the Group's year end audited financial statements prior to submission to the Board for consideration and approval;

(iii) Reviewed with the scope of work and audit plan of the external auditors;

(iv) Reviewed the scope of work and audit plan of the internal audit consultants as well as reviewed the internal audit reports issued. Thereafter discussed with internal auditors and management on the management's response to the findings and recommendations;

(v) Reviewed the Corporate Governance Statement, Audit Committee Report and Statement of Internal Control and recommended the same to the Board for approval and disclosure in the Company's Annual report;

(vi) Met with external auditors without the presence of management;

(vii) Reviewed related party transactions within the Group;

(viii) Reviewed the effectiveness of the Group's system of internal control;

(ix) Considered and recommended to the Board for approval the audit fees payable to external auditors.

4. INTERNAL AUDIT FUNCTION

The Group has outsourced its Internal Audit function to an external independent internal audit service provider to advise and assist the Audit Committee in the Internal Audit functions of the Group within the framework as directed by the Audit Committee, which is in accordance with Bursa Securities "Statement on Internal Control: Guidance for Directors of Public Listed Companies". The internal audit activities during the financial year covered amongst others, areas such as sales and marketing, credit control and collection, financial reporting, purchases and payment, inventory management, quality assurance and managing customers' satisfaction.

STATEMENT ON INTERNAL CONTROL

1. INTRODUCTION

The Board of Directors ("the Board") is committed to maintain and ensure that a sound system of internal control exists and operates effectively within the Group of Companies and is pleased to provide this statement outlining the nature and scope of internal control of the Group during the financial year pursuant to Paragraph 15.26(b) of the Listing Requirements of Bursa Malaysia Securities Bhd for ACE Market and compliance with Section 167A of the Companies Act, 1965.

2. BOARD RESPONSIBILITIES

The Board acknowledges its responsibility and reaffirms its commitment in recognising the importance of effective and appropriate system of internal control and risk management practices to enhance good corporate governance.

In this respect the Board is responsible for identifying principal risks, ensuring the implementation of appropriate systems to manage these risks and reviewing the adequacy and integrity of the Group's systems of internal control. The system of internal control covers inter alia, governance, risk management, financial organisation, operational and compliance control.

However, the Board recognises that this system is designed to manage and control risk appropriately rather than eliminate the risks of failure to achieve business objectives. Accordingly, these systems can only provide reasonable, but not absolute assurance against material misstatement of management and financial information and, records or against financial losses or fraud.

The Board is of the view that the system of internal controls in place for the year under review and up to the date of issuance of the financial statements is sound and sufficient to safeguard the shareholders' investment, the interests of customers, regulators and employees, and the Group's assets.

The management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

3. RISK MANAGEMENT AND INTERNAL AUDIT FUNCTION

Risk management is embedded in the Group's management systems. The Board together with the Audit Committee has established an on-going process for identifying, evaluating and managing the significant risks faced by the Group and this process includes updating of the system of internal controls when there are changes to business environment or regulatory guidelines.

The process is regularly reviewed by the Board and accords with the guidelines for directors on internal control, the Statement on Internal Control: Guidance for Directors of Public Listed Companies.

The Group's Internal Audit function is outsourced to external consultants to assist the Board and Audit Committee in providing independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system, the scope of the review of the outsourced internal audit function is determined by the Audit Committee with feedback from Executive Management.

In this respect, internal audits are carried out in accordance with the audit plan approved by the Audit Committee and focuses on the identified areas of risks with priority towards the management of the significant risks impacting the achievement of the business objectives of the Group.

STATEMENT ON INTERNAL CONTROL (Cont'd)

3. RISK MANAGEMENT AND INTERNAL AUDIT FUNCTION (CONT'D)

The internal controls are established after considering the overall control environment of the Group. The systems are designed to achieve proper balance between risks undertaken and the potential returns to shareholders. The Group adopts an enterprise wide risk management policy.

This policy framework has since identified and managed the significant risks affecting the Group as a whole taking into consideration both the internal and external factors. The outsourced internal audit function is currently in the process of executing the approved internal audit plan.

The costs incurred for the outsourced internal audit function for the financial year ended 31 December 2011 amounted to RM36,000.

4. INTERNAL CONTROL PROCESSES

The Board has considered the system of internal control in operation during the financial year and some of the key elements include the following:

- Periodic Board and management meetings to review financial performance and business operations of the Group to ensure that they are in line with the corporate objectives, strategies and annual budget;
- A comprehensive annual budget prepared for the Group is reviewed and approved by the Board. Management accounts/reports are prepared and the actual performance compared with the budget is reviewed on a monthly basis with detailed explanation of any major variances;
- Board Committees, namely the Audit Committee, Remuneration and Nomination Committee have been established with defined terms of reference;
- A management organisation structure with clearly defined lines of responsibilities and appropriate levels of delegation and authority;
- Standard operating procedures for the MS ISO/IEC 17025 for the analytical laboratory services business of the Group is documented; internal quality audits are carried out by the management and surveillance audits are conducted semi-annually by a certification body to provide assurance of compliance with the ISO;
- There are proper guidelines within the Group for hiring and termination of staff, formal training programmes for staff, annual or semi-annual performance appraisals and other relevant procedures in place to ensure that staff are competent and adequately trained in carrying out their responsibilities;
- Through the internal audit process, the effectiveness of the internal control procedures are subject to continuous assessment, reviews and improvements;
- Continuous reviews on established systems to ensure compliance with policies, plans, procedures and regulations which have a material impact to the Company and the Group's operations and well-being;
- The Audit Committee reviews the quarterly financial results, annual report, audited financial statements, Group's risk profile and internal control issues identified by the External Auditors, Internal Auditors and the management; and
- The internal audit function reviews the adequacy and integrity of the system of internal control. The internal audit function reports its findings to the Audit Committee on quarterly basis. During the financial year, some areas of improvement to internal control were identified and addressed. Nevertheless, the identified weaknesses in the internal control have not resulted in any losses and/or require further disclosure in this Statement.

STATEMENT ON INTERNAL CONTROL (Cont'd)

5. CONCLUSION

The Board is of the view that the system of internal controls in place for the year under review and up to the date of issuance of the financial statements is sound and sufficient to safeguard the shareholders' investment, the interests of customers, regulators and employees, and the Group's assets.

The Board also recognises that the systems of internal control must continuously improve in line with the growth of the Group and evolving business environment. Therefore, the Board is committed to put in place adequate plans, where necessary, to continuously improve the Group's system of internal control.

OTHER COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

There were no proceeds raised by the Company from any corporate proposal during the financial year.

2. SHARE BUYBACK

During the financial year, the Company did not enter into any share buyback transaction.

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

During the financial year, no option, warrants or convertible securities were issued by the Company.

4. DEPOSITORY RECEIPT PROGRAMME

During the financial year, the Company did not sponsor any Depository Receipt programme.

5. SANCTIONS AND/OR PENALTIES

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

6. NON-AUDIT FEES

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

7. PROFIT ESTIMATES, FORECAST OR PROJECTION

There was no profit estimate, forecast or projection issued by the Company and/or its subsidiaries for the financial year.

8. VARIATION OF RESULTS

There was a variance of 10% or more between the results for the financial year ended 31 December 2011 as per the audited financial statements and the unaudited results previously announced by the Group.

The variance was mainly attributed to the accounting adjustments made as follows:

	RM'000
Profit attributable to owners of the Company as per unaudited fourth quarter results announced on 29 February 2012	1,415
Adjustment: Gain on fair value adjustment of investment properties	1,635
Profit attributable to owners of the Company as per audited financial statements	3,053

OTHER COMPLIANCE INFORMATION (Cont'd)

9. PROFIT GUARANTEE

There was no profit guarantee issued by the Company and/or its subsidiaries for the financial year.

10. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries which involved the directors and substantial shareholders' interest during the financial year ended 31 December 2011.

11. REVALUATION POLICY ON LANDED PROPERTIES

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

12. RECURRENT RELATED PARTY TRANSACTION OF REVENUE NATURE

The Company does not have any recurrent related party transaction of revenue nature during the financial year.

13. CORPORATE SOCIAL RESPONSIBILITY

Apart from giving some token donations to certain charity organization, the Group did not undertake any corporate social responsibility activities during the financial year ended 31 December 2011.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to subsidiary companies. The principal activities of the subsidiary companies are as set out in Note 7 in the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	3,105,782	1,518,264
Profit attributable to:		
Owners of the Company	3,053,041	1,518,264
Non-controlling interest	52,741	–
	3,105,782	1,518,264

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

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 gain arising from fair value adjustment on investment properties as disclosed in notes to financial statements.

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2010 were as follows:

	RM
In respect of the financial year ended 31 December 2010, as reported in the Directors' report of that financial year:	
Final dividend under the single tier system of 0.48 sen per share, on 252,000,000 ordinary shares, was declared on 20 April 2011 and paid on 8 June 2011	1,209,598
Total dividend paid since 31 December 2010	1,209,598

At the forthcoming Annual General Meeting, a final dividend under the single tier system in respect of the financial year ended 31 December 2011 of 0.48 sen per share on 252,000,000 ordinary shares, amounting to a dividend payable of approximately RM1,209,598 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2012.

DIRECTORS' REPORT (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

There were no changes in the authorised issued and paid up capital of the Company during the financial year. There were no debentures issued during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

DIRECTORS

The name of the Directors of the Company in office since the date of the last report and as at the date of this report are:

PANG WEE SEE
TAN BOON KOK
CHAN AH KIEN
KAN KING CHOY
IR. KOH THONG HOW
DR. SEOW PIN KWONG
CHENG SIM MENG
YEE OII PAH @ YEE OOI WAH (F) *(Alternate Director to Pang Wee See)*
NG KOK ANN

In accordance with Article 96 of the Company's Articles of Association, MR. PANG WEE SEE, MR. CHAN AH KIEN and MR. KAN KING CHOY retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Dr. Seow Pin Kwong, being over the age of seventy years, retires pursuant to Section 129(2) of the Companies Act, 1965, be and seeks re-appointment as Director under the provision of section 129(6) of the said Act to hold office until the next Annual General Meeting.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company was a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

DIRECTORS' REPORT (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

DIRECTORS' INTERESTS

According to the register of Directors' shareholding, the interests of Directors in office at the end of the financial year in the ordinary shares of the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares of RM0.10 each			
Direct interest	**Balance At 1/1/2011**	**Bought**	**Sold**	**Balance At 31/12/2011**
PANG WEE SEE	113,152,861	–	–	113,152,861
CHAN AH KIEN	25,213,147	–	–	25,213,147
TAN BOON KOK	24,821,963	–	–	24,821,963
KAN KING CHOY	10,215,841	–	–	10,215,841
IR. KOH THONG HOW	487,200	–	–	487,200
DR. SEOW PIN KWONG	305,760	–	–	305,760
YEE OII PAH @ YEE OOI WAH *(Alternate Director to Pang Wee See)*	487,200	–	–	487,200

By virtue of their interests in the shares of the Company, all the above Directors are also deemed to be interested in the shares of all the subsidiary companies to the extent that the Company has an interest.

Other than disclosed above, the Directors in office at the end of the financial year did not have any interest in shares of the Company or its related corporations during the financial year.

BAD AND DOUBTFUL DEBTS

Before the statements of comprehensive income and the statements of financial position of the Group and the Company were made out, the Directors took reasonable steps to ascertain that proper action has been taken in relation to the writing off of bad debts and the making of allowance for impairment losses, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the Directors are not aware of any circumstances which would render the amounts written off for bad debts or the amount of the allowance for impairment losses in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the statements of comprehensive income and the statements of financial position of the Group and the Company were made out, the Directors took reasonable steps to ensure that current assets, which were unlikely to be realised in the ordinary course of business at their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected to realise.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading.

DIRECTORS' REPORT (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

VALUATION METHODS

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 in the financial statements of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

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

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

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

CHANGE OF CIRCUMSTANCES

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or in the financial statements of the Group and of the Company which would render any amounts stated in the respective financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

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

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Group and of the Company for the current financial year in which the report is made.

SIGNIFICANT EVENTS DURING THE YEAR

The significant events during the financial year are as disclosed in Note 40 to the financial statements.

SUBSEQUENT EVENTS

There were no material events subsequent to the reporting date that require disclosure or adjustments to the financial statements.

DIRECTORS' REPORT (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

AUDITORS

The retiring auditors, Messrs. YYC & CO. (formerly known as S.F.YAP & CO.), will retire as the auditors with effect from the conclusion of the Annual General Meeting and will not seek re-appointment as auditors at the Annual General Meeting.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors,

PANG WEE SEE
Director

KAN KING CHOY
Director

Kuala Lumpur
Dated : 19 April 2012

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169 (15) OF THE COMPANIES ACT, 1965

The Directors of **BRITE-TECH BERHAD**, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 37 to 97 are properly drawn up in accordance with the provision of the Companies Act, 1965 and Financial Reporting Standards 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 2011 and of their financial performance and cash flows for the year then ended.

The information set out in Note 45 to the financial statements have been compiled in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors,

PANG WEE SEE
Director

KAN KING CHOY
Director

Kuala Lumpur
Dated : 19 April 2012

STATUTORY DECLARATION

PURSUANT TO SECTION 169 (16) OF THE COMPANIES ACT, 1965

I, **CHIA CHEE YEE**, being the Officer primarily responsible for the financial management of **BRITE-TECH BERHAD**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 37 to 97 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 at Kuala Lumpur)
in the Federal Territory on 19th day)
of April 2012)

CHIA CHEE YEE

Before me,

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BRITE-TECH BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Brite-Tech Berhad, which comprise the statements of financial position as at 31 December 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 37 to 97.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

INDEPENDENT AUDITORS' REPORT (Cont'd)

TO THE MEMBERS OF BRITE-TECH BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

b) We have considered the financial statements and auditors' reports of the subsidiary companies, of which we have not acted as auditors, as mentioned under Note 7 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 Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

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

OTHER MATTERS

The supplementary information set out in Note 45 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 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, 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.

YYC & CO.
(Formerly known as S.F.YAP & CO.)
NO. AF 0055
CHARTERED ACCOUNTANTS

YAP SEONG FATT
NO. 398/04/14(J)
CHARTERED ACCOUNTANT

Kuala Lumpur
Dated : 19 April 2012

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	20,242,769	11,410,846	22,557	26,775
Investment properties	6	3,240,000	1,605,471	–	–
Investment in subsidiary companies	7	–	–	15,634,198	17,834,198
Investment in associated company	8	–	–	–	–
Other investment	9	152,100	152,100	152,100	152,100
Deferred tax assets	10	–	6,575	–	–
Goodwill	11	2,668,052	3,868,052	–	–
		26,302,921	17,043,044	15,808,855	18,013,073
CURRENT ASSETS					
Inventories	12	1,571,211	1,624,562	–	–
Trade receivables	13	5,958,374	4,788,500	–	–
Other receivables, deposits and prepayments	14	720,297	916,656	3,644,040	2,620,183
Amount due from subsidiary companies	15	–	–	3,772,357	3,752,782
Amount due from related company	16	9,357	30,000	–	30,000
Tax recoverable		45,548	90,762	16,002	16,002
Short-term investments	17	4,842,879	5,581,283	1,655,810	1,776,100
Fixed deposits with licensed banks	18	5,237,273	3,045,975	2,247,446	635,782
Cash and bank balances	19	984,436	990,161	16,355	11,508
		19,369,375	17,067,899	11,352,010	8,842,357
TOTAL ASSETS		45,672,296	34,110,943	27,160,865	26,855,430
EQUITY AND LIABILITIES					
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	20	25,200,000	25,200,000	25,200,000	25,200,000
Reserves	21	15,063,580	5,225,911	1,861,571	1,552,905
		40,263,580	30,425,911	27,061,571	26,752,905
Non-controlling interest		587,234	592,393	–	–
TOTAL EQUITY		40,850,814	31,018,304	27,061,571	26,752,905
NON-CURRENT LIABILITIES					
Deferred tax liabilities	22	972,640	477,841	3,900	4,500
Borrowings	23	408,758	3,249	–	–
		1,381,398	481,090	3,900	4,500

STATEMENTS OF FINANCIAL POSITION (Cont'd)

AS AT 31 DECEMBER 2011

		Group		Company	
	Note	2011 RM	2010 RM	2011 RM	2010 RM
CURRENT LIABILITIES					
Trade payables	24	1,726,884	1,174,579	–	–
Other payables and accruals	25	1,078,849	892,090	95,394	98,025
Amount due to directors	26	234,443	264,482	–	–
Amount due to associated company	27	14,000	–	–	–
Bank overdraft	28	113,468	123,041	–	–
Borrowings	23	62,601	33,821	–	–
Provision for taxation		209,839	123,536	–	–
		3,440,084	2,611,549	95,394	98,025
TOTAL LIABILITIES		4,821,482	3,092,639	99,294	102,525
TOTAL EQUITY AND LIABILITIES		45,672,296	34,110,943	27,160,865	26,855,430

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

INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Revenue	29	18,545,638	15,942,108	4,977,720	3,823,996
Cost of sales		(8,738,200)	(7,407,716)	–	–
Gross profit		9,807,438	8,534,392	4,977,720	3,823,996
Administrative expenses		(5,823,548)	(5,625,320)	(1,357,923)	(1,343,872)
Operating expenses		(716,206)	(733,798)	(10,661)	(10,333)
Other operating income		237,008	181,055	–	–
Profit from operating activities		3,504,692	2,356,329	3,609,136	2,469,791
Impairment loss on investment in subsidiary company		–	–	(2,200,000)	(1,018,251)
Impairment loss of goodwill		(1,200,000)	(705,227)	–	–
Gain on fair value adjustment of investment properties	6	1,634,529	–	–	–
Finance income	30	256,436	224,544	108,528	65,279
Finance costs	31	(23,216)	(31,713)	–	–
Profit before tax	32	4,172,441	1,843,933	1,517,664	1,516,819
Income tax expenses	33	(1,066,659)	(825,935)	600	(3,875)
Profit for the financial year		3,105,782	1,017,998	1,518,264	1,512,944
Profit attributable to:					
Owners of the Company		3,053,041	1,069,002	1,518,264	1,512,944
Non-controlling interest		52,741	(51,004)	–	–
		3,105,782	1,017,998	1,518,264	1,512,944
Earnings per share attributable to owners of the Company (Sen)	34	1.21	0.42		

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Profit for the financial year	3,105,782	1,017,998	1,518,264	1,512,944
Other comprehensive income				
Revaluation surplus on property, plant and equipment				
Owners of the Company	7,994,226	–	–	–
Non-controlling interest	30,100	–	–	–
	8,024,326	–	–	–
Total comprehensive income for the financial year	11,130,108	1,017,998	1,518,264	1,512,944
Total comprehensive income attributable to:				
Owners of the Company	11,047,267	1,069,002	1,518,264	1,512,944
Non-controlling interest	82,841	(51,004)	–	–
	11,130,108	1,017,998	1,518,264	1,512,944

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Note	Issued and fully paid ordinary shares of RM0.10 each RM	Non-distributable Revaluation reserves RM	Distributable Retained profits RM	Equity attributable to equity owners of the Company RM	Non-controlling interest RM	Total equity RM
Group							
As at 1 January 2010		25,200,000	–	5,366,507	30,566,507	643,397	31,209,904
Total comprehensive income for the financial year		–	–	1,069,002	1,069,002	(51,004)	1,017,998
Dividend	35	–	–	(1,209,598)	(1,209,598)	–	(1,209,598)
- Final dividends for financial year ended 31 December 2009							
As at 31 December 2010		25,200,000	–	5,225,911	30,425,911	592,393	31,018,304
Total comprehensive income for the financial year		–	7,994,226	3,053,041	11,047,267	82,841	11,130,108
Dividend	35	–	–	(1,209,598)	(1,209,598)	–	(1,209,598)
- By the Company							
- By subsidiaries to non-controlling interest		–	–	–	–	(88,000)	(88,000)
As at 31 December 2011		25,200,000	7,994,226	7,069,354	40,263,580	587,234	40,850,814

STATEMENTS OF CHANGES IN EQUITY (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Note	Issued and fully paid ordinary shares of RM0.10 each RM	Distributable Retained profits RM	Total equity RM
Company				
As at 1 January 2010		25,200,000	1,249,559	26,449,559
Total comprehensive income for the financial year		–	1,512,944	1,512,944
Dividend - Final dividends for financial year ended 31 December 2009	35	–	(1,209,598)	(1,209,598)
As at 31 December 2010		25,200,000	1,552,905	26,752,905
Total comprehensive income for the financial year		–	1,518,264	1,518,264
Dividend - Final dividends for financial year ended 31 December 2010	35	–	(1,209,598)	(1,209,598)
As at 31 December 2011		25,200,000	1,861,571	27,061,571

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 2011

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		4,172,441	1,843,933	1,517,664	1,516,819
Adjustments for:					
(Gain)/loss on disposal of property, plant and equipment		(91,339)	214	–	–
Gain on fair value adjustment of investment properties	6	(1,634,529)	–	–	–
Depreciation on property, plant and equipment		873,895	820,481	10,661	10,333
Property, plant and equipment written off		58,849	31,576	–	–
Finance income	30	(256,436)	(224,544)	(108,528)	(65,279)
Finance expenses	31	23,216	31,713	–	–
Bad debts written off		14,680	10,535	–	–
Impairment loss of goodwill		1,200,000	705,227	–	–
Impairment loss on other receivables		47,376	–	–	–
Impairment loss on trade receivables		1,987	29,564	–	–
Gain on disposal of other investments		–	(24,398)	–	–
Dividend income		–	–	(3,771,720)	(2,617,996)
Written off inventories		–	148,019	–	–
Impairment loss on investment in subsidiaries company		–	–	2,200,000	1,018,251
Operating profit/(loss) before changes in working capital		4,410,140	3,372,320	(151,923)	(137,872)
Changes in inventories		53,351	438,990	–	–
Changes in trade and other receivables		(1,016,917)	(326,541)	2,626,288	1,467,441
Changes in trade and other payables		723,692	(364,269)	(2,631)	15,254
Cash generated from operations		4,170,266	3,120,500	2,471,734	1,344,823
Interest received		256,436	224,544	108,528	65,279
Interest paid		(21,989)	(31,713)	–	–
Income tax refund		24,578	98,322	–	–
Income tax paid		(901,123)	(799,209)	–	(3,011)
Net cash generated from operating activities		3,528,168	2,612,444	2,580,262	1,407,091

STATEMENTS OF CASH FLOWS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

		Group		Company	
	Note	2011 RM	2010 RM	2011 RM	2010 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	36	(1,129,422)	(1,247,376)	(6,443)	–
Proceeds from disposal of property, plant and equipment		96,898	–	–	–
Proceeds from disposal of other investment		–	24,398	–	–
Dividend received		–	–	132,000	–
Acquisition of subsidiary, net of cash acquired		–	3,055	–	–
Net cash (used in)/generated from investing activities		(1,032,524)	(1,219,923)	125,557	–
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of borrowings		(45,304)	(436,481)	–	–
Proceed from term loan		304,000	–	–	–
Dividend paid to owners of the Company		(1,209,598)	(1,209,598)	(1,209,598)	(1,209,598)
Dividend paid to non-controlling interest		(88,000)	–	–	–
Net cash flow used in financing activities		(1,038,902)	(1,646,079)	(1,209,598)	(1,209,598)
Net increase/(decrease) in cash and cash equivalents		1,456,742	(253,558)	1,496,221	197,493
Cash and cash equivalents at beginning of the financial year		9,494,378	9,747,936	2,423,390	2,225,897
Cash and cash equivalents at end of the financial year		10,951,120	9,494,378	3,919,611	2,423,390
Cash and cash equivalent comprise:					
Short-term investments	17	4,842,879	5,581,283	1,655,810	1,776,100
Fixed deposits with licensed banks	18	5,237,273	3,045,975	2,247,446	635,782
Cash and bank balances	19	984,436	990,161	16,355	11,508
Bank overdraft	28	(113,468)	(123,041)	–	–
		10,951,120	9,494,378	3,919,611	2,423,390

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

1. CORPORATE INFORMATION

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

The address of the principal place of business of the Company is located at Lot 14 (PT 5015), Jalan Pendamar 27/90, Seksyen 27, 40000 Shah Alam, Selangor Darul Ehsan, Malaysia.

The address of the registered office of the Company is located at 2nd Floor, No. 17 & 19, Jalan Brunei Barat, Pudu, 55100 Kuala Lumpur, Malaysia.

The principal activities of the Company are investment holding and provision of management services to subsidiary companies. The principal activities of the subsidiary companies are described in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

2. BASIC OF PREPARATION

The financial statements of the Group and Company have been prepared in accordance with Financial Reporting Standards (FRS) and the Companies Act, 1965 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 2011 as described fully in Note 3.1.

The financial statements of the Group and of the Company have also been prepared on a historical basis, except for investment properties and applicable financial instruments that have been measured at their fair values.

The financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency.

3. SIGNIFICANTS ACCOUNTING POLICIES

3.1 CHANGES IN ACCOUNTING POLICIES

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

On 1 January 2011, the Group and the Company adopted the following FRSs, Amendments to FRSs and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2011.

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (Revised)
FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 2	Share-based Payment
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 138	Intangible Assets
IC Interpretation 4	Determining Whether an Arrangement Contains a Lease
IC Interprétation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 18	Transfers of Assets from Customers
Amendment to IC Interpretation 9	Reassessment of Embedded Derivatives

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

3. SIGNIFICANTS ACCOUNTING POLICIES (CONT'D)

3.1 CHANGES IN ACCOUNTING POLICIES (CONT'D)

Adoption of the above standards and interpretations did not have any significant effect on the financial performance, position or presentation of financial the Group and of the Company except as discussed below:

(a) Revised FRS 3 Business Combinations and Amendments to FRS 127 Consolidated and Separate Financial Statements

The adoption of FRS 3 and FRS 127, will only have financial impact on future acquisition of the Group and the Company as it will result in changes in accounting for business combinations and the preparation of consolidated financial statements with prospective effect. The main change introduced under the revised FRS 127 is the accounting for the changes in ownership interest in a subsidiary, where changes in ownership which do result in the loss of control, any remaining interest is measured at fair value and a gain or loss is recognised in the income statement. Minority interest is now referred to as "non-controlling interest". All total comprehensive income is proportionately allocated to non-controlling interest, even if the results in the non-controlling interest having a deficit balance.

There were no significant business combinations involving the Group and the Company occurring between 1 July 2010 and the reporting date.

Under the revised FRS 3, all acquisition-related costs are recognised as an expense in the income statement in the period in which they are incurred. All considerations transferred, including contingent considerations, are measured at fair value as at the acquisition date. Any equity interest held prior to the date of control is obtained and is remeasured at fair value, with the resulting gains or losses recognised in the income statement. There is now an option on a case to case basis to measure non-controlling interests either at fair value or at the non-controlling interests' proportionate share of net identifiable assets of the assets acquired. Goodwill arising from the business combination is measured as the difference between aggregate fair value of consideration transferred, and any non-controlling interests in the acquiree and the fair value at acquisition date of any previously-held equity interest in the acquiree, and the fair value of identifiable assets acquired and liabilities assumed (including contingent liabilities) at acquisition date.

(b) Amendments to FRS 7 : Improving Disclosures about Financial Instruments

Prior to 1 January 2011, information about financial instruments was disclosed in accordance with the requirements of FRS 7 Financial Instruments: Disclosures. Amendments to FRS 7 require enhanced disclosures about fair value measurements in which a three-level fair value hierarchy was introduced. Each class of financial instrument is to be classified in accordance with this hierarchy which reflects the inputs used in making the fair value measurement. It also reinforces the existing principles for disclosures on liquidity and credit risks.

The new requirement on the three-level fair value hierarchy has been applied prospectively in accordance with the transitional provisions of the FRS 7 Amendments. The enhanced disclosures are included in Note 42. The adoption of this amendment did not have any financial impact of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

3. SIGNIFICANTS ACCOUNTING POLICIES (CONT'D)

3.1 CHANGES IN ACCOUNTING POLICIES (CONT'D)

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

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011

IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretations 14	Prepayments of a Minimum Funding Requirement

FRSs, Interpretation and amendments effective for annual periods beginning on or after 1 January 2012

FRS 124	Related Party Disclosures (revised)
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to FRS 7	Financial Instruments: Disclosures - Transfers of Financial Assets
Amendments to FRS 112	Income Taxes - Deferred Tax: Recovery of Underlying Assets

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2012

Amendments to FRS 101	Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income

FRSs, Interpretation and amendments effective for annual periods beginning on or after 1 January 2013

FRS 9	Financial Instruments (2009)
FRS 9	Financial Instruments (2010)
FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosure of Interests in Other Entities
FRS 13	Fair Value Measurement
FRS 119	Employee Benefits (2011)
FRS 127	Separate Financial Statements (2011)
FRS 128	Investment in Associates and Joint Ventures (2011)
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application except as disclosed below:

(a) Amendments to FRS 7: Improving Disclosures about Financial Instruments

The amendments to FRS 7 require additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendments require disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risk associated with, the entity's continuing involvement in those derecognised assets. The amendments affect disclosure only and have no impact on the Group's financial position or profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

3. SIGNIFICANTS ACCOUNTING POLICIES (CONT'D)

3.1 CHANGES IN ACCOUNTING POLICIES (CONT'D)

(b) Amendments to FRS 112: Deferred Tax: Recovery of Underlying Assets

The amendments clarify the determination of deferred tax on investment property measured at fair value. The amendments also introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in FRS 140 should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement of deferred tax on non-depreciable assets that are measured using the revaluation model in FRS 116 to be always measured on a sale basis of that asset.

(c) Amendments to FRS 101: Presentation of items of Other Comprehensive Income

The amendments to FRS 101 changing the grouping of items presented in Other Comprehensive Income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Group's financial position or performance.

(d) FRS 9: Financial Instruments

FRS 9 reflects the first phase of work on the replacement of FRS 139 and applies to reclassification and measurement of financial assets and financial liabilities as defined in FRS 139. The adoption of first phase of FRS 9 will have an effect on the reclassification and measurement of the Group's financial assets but will potentially have no impact on classification and measurements of financial liabilities.

(e) FRS 10: Consolidated Financial Statements

FRS 10 replaces the portion of FRS 127 Consolidated Financial Statements that addresses the accounting for consolidated financial statements. FRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by FRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in FRS 127.

(f) FRS 12: Disclosures of Interests in Other Entities

FRS 12 includes all disclosure requirements for interests in subsidiary companies, joint arrangements, associated companies and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

(g) FRS 13: Fair Value Measurement

FRS 13 establishes a single source of guidance under FRS for all fair value measurements. FRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS when fair value is required or permitted.

(h) FRS 127: Separate Financial Statements

As a consequence of the new FRS 10 and FRS 12, FRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

3. SIGNIFICANTS ACCOUNTING POLICIES (CONT'D)

3.1 CHANGES IN ACCOUNTING POLICIES (CONT'D)

(i) FRS 128: Investments in Associates and Joint Ventures

As a consequence of the new FRS 11 and FRS 12, FRS 128 is renamed as FRS 128 Investments in Associates and Joint Ventures. This new standard describes the application of the equity method to investments in joint ventures in addition to associates.

(j) Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the MASB issued the new Malaysian Financial Reporting Standards ("MFRS") framework, consisting of accounting standards which are in the line with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). This MFRS framework is effective for annual periods beginning on or after 1 January 2012. As at 31 December 2011, all the FRSs issued under the existing FRS framework are the same as the MFRSs issued under the MFRS framework, except for differences in relation to the transitional provisions as well as differences in effective dates contained in certain of existing FRSs.

Upon the adoption of the MFRS framework, the financial statements of the Group and the Company will be equivalent to the financial statements prepared by other jurisdictions which adopt IFRSs.

3.2 BASIC OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December 2011. Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the financial year are included in the consolidated financial statements from the acquisition date or up to the effective date of disposal, where appropriate. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

All intragroup balances, transactions, income and expenses are eliminated in full on consolidation.

Acquisitions of subsidiary companies 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 the fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as 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 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 company'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 11.

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

3. SIGNIFICANTS ACCOUNTING POLICIES (CONT'D)

3.2 BASIC OF CONSOLIDATION (CONT'D)

Business combinations are accounted for using purchase method. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

The acquiree's identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria in FRS 3 Business Combinations are recognised at their fair values at that date, except for non-current assets that are classified as held for sale in accordance with FRS 5 Non-current Assets Held for Sale and Discontinued Operations, which are recognised at fair value less costs to sell.

If, after reassessment, the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the excess is recognised immediately in the profit or loss.

3.3 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Non-controlling interests represent the portion of profit or loss and net assets in subsidiary companies not held by the Group and are represented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from shareholders' equity.

Transaction with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

3.4 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for freehold land and buildings.

Assets stated at valuation

Freehold land and buildings and leasehold land and buildings are stated at their revalued amount, being its fair value at the date of revaluation, less subsequent accumulated depreciation and subsequent impairment losses, if any. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

Any revaluation increase arising from the revaluation is recognised in other comprehensive income and accumulated in equity under the heading of revaluation reserves account, except when the increase is recognised in the profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. Any revaluation decrease arising from the revaluation is recognised in profit or loss, except when the decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserves account in respect of that asset. Revaluation surplus is transferred directly to retained profits when the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

3. SIGNIFICANTS ACCOUNTING POLICIES (CONT'D)

3.4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Assets stated at valuation (Cont'd)

Except for freehold land and assets under construction, depreciation is provided on a straight-line method so as to write off the cost or valuation of the assets over their estimated useful lives, as follows:

	Rate (%)
Freehold buildings	1-2
Leasehold land	1-2
Electrical fittings	5-10
Motor vehicles	10-25
Furniture and fittings, laboratory, office, store equipment and signboard	5-20
Demo equipment, research and development equipment and machinery	10
Renovation	10-20

Depreciation of an asset begins when it is ready for its intended use.

The residual values and the useful lives of assets, if significant, are reviewed at each reporting date.

The gain or loss arising from the derecognition of an asset, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, are recognised in profit or loss.

At each end of the reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 3.9 (v) on impairment of financial assets.

3.5 INVESTMENT

i) Subsidiary companies

Subsidiary companies are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than half voting rights.

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

ii) Associated companies

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

An investment in an associate is stated in the Company's separate financial statements at cost, less impairment losses, if any.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 INVESTMENT (CONT'D)

ii) Associated companies (Cont'd)

An investment in an associate is accounted for in the Group's consolidated financial statements using equity method until the date the Group ceases to have significant influence over the associate or that the investment is classified as held for sale in accordance with FRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Under the equity method, the investment in an associate is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition, less impairment losses, if any. Losses of an associate in excess of the Group's interest in that associate, include any long-term interests that form part of the Group's net investment in the associate, are not recognised.

Profits or losses on transactions entered between the Group and an associate are eliminated to the extent of the Group's interest in the associate.

If, after reassessment, the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

iii) Properties

Investment properties comprising principally land and buildings are held for long term rental yields or for capital appreciation or both, and are not occupied by the Group. Investment properties are stated at fair value, representing open-market value determined annually by external valuers or assessed by directors. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific assets. If this information is not available, the Group will use alternative valuation method such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by external valuers or as assessed by directors. Changes in fair values are recorded in the statements of comprehensive income as part of other income or other expenses.

On disposal of an investment property or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognized (eliminated from the statements of financial position). The difference between that the net disposal proceeds and the carrying amounts is recognized in the statements of comprehensive income in the period of the retirement or disposal.

iv) Other investment

Investments in unquoted shares are stated at cost less accumulated impairment losses, if any. Other investment is classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged/credited to the statements of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 GOODWILL ON CONSOLIDATION

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any 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 ("CGUs") that are expected to benefit from the synergies of the combination.

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

Where goodwill forms part of a CGU and part of the operation within that CGU 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 circumstances is measured based on the relative fair values of the operations disposed of and the portion of the CGU retained.

3.7 INVENTORIES

Inventories, which consist of raw materials, finished goods and laboratory supplies are stated at the lower of cost and net realisable value.

Cost is determined on a first-in-first-out basis and comprise purchase price plus cost incurred in bringing the inventories to present location. Cost of finished goods and work-in-progress includes raw materials, direct labour and appropriate proportion of production overheads. It exclude borrowing costs.

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

3.8 CASH AND CASH EQUIVALENT

Cash and cash equivalents comprise cash and bank balances, short-term deposits and other short-term, highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

3.9 FINANCIAL ASSETS

Financial assets are recognised in the statements of financial position when the Group and the Company become a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised and derecognised using trade date accounting.

On initial recognition, financial assets are measured at fair value, plus transaction costs for financial assets not at 'fair value through profit or loss'.

Effective interest method is a method of calculating the amortised cost of financial assets and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash receipts through the expected life of the financial assets or a shorter period to the net carrying amount of the financial assets.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 FINANCIAL ASSETS (CONT'D)

After initial recognition, financial assets are classified into one of four categories: financial assets at 'fair value through profit or loss', 'held-to-maturity' investments, loans and receivables and 'available-for-sale' financial assets.

i) Financial Assets At 'Fair Value Through Profit Or Loss'

As at the end of the reporting date, there were no financial assets classified under this category.

ii) 'Held-To-Maturity' Investments

As at the end of the reporting date, there were no financial assets classified under this category.

iii) Loans And Receivables

Loans and receivables are non-derivative financial assets (such as trade receivables, loans assets, unquoted debt instruments and deposits held in banks) with fixed or determinable payments that are not quoted in an active market.

After initial recognition, loans and receivables are measured at amortised cost using the effective interest method less any accumulated impairment losses. Gains or losses are recognised in profit or loss when loans and receivables are derecognised or impaired.

iv) 'Available-For-Sale' Financial Assets

Available for sales financial assets are financial assets designated as available for sale or are not classified in any other categories of financial assets. The Group's and the Company's available for sale financial assets comprise investments in unquoted shares. Investment in unquoted shares whose fair value cannot be reliably measured are measured at cost less impairment loss.

Dividends on available for sale equity instruments are recognised in profit or loss when the Group's and Company's right to received payment is established.

v) Impairment Of Financial Assets

At the reporting date, the Group and the Company assess whether there is any objective evidence that financial assets held, other than financial assets at 'fair value through profit or loss', are impaired. Financial assets are impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the financial assets which have an impact on the estimated future cash flows of the financial assets that can be reliably measured.

For investment in unquoted shares classified as 'available-for-sale', objective evidence that the financial assets are impaired include:

- significant financial difficulty of the issuer; or
- a breach of contract; or
- the lender granting to the borrower a concession that the lender would not otherwise consider; or

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 FINANCIAL ASSETS (CONT'D)

v) Impairment Of Financial Assets (Cont'd)

- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

- observable data indicating that there is a measurable decrease in the estimated future cash flows from the financial assets since the initial recognition of those assets.

Impairment losses, in respect of 'held-to-maturity' investments carried at amortised cost are measured as the differences between the assets' carrying amounts and the present values of their estimated future cash flows discounted at the 'held-to-maturity' investments' original effective interest rate.

For certain category of financial assets, such as trade receivables, if it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the assets are included in a group with similar credit risk characteristics and collectively assessed for impairment.

The carrying amounts of the financial assets are reduced directly, except for the carrying amounts of trade receivables which are reduced through the use of an allowance account. Any impairment loss is recognised in profit or loss immediately. If, in later periods, the amount of any impairment loss decreases, the previously recognised impairment losses are reversed directly, except for the amounts related to trade receivables which are reversed to write back the amount previously provided in the allowance account. The reversal is recognised in profit or loss immediately.

If there is objective evidence that impairment losses have been incurred on financial assets carried at cost, the amount of any impairment loss is measured as the differences between the carrying amounts of the financial assets and the present value of their estimated future cash flows discounted at the current market rate of return for a similar financial assets. Such impairment losses are not reversed.

For 'available-for-sale' financial assets, if a decline in fair value has been recognised in other comprehensive income and there is objective evidence that the assets are impaired, the cumulative losses that have been recognised are reclassified to profit or loss.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as 'available-for-sale' financial assets are not reversed through profit or loss.

If the fair value of a debt instrument classified as an 'available-for-sale' financial asset subsequently increases, and the increase can be objectively related to an event occurring after the impairment losses were recognised in profit or loss, the impairment losses are reversed and recognised in profit or loss.

vi) Derecognition Of Financial Assets

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or the Group and the Company transfer the financial assets and the transfers qualify for derecognition.

On derecognition of financial assets in their entirety, the differences between the carrying amounts and the sum of the consideration received and any cumulative gains or losses that have been recognised in other comprehensive income are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 EQUITY INSTRUMENTS

Equity instruments are any contracts that evidence a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Dividends on ordinary shares will be recognised as liabilities when the shareholders' rights to receive the dividends are established.

3.11 LEASE ASSETS

i) Finance lease

Leases in term of which the Group assumes substantially all risk rewards of ownership are classified as finance leases. On initial recognition of the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payment made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expenses is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

ii) Operating leases

Lease, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more represenntative of the time pattern in which economic benefits from the leased asset are consumed. Lease incentives received are recognised in profit and loss as an integral part of the total lease expense, over the term of the lease. Contingent rental are charged to profit or loss in the reporting period in which they are incurred. Leasehold land which in substance in an operating lease is classified as prepaid lease payments.

3.12 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 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 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 finance cost.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 FINANCIAL LIABILITIES

Financial liabilities are recognised on the statements of financial position when the Group and the Company become a party to the contractual provisions of the instrument.

On initial recognition, financial liabilities are measured at fair value, plus transaction costs for financial liabilities not at 'fair value through profit or loss'.

After initial recognition, financial liabilities are either classified as at 'fair value through profit or loss' or amortised cost using the effective interest method.

i) Financial Liabilities At 'Fair Value Through Profit Or Loss'

Financial liabilities are classified as at 'fair value through profit or loss' when the financial liabilities are either 'held for trading' or upon initial recognition, the financial liabilities are designated as at 'fair value through profit or loss'.

A financial liability is classified as 'held for trading' if:

- it is incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective hedging instrument.

Financial liabilities (other than 'held for trading') are designed as at 'fair value through profit or loss' upon initial recognition if:

- it eliminates or significant reduces a measurement or recognition inconsistency that would otherwise arise from measuring liabilities or recognising the gains and losses on them on different bases; or
- a group of financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- a contract contains one or more embedded derivatives, the entire hybrid contracts are designated as at 'fair value through profit or loss'.

After initial recognition, financial liabilities at 'fair value through profit or loss' are measured at fair value. Gains or losses on the financial liabilities at 'fair value through profit or loss' are recognised in profit or loss.

ii) Financial Liabilities At Amortised Cost Using The Effective Interest Method

Effective interest method is a method of calculating the amortised cost of financial liabilities and allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash payments through the expected life of the financial liabilities or a shorter period to the net carrying amount of the financial liabilities.

After initial recognition, financial liabilities other than financial liabilities at 'fair value through profit or loss' are measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the financial liabilities are derecognised or impaired.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 FINANCIAL LIABILITIES (CONT'D)

iii) Derecognition Of Financial Liabilities

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Any difference between the carrying amounts of financial liabilities derecognised and the consideration paid is recognised in profit or loss.

3.14 FINANCIAL INSTRUMENTS

Financial instruments carried on the statement of financial position include cash and bank balances, investments, receivables, payables and borrowings. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as expense or income. Distributions to owners of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.15 REVENUE

i) Sales Of Goods

Revenue from sales of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and taxes applicable to the revenue.

ii) Contract income

Revenue from contract income is recognised based on percentage of completion method over the period of contract for all systems integration projects where a fixed contract sum has been agreed up front. Full provision is made for foreseeable losses, if any.

iii) Dividend income

Dividend income is recognised when the shareholder's rights to receive payment is established.

iv) Interest income

Interest income is recognised in the statement of comprehensive income as it accrues, taking into account the principal outstanding and the effective rate over period of maturity.

v) Management fee

Management fee is recognised on an accrual basis when service is rendered.

vi) Rental income

Rental income is recognised on an accrual basis.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 EMPLOYMENT BENEFITS

i) Short-Term Employment Benefits

Short-term employment benefits, such as wages, salaries and social security contributions, are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group.

Short-term accumulating compensated absences, such as paid annual leave, are recognised when the employees render services that increase their entitlement to future compensated absences. Non-accumulating compensated absences, such as sick and medical leaves, are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the reporting date.

Profit-sharing and bonus plans are recognised when the Group and the Company has a present legal or constructive obligation to make payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when, and only when the Group and the Company has no realistic alternative but to make the payments.

ii) Defined Contribution Plan

Obligations for contributions to defined contribution plan are recognised as an expense in the period which the related services is performed.

3.17 BORROWING COSTS

All 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.

3.18 INCOME TAX

Income tax comprises of current tax and deferred tax. Current tax and deferred tax are charged or credited to other comprehensive income or equity if the tax relates to items that are credited or charged directly to other comprehensive income or equity.

Current tax liabilities are measured based on the amounts expected to be paid, using the tax rates that have been enacted or substantially enacted by the reporting date.

Deferred tax is provided in full, using the liability method, on temporary differences which are the differences between the carrying amount in the financial statements and the corresponding tax base of an asset or liability at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Deferred tax liabilities and assets are not recognised if the temporary differences arise from goodwill and for initial recognition of assets or liabilities that affect neither accounting profit nor taxable profit. Deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amounts of its assets and liabilities and are measured using the tax rates that have been enacted or substantially enacted by the reporting date.

The carrying amount of the deferred tax assets are reviewed at each reporting date, and the carrying amount is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be utilised. The reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 SEGMENT REPORTING

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risk and returns that are different from those of other business segments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and segment liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between group enterprises within a single segment.

3.20 FOREIGN CURRENCY

Transactions in foreign currencies are initially translated at the exchange rate at the dates of the transactions.

At the reporting date, foreign currency monetary assets and liabilities are translated into Ringgit Malaysia at the exchange rate ruling at that date. Exchange differences arising on the settlement or translation of monetary items are recognised in profit or loss.

Non-monetary assets and liabilities measured at historical cost in a foreign currency are translated using exchange rates at the date of the transactions. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined.

3.21 RELATED PARTIES

A party is related to an entity if:

(i) directly, or indirectly through one or more intermediaries, the party:

- Control, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- has an interest in the entity that gives it significant influence over the entity; or
- has joint control over the entity;

(ii) the party is an associated of the entity;

(iii) the party is a joint venture in which the entity is a venturer;

(iv) the party is a member of the key management personnel of the entity or its parent;

(v) the party is a closed member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, joint controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The preparation of the Group's and Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and 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 future.

4.1 CRITICAL JUDGEMENT MADE IN APPLYING ACCOUNTING POLICY

There were no critical judgements made by management in the process of applying the Group's accounting policies on the amounts recognised in the financial statements.

4.2 KEY SOURCES OF ESTIMATION OF UNCERTAINTY

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

i) Depreciation of property, plant and equipment

The estimates of the residual values, useful lives and related depreciation charges for its property, plant and equipment is based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Company anticipates that the residual values of its property, plant and equipment to be insignificant. As a result, residual values have not been taken into consideration for the computation of depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

ii) Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Company recognised tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

iii) Impairment of non-financial assets

When recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

iv) Allowance for inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgment and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

4.2 KEY SOURCES OF ESTIMATION OF UNCERTAINTY (CONT'D)

v) Classification between investment properties and owner-occupied properties

The Group determines whether a property qualified as an investment property, and has developed a criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independent of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portion could can be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portion could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply goods or services or for administrative purposes.

Judgements is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

vi) Impairment of trade and other receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. 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. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

vii) Valuation of properties

Certain properties of the Group are reported at fair value which is based on valuations performed by independent professional valuers.

The independent professional valuers have exercised judgement in determining discount rates, estimates of future cash flows, capitalisation rate, terminal year value, market freehold rental and other factors used in the valuation process. Also, judgement has been applied in estimating prices for less readily observable external parameters. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuation estimates.

viii) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the CGUs to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at the financial year ended is disclosed in Note 11.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

5. PROPERTY, PLANT AND EQUIPMENT

i) Group

	As at 1 January 2011 RM	Additions RM	Revaluation Surplus RM	Disposals RM	Written off RM	As at 31 December 2011 RM
Cost/Valuation						
Freehold land and buildings	5,877,549	406,961	6,832,451	–	–	13,116,961
Leasehold land and buildings	3,026,505	–	723,495	–	–	3,750,000
Motor vehicles	3,081,477	286,280	–	(72,244)	–	3,295,513
Furniture and fittings, laboratory, signboard, office and store equipment	6,112,123	606,531	–	(121,791)	(275,633)	6,321,230
Demo equipment, research and development equipment and machinery	288,896	–	–	(14,900)	–	273,996
Electrical fittings	163,070	3,350		–	–	166,420
Renovation	620,229	–	–	–	(11,200)	609,029
	19,169,849	1,303,122	7,555,946	(208,935)	(286,833)	27,533,149

	As at 1 January 2011 RM	Charges for the year RM	Revaluation Surplus RM	Disposals RM	Written off RM	As at 31 December 2011 RM
Accumulated Depreciation						
Freehold land and buildings	470,174	55,398	(501,045)	–	–	24,527
Leasehold land and buildings	365,525	44,588	(410,113)	–	–	–
Motor vehicles	2,565,384	280,691	–	(72,241)	–	2,773,834
Furniture and fittings, laboratory, signboard, office and store equipment	3,607,108	420,288	–	(118,222)	(223,074)	3,686,100
Demo equipment, research and development equipment and machinery	245,110	17,703	–	(12,913)	–	249,900
Electrical fittings	56,409	8,938	–	–	–	65,347
Renovation	449,293	46,289	–	–	(4,910)	490,672
	7,759,003	873,895	(911,158)	(203,376)	(227,984)	7,290,380

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

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

i) Group (Cont'd)

	2011 RM	2010 RM
Carrying Amounts		
Freehold land and buildings (At Valuation)	13,092,434	5,407,375
Leasehold land and buildings (At Valuation)	3,750,000	2,660,980
Motor vehicles	521,679	516,093
Furniture and fittings, laboratory, signboard, office and store equipment	2,635,130	2,505,015
Demo equipment, research and development equipment and machinery	24,096	43,786
Electrical fittings	101,073	106,661
Renovation	118,357	170,936
	20,242,769	11,410,846

	As at 1 January 2010 RM	Additions RM	Disposals RM	Written off RM	As at 31 December 2010 RM
Cost/Valuation					
Freehold land and buildings	579,976	–	–	–	579,976
Freehold land and buildings (At Valuation)	5,297,573	–	–	–	5,297,573
Leasehold land (At Valuation)	3,026,505	–	–	–	3,026,505
Motor vehicles	3,073,895	7,582		–	3,081,477
Furniture and fittings, laboratory, signboard, office and store equipment	5,110,244	1,147,200	(11,936)	(133,385)	6,112,123
Demo equipment, research and development equipment and machinery	288,896	–	–	–	288,896
Electrical fittings	90,775	76,350	–	(4,055)	163,070
Renovation	629,863	16,244	–	(25,878)	620,229
	18,097,727	1,247,376	(11,936)	(163,318)	19,169,849

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

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

i) Group (Cont'd)

	As at 1 January 2010 RM	Charges for the year RM	Disposals RM	Written off RM	As at 31 December 2010 RM
Accumulated Depreciation					
Freehold land and buildings	69,600	11,600	–	–	81,200
Freehold land and buildings (At Valuation)	348,906	40,068	–	–	388,974
Leasehold land (At Valuation)	320,938	44,587	–	–	365,525
Motor vehicles	2,315,781	249,603	–	–	2,565,384
Furniture and fittings, laboratory, signboard, office and store equipment	3,321,465	398,774	(11,322)	(101,810)	3,607,108
Demo equipment, research and development equipment and machinery	214,788	30,322	–	–	245,110
Electrical fittings	57,366	3,098	–	(4,055)	56,409
Renovation	432,742	42,429	–	(25,878)	449,293
	7,081,586	820,481	(11,322)	(131,743)	7,759,003

	2010 RM	2009 RM
Carrying Amounts		
Freehold land and buildings	498,776	510,376
Freehold land and buildings (At Valuation)	4,908,599	4,948,667
Leasehold land (At Valuation)	2,660,980	2,705,567
Motor vehicles	516,093	758,114
Furniture and fittings, laboratory, signboard, office and store equipment	2,505,015	1,788,779
Demo equipment, research and development equipment and machinery	43,786	74,108
Electrical fittings	106,661	33,409
Renovation	170,936	197,121
	11,410,846	11,016,141

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

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

ii) Company

	As at 1 January 2011 RM	Additions RM	Disposals RM	As at 31 December 2011 RM
Cost				
Renovation	64,382	–	–	64,382
Furniture and fitting, laboratory, office and store equipment	38,954	6,443	–	45,397
	103,336	6,443	–	109,779

	As at 1 January 2011 RM	Charges for the year RM	Disposals RM	As at 31 December 2011 RM
Accumulated Depreciation				
Renovation	50,036	6,438	–	56,474
Furniture and fitting, laboratory, office and store equipment	26,525	4,223	–	30,748
	76,561	10,661	–	87,222

	2011 RM	2010 RM
Carrying Amounts		
Renovation	7,908	14,346
Furniture and fitting, laboratory, office and store equipment	14,649	12,429
	22,557	26,775

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

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

ii) Company (Cont'd)

	As at 1 January 2010 RM	Additions RM	Disposals RM	As at 31 December 2010 RM
Cost				
Renovation	64,382	–	–	64,382
Furniture and fitting, laboratory, office and store equipment	38,954	–	–	38,954
	103,336	–	–	103,336

	As at 1 January 2010 RM	Charges for the year RM	Disposals RM	As at 31 December 2010 RM
Accumulated Depreciation				
Renovation	43,599	6,437	–	50,036
Furniture and fitting, laboratory, office and store equipment	22,629	3,896	–	26,525
	66,228	10,333	–	76,561

	2010 RM	2009 RM
Carrying Amounts		
Renovation	14,346	20,783
Furniture and fitting, laboratory, office and store equipment	12,429	16,325
	26,775	37,108

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

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

The carrying amounts of the property, plant and equipment under finance lease of the Group are as follows:

	Group	
	2011 RM	**2010 RM**
Motor vehicles	225,434	45,901

The Group has pledged the following property, plant and equipment to licensed banks to secure banking facilities granted to the Group:

	Group	
	2011 RM	**2010 RM**
Freehold land and buildings	983,231	396,090

Revaluation of assets

Freehold land and buildings and leasehold land and buildings of the Group were revalued at 5 October 2011 and 12 December 2011 by Messrs. Chartwell ITAC International (Kajang) Sdn Bhd, an independent professional valuer, registered with the Board of Valuers, Appraisers and Estate Agents, based on the Comparison Method (open market value). The resultant revaluation surplus of RM8,024,326 has been recognised as other comprehensive income.

Had the revalued assets been carried at historical cost less accumulated depreciation and accumulated impairment losses, if any, the carrying amount of the revalued assets of the Group would have been RM5,742,134 (2010: RM3,293,700).

6. INVESTMENT PROPERTIES

	Group	
	2011 RM	**2010 RM**
Freehold land and buildings:		
At beginning of the financial year	1,605,471	1,605,471
Gain on fair value adjustment of investment properties	1,634,529	–
At end of the financial year	3,240,000	1,605,471

The fair value of the investment properties of the Group at 31 December 2011 is determined by a valuation carried out by Messrs. Chartwell ITAC International (Kajang) Sdn Bhd, an independent professional valuer, registered with the Board of Valuers, Appraisers and Estate Agents, based on the Comparison Method (open market value).

The Group have pledged investment properties with carrying amount of RM440,000 (2010: RM420,696) respectively to licensed banks to secure banking facilities granted to the Group.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

7. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company	
	2011 RM	**2010 RM**
Unquoted shares; at cost	18,852,449	18,852,449
Accumulated impairment losses		
At beginning of the financial year	1,018,251	–
Impairment losses recognised	2,200,000	1,018,251
At end of the financial year	3,218,251	1,018,251
Carrying Amount	15,634,198	17,834,198

The subsidiary companies, which are incorporated in Malaysia, are as follows:

Name of Subsidiaries	**Principal activities**	**Equity interest 2011**	**Equity interest 2010**
Brite-Tech Corporation Sdn. Bhd.	To provide a complete range of services and products in the field of water treatment, pollution control and fuel treatment as well as engineered and formulated chemical products for water clarification, wastewate treatment, minimizing wastewater sludge generation, steam generation system and cooling water system.	100%	100%
Hooker Chemical Sdn. Bhd.	To provide consultation, environmental impact studies, engineering design, construction, installation and commissioning of water purification, recycling and wastewater treatment systems.	100%	100%
Rank Chemical Sdn. Bhd.	To provide rental of portable ion-exchange resin columns and supply of institutional housekeeping chemicals, industrial maintenance chemicals and hotel amenities.	100%	100%
Spectrum Laboratories Sdn. Bhd.	To provide analytical laboratory services such as effluent analysis, air and water quality analysis, soil analysis, food analysis and organics analysis; and to provide environmental monitoring services such as air and water quality monitoring, noise level monitoring, air emission monitoring and wastewater characteristic studies.	100%	100%

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

7. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

Name of Subsidiaries	Principal activities	Equity interest 2011	Equity interest 2010
Spectrum Laboratories (Penang) Sdn. Bhd. (The Company holds 70.24% direct interest in Spectrum Laboratories (Penang) Sdn. Bhd., the remaining 29.76% is held indirectly through subsidiary Spectrum Laboratories Sdn. Bhd.)	To provide analytical laboratory services such as effluent analysis, air and water quality analysis, soil analysis, food analysis and organics analysis; and to provide environmental monitoring services such as air and water quality monitoring, noise level monitoring, air emission monitoring and wastewater characteristic studies.	100%	100%
Spectrum Laboratories (Johore) Sdn. Bhd. (The Company holds 70.64% direct interest in Spectrum Laboratories (Johore) Sdn. Bhd., 14.68% is held indirectly through Brite-Tech Corporation Sdn. Bhd. and the remaining 14.68% is held indirectly through Hooker Chemical Sdn. Bhd.)	To provide analytical laboratory services such as effluent analysis, air and water quality analysis, soil analysis, food analysis and organics analysis; and to provide environmental monitoring services such as air and water quality monitoring, noise level monitoring, air emission monitoring and wastewater characteristic studies.	100%	100%
Brite-Tech (Sabah) Sdn. Bhd.	The principal activities of the Company are provide integrated services in water and wastewater treatment, supply of water treatment related chemicals, treatment systems and equipment, supply of industrial and institutional chemicals, analytical laboratory and environmental monitoring services and other related business. The Company has ceased its operation.	89%	89%
Renown Orient Sdn. Bhd.	To provide general trading, investment holdings, water treatment services and other related business. The Company has not commenced business operation since its incorporation date.	100%	100%
* Sincere United Sdn. Bhd.	To import and export chemical and other raw materials.	70%	70%
* Tan-Tech Polymer Sdn. Bhd.	To provide consultancy services and manufacturing of polymers and its related products.	60%	60%

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

7. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

SUBSIDIARY OF COMPANY OF BRITE-TECH CORPORATION SDN. BHD.

Name of Subsidiaries	Principal activities	Equity interest 2011	Equity interest 2010
Cybond Chemical Sdn. Bhd.	To provide water treatment chemicals and provide other related services.	100%	100%

SUBSIDIARIY OF COMPANY OF HOOKER CHEMICAL SDN. BHD.

Name of Subsidiaries	Principal activities	Equity interest 2011	Equity interest 2010
Akva - Tek Sdn. Bhd.	The principal activity of the company is that to deal in chemical, laboratory and industrial product.	51%	51%

* *The financial statements of these companies are not audited by YYC & CO. (formerly known as S.F.YAP & CO.).*

8. INVESTMENT IN ASSOCIATED COMPANY

	Group 2011 RM	Group 2010 RM
Investment in associated company, at cost	11,400	11,400
Less: Impairment loss recognised	(11,400)	(11,400)
	–	–

The details of the associated company, which is incorporated in Malaysia, is as follow:

Name of Associate	Principal activities	Company Equity interest 2011	Company Equity interest 2010
Hooker Chemical (Johore) Sdn. Bhd. (Associated Company of Hooker Chemical Sdn Bhd)	Dealing with water and wastewater treatment system. It has ceased business on 1 June 2001.	19%	19%

Recognition of further losses is discontinued for investment in Hooker Chemical (Johore) Sdn. Bhd. as the Group's share of losses exceeds the carrying amount of the investment.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

9. OTHER INVESTMENT

	Group and Company	
	2011	**2010**
	RM	**RM**
Non-current		
Unquoted shares; at cost		
Available-for-sale financial assets	152,100	152,100

Investment in unquoted shares of the Group, designated as available-for-sale financial assets, are stated at cost as their fair values cannot be measured using valuation techniques due to lack of marketability of the shares.

10. DEFERRED TAX ASSETS

The following are the movements of deferred tax assets:

	Group	
	2011	**2010**
	RM	**RM**
At beginning of financial year	6,575	8,738
Recognised in the statements of comprehensive income	(6,575)	(2,163)
At end of financial year	–	6,575

The deferred tax assets are made up of the following:

	Group	
	2011	**2010**
	RM	**RM**
Property, plant and equipment		
The tax effect of the excess of tax base value over property, plant and equipment's carrying value	–	6,575

11. GOODWILL

(a)

	Group	
	2011	**2010**
	RM	**RM**
Cost		
At beginning of the financial year	5,678,772	5,673,545
Arising from acquisition of subsidiary	–	5,227
At end of the financial year	5,678,772	5,678,772

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

11. GOODWILL (CONT'D)

(a) (Cont'd)

	Group 2011 RM	Group 2010 RM
Accumulated impairment losses		
At beginning of the financial year	1,810,720	1,105,493
Impairment losses recognised	1,200,000	705,227
At end of the financial year	3,010,720	1,810,720
Carrying Amount	2,668,052	3,868,052

The carrying amounts of the goodwill allocated to the cash-generating units (CGU) are as follows:

	Group 2011 RM	Group 2010 RM
Manufacturing - CGU 1	2,170,144	2,170,144
Trading - CGU 2	497,908	1,697,908
	2,668,052	3,868,052

(b) The recoverable amounts of the cash-generating units are determined based on the computation of value in use.

The key assumptions used in the computation of value in use are discount rates, growth rates and projected cash flows from use and disposal at the end of the useful life.

Discount rate is determined based on the pre-tax rate that reflect current market assessment of the time value of money and risks specific to the assets.

The projected cash flows from use are derived from the most recent financial budgets approved by management for the next ten years and extrapolated cash flows for the following years based on estimated growth rates. The projected growth rates do not exceed the industrial average growth rates.

The estimate of net cash flows for the disposal of the asset at the end of its useful life is the present value of the amount that the Group expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

The key assumptions used for determining value in use, which are determined based on management's past experience and expectation of the future development, are as follows:

	Trading segment %	Manufacturing segment %
Profit margin	17	20
Growth rate	5-8	12
Discount rate	10	10

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

12. INVENTORIES

	Group 2011 RM	Group 2010 RM
At cost		
Laboratory supplies	134,283	139,647
Raw materials	980,320	938,876
Finished goods	444,417	533,856
Work-in-progress	12,191	12,183
	1,571,211	1,624,562

13. TRADE RECEIVABLES

	Group 2011 RM	Group 2010 RM
Trade receivables	6,142,217	4,979,456
Less: Allowance for impairment losses	(183,843)	(190,956)
	5,958,374	4,788,500

The Group's normal trade credit term range from 60 to 90 days (2010: 60 to 90 days). Other credit terms are assessed and approved on a case by case basis.

13.1 MOVEMENT IN THE ALLOWANCE FOR IMPAIRMENT LOSSES

The allowance account in respect of the trade receivables are used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

The movement in the allowance for impairment losses of trade receivables during the financial year were as follows:

	Group 2011 RM	Group 2010 RM
At beginning of the financial year	190,956	371,055
Impairment losses recognised	1,987	29,564
Allowance written off	(9,100)	(209,663)
At end of the financial year	183,843	190,956

Based on the Group's and the Company's historical collection experience, the amounts of trade receivables presented on the statements of financial position represent the amount exposed to credit risk. The management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the net trade receivables.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

13. TRADE RECEIVABLES (CONT'D)

13.2 AGEING ANALYSIS ON TRADE RECEIVABLES

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

	Group	
	2011	**2010**
	RM	**RM**
Neither past due not impaired	4,244,316	3,175,274
Past due 1 - 30 days	490,571	395,373
Past due 31 - 60 days	380,690	299,620
Past due more than 60 days	1,026,640	1,109,189
	6,142,217	4,979,456
Impairment past due and impaired	(183,843)	(190,956)
	5,958,374	4,788,500

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired relate to customers for whom there are no default and considered to be creditworthy and able to settle their debts. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year

Receivables that are past due but not impaired

As at 31 December 2011, the Group has trade receivables amounting to RM1,714,058 (2010: RM1,613,226) that are past due at the reporting date but not impaired. Trade receivables that are past due but not impaired relate to customers that have good track records with the Group. Based on past experience and no adverse information to date, the directors of the Group are of the opinion that no allowance for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered to be fully recoverable.

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Other receivables	608,311	708,844	2,133	–
Deposits	90,350	193,054	2,000	2,000
Prepayments	21,636	14,758	187	187
Dividend receivable from subsidiary companies	–	–	3,639,720	2,617,996
	720,297	916,656	3,644,040	2,620,183

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

15. AMOUNT DUE FROM SUBSIDIARY COMPANIES

The amount due from subsidiary companies represented trade and non-trade transactions which are unsecured, interest-free and repayable on demand.

16. AMOUNT DUE FROM RELATED COMPANY

This amount is unsecured, interest-free and repayable on demand.

17. SHORT-TERM INVESTMENTS

Short-term investments are as follows :

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
At cost	4,842,879	5,581,283	1,655,810	1,776,100

Short-term investments represent deposit placement with investment fund management companies. The weighted average effective interest rates of the short-term investments range from 2.76% to 2.95% (2010: 2.60% to 2.95%) per annum and are readily convertible to cash with insignificant risk of changes in value.

18. FIXED DEPOSITS WITH LICENSED BANK

The weighted average effective interest rates of the fixed deposits with licensed banks at the reporting date is 2.90% to 3.24% (2010: 2.60% to 2.95%) per annum.

19. CASH AND BANK BALANCES

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Cash in hand	42,247	46,617	3,888	4,392
Cash at bank	942,189	43,544	12,467	7,116
	984,436	990,161	16,355	11,508

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

20. SHARE CAPITAL

	Group and Company			
	Number of shares		Company	
	2011 Units	2010 Units	2011 RM	2010 RM
Authorised:				
Ordinary shares of RM0.10 each	500,000,000	500,000,000	50,000,000	50,000,000
Issued and fully paid:				
Ordinary shares of RM0.10 each	252,000,000	252,000,000	25,200,000	25,200,000

21. RESERVES

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Non-Distributable:				
Revaluation reserves	7,994,226	–	–	–
Distributable:				
Retained profits	7,069,354	5,225,911	1,861,571	1,552,905
	15,063,580	5,225,911	1,861,571	1,552,905

Revaluation reserves

Revaluation reserves arose from the revaluation of landed properties of the Group and of the Company. Revaluation reserves are not available for distribution as dividends to the Company's shareholders.

		Group	
	Note	2011 RM	2010 RM
Property, plant and equipment:			
At beginning of the financial year		–	–
Revaluation increase		8,437,004	–
Deferred tax liability on revaluation surplus	22	(442,778)	–
At end of the financial year		7,994,226	–

Distributable reserves

Distributable reserves are those available for distribution as cash dividends. As of the reporting period, the entire retained profits of the Group and of the Company are available for distribution of dividend under the single tier tax system.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

22. DEFERRED TAX LIABILITIES

The following are the movements of deferred tax liabilities:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
At beginning of financial year	477,841	440,655	4,500	5,000
Recognised in profit or loss	52,021	37,186	(600)	(500)
Recognised in the equity	442,778	–	–	–
At end of financial year	972,640	477,841	3,900	4,500

The deferred tax liabilities are made up of the following:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Property, plant and equipment				
The tax effect of the excess of property, plant and equipment's carrying value over its tax base	529,862	477,841	3,900	4,500
Deferred tax liability on revaluation surplus of properties	442,778	–	–	–
	972,640	477,841	3,900	4,500

23. BORROWINGS

	Group	
	2011 RM	2010 RM
Current liabilities		
Secured		
Finance lease liabilities	35,441	33,821
Term loan	27,160	–
	62,601	33,821
Non-current liabilities		
Secured		
Finance lease liabilities	130,025	3,249
Term loan	278,733	–
	408,758	3,249

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

23. BORROWINGS (CONT'D)

	Group 2011 RM	Group 2010 RM
Total borrowings		
Secured		
Finance lease liabilities	165,466	37,070
Term loan	305,893	–
	471,359	37,070

	Group 2011 %	Group 2010 %
Interest rates on the above are as follows:		
Finance lease liabilities	2.78-7.30	2.78-3.00
Term loan	4.60	–

The banking facilities of the Group comprise bank overdraft, trade financing facilities, performance guarantee, and financial guarantee which are secured by:

- legal charge over the Group's certain land and buildings; and
- corporate guarantee by the Company.

	Group 2011 RM	Group 2010 RM
Finance lease liabilities		
Minimum lease payment		
- not later than 1 year	43,333	34,732
- between 1 to 2 years	40,056	3,278
- between 2 to 5 years	90,561	–
- more than 5 years	12,675	–
	186,625	38,010
Future finance charges on finance lease	(21,159)	(940)
Present value of finance lease liabilities	165,466	37,070
Present value of finance lease is analysed as follows:		
Current liabilities		
- not later than 1 year	35,441	33,821
Long term liabilities		
- between 1 to 2 years	34,115	3,249
- between 2 to 5 years	83,613	–
- more than 5 years	12,297	–
	165,466	37,070

The weighted-average effective interest rates of the finance lease payables of the Group is 2.78% to 7.30% (2010: 2.78% to 3.00%) per annum respectively.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

23. BORROWINGS (CONT'D)

The Group obtains finance lease facilities to finance certain of its plant and machinery and motor vehicles. The average remaining lease term is 6 years as at 31 December 2011. Implicit interest rate of the finance lease are fixed at the date of the agreement, and the amount of lease payments are fixed throughout the lease period. The Group has the option to purchase the assets at the end of the agreement with minimum purchase considerations. There is no significant restriction clauses imposed on the finance lease arrangements.

	Group	
	2011	**2010**
	RM	**RM**
Term loan		
- not later than 1 year	27,160	–
- between 1 to 2 years	23,280	–
- between 2 to 5 years	69,840	–
- more than 5 years	185,613	–
	305,893	–

The weighted average effective interest rates of the term loans is 4.60% per annum.

The term loans of the Group are secured by a legal charge over the Group's landed properties, fixed and floating charges over assets of the Group and guaranteed by the Company.

24. TRADE PAYABLES

	Group	
	2011	**2010**
	RM	**RM**
Trade payables	1,726,884	1,174,579

The credit terms of trade payables granted to the Group range from 60 to 90 days.

25. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Other payables	375,790	311,475	–	–
Accruals	556,325	454,150	95,394	98,025
Deposits received	146,734	126,465	–	–
	1,078,849	892,090	95,394	98,025

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

26. AMOUNT DUE TO DIRECTORS

The amount due to directors represented advance from directors which are unsecured, interest free and repayable on demand.

27. AMOUNT DUE TO ASSOCIATED COMPANY

This amount is unsecured, interest-free and repayable on demand.

28. BANK OVERDRAFT

	Group	
	2011 RM	2010 RM
Unsecured	113,468	123,041

The weighted average effective interest rates of the bank overdraft is 8.07% (2010: 8.07%) per annum respectively.

The bank overdraft of the Group are secured by corporate guaranteed by the Company.

29. REVENUE

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Trading sales and services	18,545,638	15,942,108	–	–
Management fee income	–	–	1,206,000	1,206,000
Dividend income	–	–	3,771,720	2,617,996
	18,545,638	15,942,108	4,977,720	3,823,996

30. FINANCE INCOME

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Interest income on:				
- Fixed deposits	129,689	91,521	58,868	19,682
- Bank interest	211	318	–	–
- Short term investment interest	123,985	126,761	49,308	44,639
- Other interest	2,551	5,944	352	958
	256,436	224,544	108,528	65,279

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

31. FINANCE COSTS

	Group	
	2011 RM	2010 RM
Interest expenses on:		
- Finance leases	4,732	1,633
- Letter of credit charges and trust receipt charges	–	11,387
- Overdraft	9,137	10,724
- Term loans	1,227	–
- Others	8,120	7,969
	23,216	31,713

32. PROFIT BEFORE TAX

32.1 DISCLOSURE ITEMS

		Group		Company	
	Notes	2011 RM	2010 RM	2011 RM	2010 RM
Profit before tax of the Group and the Company is arrived at after charging:					
Auditors' remuneration		58,798	57,615	12,500	12,500
Depreciation on property, plant and equipment		873,895	820,481	10,661	10,333
Directors' remuneration:					
- Salaries		813,156	1,030,620	691,200	691,200
- Bonus		57,600	57,600	57,600	57,600
- Fees		300,000	300,000	300,000	300,000
Finance costs	31	23,216	31,713	–	–
Impairment loss:					
- Goodwill		1,200,000	705,227	–	–
- Investment		–	–	2,200,000	1,018,251
- Trade receivables		1,987	29,564	–	–
- Other receivables		47,376	–	–	–
Internal audit fees		36,000	36,000	36,000	36,000
Loss on disposal of property, plant and equipment		–	214	–	–
Rental expenses in respect of:					
- Equipment		1,797	2,428	–	–
- Motor vehicles		2,755	1,080	–	–
- Premises		46,950	49,300	–	–
- Others		1,680	–	–	–
Research and development expenditure		1,634	–	–	–
Written off:					
- Bad debts		14,680	10,535	–	–
- Inventories		–	148,019	–	–
- Property, plant and equipment		58,849	31,576	–	–

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

32. PROFIT BEFORE TAX (CONT'D)

32.1 DISCLOSURE ITEMS (CONT'D)

		Group		Company	
		2011	2010	2011	2010
	Notes	RM	RM	RM	RM
And crediting:-					
Bad debt recovered		9,770	–	–	–
Gross dividend from subsidiary companies		–	–	3,771,720	2,617,996
Gain on disposal of other investment		–	24,398	–	–
Gain on disposal of property, plant and equipment		91,339	–	–	–
Gain on fair value adjustment of investment properties	6	1,634,529	–	–	–
Finance income	30	256,436	224,544	108,528	65,279
Management fee income		–	–	1,206,000	1,206,000
Rental income		113,140	113,520	–	–
Realised gain on foreign exchange		14,800	11,718	–	–

32.2 EMPLOYEES BENEFITS EXPENSES

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Salaries, bonuses and allowances	4,361,429	4,278,533	1,110,243	1,076,196
Employees' provident fund contribution	490,478	441,219	97,460	93,172
Socso contribution	42,484	39,257	3,126	2,683
	4,894,391	4,759,009	1,210,829	1,172,051

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

32. PROFIT BEFORE TAX (CONT'D)

32.2 EMPLOYEES BENEFITS EXPENSES (CONT'D)

Employees benefit expenses including the following remunerations paid to the key management personnel of the Group and of the Company

	Group		Company	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Non-executive Directors:				
Fees	24,000	24,000	24,000	24,000
Executive Directors:				
Salaries	813,156	1,030,620	691,200	691,200
Bonus	57,600	57,600	57,600	57,600
Fees	276,000	276,000	276,000	276,000
	1,170,756	1,388,220	1,048,800	1,048,800

The estimated monetary value of benefits-in-kind received by the Directors of the Group and Company are RM45,200 (2010: RM45,200) respectively.

33. INCOME TAX EXPENSES

	Group		Company	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Current tax expense				
Malaysian income tax	1,027,170	790,807	–	–
(Over)/under provision of taxation in prior years	(19,107)	(4,221)	–	4,375
	1,008,063	786,586	–	4,375
Deferred tax expense				
Origination and reversal of temporary differences	58,596	39,349	(600)	(500)
	1,066,659	825,935	(600)	3,875

Income tax expense for the Group and Company is calculated based on the statutory income tax rate of Malaysia at 25% (2010: 25%) of the estimated taxable profit for the financial year.

The income tax expense is reconciled to the accounting profit at the applicable tax rate as follows:

	Group		Company	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Profit for the financial year	3,105,782	1,017,998	1,518,264	1,512,944
Total income tax expenses/(income)	1,066,659	825,935	(600)	3,875
Profit excluding tax	4,172,441	1,843,933	1,517,664	1,516,819

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

33. INCOME TAX EXPENSES (CONT'D)

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Income tax calculated using Malaysian tax rate of 25% (2010: 25%)	1,043,116	460,983	379,416	379,205
Deferred tax assets not recognised during the financial year	77,781	104,881	(600)	(500)
Non-deductible expenses	402,394	274,560	578,231	16,759
Tax exempt income	(437,525)	(10,268)	(957,647)	(395,964)
(Over)/under provision in prior year	(19,107)	(4,221)	–	4,375
	1,066,659	825,935	(600)	3,875

34. EARNINGS PER ORDINARY SHARES

34.1 BASIC EARNINGS PER ORDINARY SHARE

The calculation of basic earnings per ordinary share at 31 December 2011 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2011 RM	2010 RM
Profit attributable to ordinary shareholders (RM)	3,053,041	1,069,002
Weighted average number of ordinary shares	252,000,000	252,000,000
Basic earnings per ordinary share (sen)	1.21	0.42

34.2 DILUTED EARNINGS PER ORDINARY SHARE

The group does not have any potential dilutive ordinary shares, thus, diluted earnings per ordinary share is not presented.

35. DIVIDEND

	Group	
	2011 RM	2010 RM
Final dividend for financial year 31 December 2010 - Single tier dividend of 0.48 sen per share	1,209,598	–
Final dividend for financial year ended 31 December 2009 - Single tier dividend of 0.48 sen per share	–	1,209,598
	1,209,598	1,209,598

After the end of the reporting period the following dividend was proposed by the Directors. This dividend will be recognised in subsequent financial reports upon approval by the shareholders.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

35. DIVIDEND (CONT'D)

	Company	
	Single tier dividend per share (sen)	Amount of single tier of dividend RM
Proposed final dividend for financial year ended 31 December 2011	0.48	1,209,508

36. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Purchases of property, plant and equipment	1,303,122	1,247,376	6,443	–
Less: Purchases made directly by finance lease	(173,700)	–	–	–
Purchases of property, plant and equipment by cash	1,129,422	1,247,376	6,443	–

37. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business segments. The primary format, business segment, is based on the Group's management and internal reporting structure. No geographical segmental information is presented as the business segments are principally operated in Malaysia only.

Segment revenues, expenses and result include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the economic entity at an arm's length transactions. These transfers are eliminated on consolidation.

The Group comprises the following main business segments:

Environmental products and services	To provide a complete range of services and products in the field of water treatment as well as engineered and formulated chemical products for water and wastewater treatment; and to provide analytical laboratory and environmental monitoring services.
System equipment and ancillary products	To provide consultation, engineering design, construction, installation and commissioning of water purification, water recycling and wastewater treatment systems; and to provide rental of portable ion-exchange resin columns as well as supply of chemicals and consumer products.
Investments	Investments, management and other operations which are not sizeable to be reported separately.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

37. SEGMENT INFORMATION (CONT'D)

Segmental turnover, profit before taxation and the assets employed are as follows:

2011
Group

Primary reporting - Business segments

	Environmental products and services RM	System equipment and ancillary products RM	Investments RM	Eliminations RM	Group RM
REVENUE					
External revenue	15,012,791	3,532,847	–	–	18,545,638
Inter-segment revenue	992,056	11,055	1,206,000	(2,209,111)	–
Total revenue	16,004,847	3,543,902	1,206,000	(2,209,111)	18,545,638
RESULT					
Segment results (external)	3,283,719	447,586	(226,613)	–	3,504,692
Impairment loss of goodwill					(1,200,000)
Gain on fair value adjustment of investment properties					1,634,529
Finance income					256,436
Finance costs					(23,216)
Profit before taxation					4,172,441
Income tax expenses					(1,066,659)
Profit for the financial year					3,105,782
Non-controlling interest					(52,741)
					3,053,041
OTHER INFORMATION					
Segment assets	27,576,162	8,684,873	9,365,714		45,626,749
Segment liabilities	3,119,546	422,687	96,771		3,639,004
Capital expenditure	983,461	139,518	6,443		1,129,422
Depreciation	590,538	237,350	46,007		873,895
Non-cash expenses other than depreciation	122,890	–	2,200,000	(1,000,000)	1,322,890

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

37. SEGMENT INFORMATION (CONT'D)

2010
Group

Primary reporting - Business segments

	Environmental products and services RM	System equipment and ancillary products RM	Investments RM	Eliminations RM	Group RM
REVENUE					
External revenue	12,799,442	3,142,666	–	–	15,942,108
Inter-segment revenue	1,011,261	12,600	1,206,000	(2,229,861)	–
Total revenue	13,810,703	3,155,266	1,206,000	(2,229,861)	15,942,108
RESULT					
Segment results (external)	2,509,519	55,894	(209,084)	–	2,356,329
Impairment loss of goodwill					(705,227)
Finance income					224,544
Finance costs					(31,713)
Profit before taxation					1,843,933
Income tax expenses					(825,935)
Profit for the financial year					1,017,998
Non-controlling interest					51,004
					1,069,002
OTHER INFORMATION					
Segment assets	19,218,135	6,466,312	8,335,733		34,020,180
Segment liabilities	1,913,557	478,330	99,375		2,491,262
Capital expenditure	971,744	275,632	–		1,247,376
Depreciation	522,984	251,819	45,678		820,481
Non-cash expenses other than depreciation	49,030	170,878	1,018,251	(313,024)	925,135

Turnover and profit before tax for investment mainly relates to dividend income received by the Company from its subsidiary companies. The amount is set-off in inter-company adjustments.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

38. SIGNIFICANT INTERCOMPANY AND RELATED PARTY DISCLOSURE

38.1 RELATED PARTY TRANSACTIONS

The Company has the following transactions with its subsidiary during the financial year:-

	Company	
	2011 RM	**2010 RM**
Management fee from subsidiary companies	1,206,000	1,206,000
Dividend income from subsidiary companies	3,771,720	2,617,996

38.2 COMPENSATION OF KEY MANAGEMENT PERSONNEL

The key management personnel comprised mainly executive directors of the Company whose remuneration are disclosed in Note 32.

The Directors of the Company are of the opinion that the related party transactions have been entered into in the normal course of business on an arm's length basis and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

39. CONTINGENT LIABILITIES

	Company	
	2011 RM	**2010 RM**
Unsecured		
Corporate guarantees given to financial institutions for finance lease facilities granted to subsidiary companies	146,700	146,700
Corporate guarantees given to financial institutions for banking facilities granted to subsidiary companies	16,714,000	16,410,000
	16,860,700	16,556,700

40. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Freehold land and buildings and leasehold land and buildings of the Group were revalued at 5 October 2011 and 12 December 2011 by Messrs. Chartwell ITAC International (Kajang) Sdn Bhd, an independent professional valuer, registered with the Board of Valuers, Appraisers and Estate Agents, based on the Comparison Method (open market value). The resultant revaluation surplus of RM8,024,326 has been recognised as other comprehensive income.

41. SUBSEQUENT EVENTS

There were no material events subsequent to the reporting date that require disclosure or adjustments to the financial statement.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

42. FINANCIAL INSTRUMENTS

42.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management is integral to the development of the Group's business. The Group has in place the financial risk management policies to manage its exposure to a variety of risks to an acceptable level. The Group's principal financial risk management policies are as follows:

i) Foreign currency risk

The Group is not significantly exposed to foreign currency risk as the majority of the Group's transactions, assets and liabilities are denominated in Ringgit Malaysia. The currencies giving rise to this risk is primarily the US dollars and Singapore dollars.

The Group maintains a natural hedge, whenever is possible, by matching the receivables and the payables in the same currency, any unmatched balance will then be hedged by forward foreign currency contracts. The combination of matching technique and forward foreign currency contracts aims to effectively hedge the Group's exposure to exchange rates fluctuation while maintaining the hedging cost to the minimal.

The Group and the Company did not have any open forward contracts at the financial year end.

The financial assets and liabilities of the Group as at 31 December 2011 that are not denominated in their foreign currencies are as follow:

		Denominated in		
	USD	**SGD**	**Other**	**Total**
	RM	**RM**	**RM**	**RM**
Trade receivables	42,698	–	–	42,698
Other receivables	113	578,393	–	578,506
Cash and bank balances	29,030	11	14,001	43,042
Trade payables	120,216	–	–	120,216
	192,057	578,404	14,001	784,462

The Group has not recorded the unrealised gain approximately of RM10,000 (2010: RM6,000) during the financial year due to insignificant impact on the results of the Group.

Currency risk sensitivity analysis

A 10% depreciation/appreciation of the foreign currencies against RM would result in an approximate decrease/increase in pre-tax profit by RM78,000 with all other variables held constant.

ii) Interest rate risk

The Group obtains additional financing through bank borrowings and leasing arrangements. The Group's policy is to borrow principally on the floating rate basis but to retain a proportion of fixed rate debt. The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

ii) Interest rate risk (Cont'd)

The interest rate risk that financial instruments' values will fluctuate as a result of changes in market interest rates and the effective interest rates of financial assets and financial liabilities are follows:

	Less than 1 year RM	Between 1 to 2 years RM	Between 2 to 5 years RM	More than 5 years RM	Total RM	Effective interest rate during the financial year %
The Group						
2011						
Financial Assets						
Short-term investments	4,842,879	–	–	–	4,842,879	2.60-2.95
Deposits with licensed banks	5,237,273	–	–	–	5,237,273	2.60-2.95
Financial Liabilities						
Bank overdraft	113,468	–	–	–	113,468	8.07
Finance lease liabilities	35,441	34,115	83,613	12,297	165,466	2.78-7.30
Term loan	27,160	23,280	69,840	185,613	305,893	4.60
	176,069	57,395	153,453	197,910	584,827	
The Company						
2011						
Financial Assets						
Short-term investments	1,655,810	–	–	–	1,655,810	2.60-2.95
Deposits with licensed banks	2,247,446	–	–	–	2,247,446	2.60-2.95

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

ii) Interest rate risk (Cont'd)

	Less than 1 year RM	Between 1 to 2 years RM	Between 2 to 5 years RM	More than 5 years RM	Total RM	Effective interest rate during the financial year %
The Group						
2010						
Financial Assets						
Short-term investments	5,581,283	–	–	–	5,581,283	2.60-2.95
Deposits with licensed banks	3,045,975	–	–	–	3,045,975	2.60-2.95
Financial Liabilities						
Bank overdraft	123,041	–	–	–	123,041	8.07
Finance lease liabilities	33,821	3,249	–	–	37,070	2.78-3.00
	156,862	3,249	–	–	160,111	
The Company						
2010						
Financial Assets						
Short-term investments	1,776,100	–	–	–	1,776,100	2.60-2.95
Deposits with licensed banks	635,782	–	–	–	635,782	2.60-2.95

iii) Credit risk

Cash and bank balances are placed with reputable financial institutions based on rating agencies' ratings. The Group placed funds in respect of other financial assets by reference to the investment evaluation procedures to ensure that the credit risk is kept at minimum level.

Therefore, credit risk arises mainly from the inability of its customers to make payments when due. Trade receivables presented in the statement of financial position are net of allowances for impairment losses, estimated by management based on prior experience and the current economic environment.

The carrying amounts of the financial assets recorded on the statement of financial position at the reporting date represent the Group's maximum exposure to credit risk in relation to financial assets. No financial assets carry a significant exposure to credit risk other than those disclosed in the notes.

The Group does not hold any collateral and thus, the credit exposure is continuously monitored by the directors.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

iv) Market risk

The Group has minimal exposure to market risk as its investment is mainly on quoted security, which is not substantial.

The Group's exposure to risk from changes in market price of the quoted securities is set out in Note 42.1 (vi) as below.

v) Liquidity risk

The Group's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group monitors its cash flows and ensures that sufficient funding is in place to meet the obligations as and when they fall due.

The following table analyses the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The weighted average effective interest rates of these non-derivative financial liabilities are disclosed in the respective notes.

The Group	**Less than 1 year RM**	**Between 1 to 2 years RM**	**Between 2 to 5 years RM**	**More than 5 years RM**	**Total RM**
2011					
Trade and other payables	2,805,733	–	–	–	2,805,733
Finance lease payables	35,441	34,115	83,613	12,297	165,466
Bank overdrafts	113,468	–	–	–	113,468
Term loans	27,160	23,280	69,840	185,613	305,893
	2,981,802	57,395	153,453	197,910	3,390,560
2010					
Trade and other payables	2,066,669	–	–	–	2,066,669
Finance lease payables	33,821	3,249	–	–	37,070
Bank overdrafts	123,041	–	–	–	123,041
Term loans	–	–	–	–	–
	2,223,531	3,249	–	–	2,226,780

The maximum exposure for the financial guarantee is the full guaranteed amount claimable by the counterparties to the guarantees, as follows:

	Company	
	2011 RM	**2010 RM**
Guarantees given for bank facilities granted to the related companies	16,714,000	16,410,000

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

vi) Fair value of financial instruments

The carrying amounts of financial instruments of the Group and the Company at the end of the reporting period approximated their fair value except as set out below:

	Group		Company	
	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
2011				
Financial Assets				
Other investment				
- Unquoted shares	152,100	–	152,100	–
2010				
Financial Assets				
Other investment				
- Unquoted shares	152,100	–	152,100	–

It is not practical to estimate the fair value of the Group's and Company's investment in unquoted corporations because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

a) Cash and Cash Equivalents, Trade and Other Receivables/Payables and Short Term Borrowings

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

b) Other Investment

Available-for-sale financial asset of the Group and of the Company comprised unquoted shares in Malaysia. It was not practicable to estimate the fair value of this investment due to the lack of comparable quoted market prices.

c) Long term borrowings

The carrying amount of the non current portion of borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of other financial assets and financial liabilities of the Group approximate their carrying value and the Group does not anticipate the carrying amounts recorded at the end of the reporting period to be significantly different from the values that would eventually be settled or received.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

vii) Fair value of financial instruments that are carried at fair value

Fair value hierarchy

The Group and the Company classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets;

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - Inputs for the asset that are not based on observable market data (unobservable inputs).

There have been no material transfers between Level 1 and Level 2 during the financial year.

The Group and the Company do not have any financial liabilities carried at fair value nor any financial instruments classified as Level 3 as at 31 December 2011.

42.2 UNRECOGNISED FINANCIAL INSTRUMENTS

The Company had entered into a Call and Put Option Agreement ("CPOA") on 9 December 2009 for the disposal of 150,000 ordinary shares of RM 1.00 each, comprising 15% equity interest in Agro Venture Carbon Sdn. Bhd. ("AVC") for a total disposal consideration of RM300,000. The salient features of CPOA are as follow:

i) - The Company grants a call option ("the Call Option") to the Purchaser to give the Purchaser the option to purchase the 15% equity interest in AVC, free from all Encumbrances ("Option Shares") from the Company within a period of 48 months from the date of the CPOA ("the Call Option Period") at RM300,000 provided that the turnover of AVC based on the latest audited accounts of AVC at the time of the exercise of the Call Option, is less than RM5,000,000;

- The Call Option may be exercisable by the Purchaser in respect of all and not part of the Option Shares within the Call Option Period;

ii) - The Purchaser grants to the Company the right to sell the Option Shares ("the Put Option A") to the Purchaser within a period of 48 months from the date of the CPOA ("the Put Option A Period") at RM300,000 provided that, the turnover of AVC based on the latest audited accounts of at the time of exercise of Put Option, is RM5,000,000 or more;

iii) - The Purchaser grants to the Company the right to sell the Option Shares to the Purchaser ("Put Option B") on or after the expiry of 48 months from the date of the CPOA ("Put Option B Period"). The Put Option B shall be exercisable by the Company within 6 months from the expiry of 48 months from the date of the CPOA at RM300,000 irregardless of the turnover of AVC;

The Put Option A and Put Option B may be exercisable by the Company in respect of all and not part of the Option Shares within the Put Option A Period and Put Option B Period.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

43. CAPITAL MANAGEMENT

The primary objective of the Group's capital 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 make adjustments to it, in the light of changes in economic conditions. No changes were made in the objectives, policies or processes during the year ended 31 December 2011 and 31 December 2010.

The Group and the Company are not subject to externally imposed capital requirements.

The gearing ratio at the reporting date was as follows:

	Group	
	2011 RM	**2010 RM**
Debts		
Finance lease payables	165,466	37,070
Bank overdrafts	113,468	123,041
Term loans	305,893	–
Total Debts	584,827	160,111
Capital		
Share capital	25,200,000	25,200,000
Reserves	15,063,580	5,225,911
Non-controlling interest	587,234	592,393
Total Equity	40,850,814	31,018,304
Gearing ratio	1.43%	0.50%

44. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2011 were authorised for issue in accordance with a resolution of the Board of Directors on

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

45. SUPPLEMENTARY INFORMATION - BREAKDOWN OF RETAINED PROFITS INTO REALISED AND UNREALISED

The following analysis of realised and unrealised retained profits at the legal entity level is prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants whilst the disclosure at the group level is based on the prescribed format by the Bursa Malaysia Securities Berhad.

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Total retained profits/ (accumulated losses) of Group and the Company:				
- Realised	27,054,200	16,115,887	1,861,571	1,552,905
- Unrealised	(2,607,169)	(471,266)	–	–
	24,447,031	15,644,621	1,861,571	1,552,905
Less : Consolidation adjustments	(9,383,451)	(10,418,710)	–	–
Total group retained profits as per audited financial statements	15,063,580	5,225,911	1,861,571	1,552,905

The disclosure of realised and unrealised profits/(losses) above is solely for compliance with the directive issued by the Bursa Malaysia Securities Berhad and should not be used for any other purpose.

STATISTIC OF SHAREHOLDINGS

AS AT 26 MARCH 2012

Authorised Share Capital	-	RM50,000,000
Issued and Fully Paid-Up Share Capital	-	RM25,200,000
Class of Shares	-	Ordinary Share of RM0.10 each
Voting Rights	-	One vote per ordinary share
No. of Shareholders	-	647

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of shareholders	% of shareholders	No. of shares held	% of Issued share capital
Less than 100	36	5.56	1,630	0.00
100 - 1,000	56	8.66	18,871	0.01
1,001 - 10,000	217	33.54	1,036,400	0.41
10,001 - 100,000	232	35.86	8,463,132	3.36
100,001 to less than 5% of issued shares	103	15.92	86,011,996	34.13
5% and above of issued shares	3	0.46	156,467,971	62.09
	647	100.00	252,000,000	100.00

SUBSTANTIAL SHAREHOLDERS

	Name of Shareholders	No. of shares	% of shareholdings
1	Pang Wee See	113,152,861	44.90
2	Chan Ah Kien	25,213,147	10.01
3	Tan Boon Kok	24,821,963	9.85
		163,187,971	64.76

DIRECTORS' SHAREHOLDINGS

		No. of ordinary shares RM0.10 each held			
	Name	Direct	%	Indirect	%
1	Pang Wee See	113,152,861	44.90	974,400 *	0.38
2	Chan Ah Kien	25,213,147	10.01	–	–
3	Tan Boon Kok	24,821,963	9.85	16,800 **	0.01
4	Kan King Choy	10,215,841	4.05	90,552 #	0.04
5	Ir. Koh Thong How	487,200	0.19	113,152,861 +	44.90
6	Dr. Seow Pin Kwong	305,760	0.12	–	–
7	Cheng Sim Meng	–	–	–	–
8	Ng Kok Ann	–	–	–	–
9	Yee Oii Pah @ Yee Ooi Wah	487,200	0.19	113,152,861 ^	44.90

* Deemed interested by virtue of the shareholdings of 487,200 shares each, of his spouse, Yee Oii Pah @ Yee Ooi Wah and brother-in-law, Ir. Koh Thong How

+ Deemed interested by virtue of the shareholdings of his brother-in-law, Pang Wee See

^ Deemed interested by virtue of the shareholdings of her spouse, Pang Wee See

** Deemed interested by virtue of the shareholdings of his spouse, Liong Mee Mee

Deemed interested by virtue of the shareholdings of his spouse, Lee Kim Peng

LIST OF 30 LARGEST SHAREHOLDERS

AS AT 26 MARCH 2012

	Name of Shareholders	No. of Shares	%
1	Pang Wee See	113,152,861	44.90
2	Tan Boon Kok	24,821,963	9.85
3	Chan Ah Kien	18,493,147	7.34
4	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Chong Foong Melw*	11,762,088	4.67
5	Kan King Choy	10,215,841	4.05
6	Chan Ah Kien	6,720,000	2.67
7	Mayban Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Sepulohniam A/L M.Somu*	5,000,112	1.98
8	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Yee Kim Keow*	3,708,752	1.47
9	Lee Ee Lee	3,305,360	1.31
10	Yiap Chee Keng	3,260,984	1.29
11	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Yap Chee Seng*	2,657,592	1.06
12	Liang G-E	2,268,181	0.90
13	Chong Tuck Chiew	2,100,000	0.83
14	AIBB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Low Kok Tiong*	1,680,000	0.67
15	Toong Chong Seng	1,260,000	0.50
16	Liang G-E	1,258,824	0.50
17	Chan Yin Juan @ Chin Hin Poon	1,192,800	0.47
18	Maheswaran A/L Rajamanickam	1,164,240	0.46
19	Tay Lay Cheng	1,159,704	0.46
20	Mayban Securities Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Yoong Fui Kien (Dealer 01C)*	1,116,300	0.44
21	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Yap Yuen Choy (8077937)*	974,400	0.39
22	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Lee Chong Theen*	954,912	0.38
23	Yap Chee Teong	900,000	0.36
24	Phua Sin Loke	840,000	0.33
25	Teo Hwee Mien	814,800	0.32
26	HLG Nominee (Asing) Sdn Bhd *Exempt An For DBS Bank (Hong Kong) Limited (A/C 5)*	738,528	0.29
27	Tay Lay Cheng	719,544	0.29
28	Cheah Yoke Thai	698,904	0.28
29	Tan Boon Eng	619,800	0.25
30	Lee Jia Yian	600,000	0.24
		224,159,637	88.95

LIST OF PROPERTIES

AS AT 31 DECEMBER 2011

The following are the properties held by the Group as at 31 December 2011:

A summary of the land and building owned by Brite-Tech Corporation Sdn. Bhd. is set out below:-

Location	Tenure and Existing Use	Land Area	Net Book Value as at 31.12.2011 RM'000	Type of Property	Approximate Age of Building	Built Up Area (sq ft)
P.T. No. 5015, Mukim of Damansara, District of Petaling, Selangor D.E.*	Freehold Land & Building (Rented to related company)	42,880 sq. ft.	9,500	Triple storey office block and a single storey factory	16	20,402
P.T. No. 12144, Mukim of Kapar, District of Kelang, Selangor D.E.*	Freehold Land & Building (Operational assets held for owner occupation)	4,220 sq. ft.	600	Double storey semidetached factory	32	1,900
				Extension	6	4,074
P.T. No. 723, H.S. (M) 956, Mukim of Setul, District of Seremban Negeri Sembilan.*	Leasehold Land (99 years, expiring in 2/10/2085) (Surplus to the operational requirement)	50,939 sq. ft.	1,000	Vacant land	–	–

A summary of the land and building owned by Hooker Chemical Sdn. Bhd. is set out below:-

Location	Tenure and Existing Use	Land Area	Net Book Value as at 31.12.2011 RM'000	Type of Property	Approximate Age of Building	Built Up Area (sq ft)
H.S. (M) 1117, Lot No. 4568, Mukim 14, District of Seberang Perai Tengah, Pulau Pinang.*	Freehold Building (Rented to related company)	1,540 sq. ft.	380	Double storey shophouse	19	3,322
PTD 85433, H.S. (D) 169547, Mukim Pelentong, District of Johor Bahru, Johor.*	Freehold Building (Rented to related company)	2,400 sq. ft.	600	Double storey shophouse	20	3,072
P.T. No. 11419, Mukim of Damansara, District of Petaling, Selangor.*	Freehold Building (Assets held for investments)	1,760 sq. ft.	2,800	Triple storey shophouse	19	5,161

LIST OF PROPERTIES (Cont'd)

AS AT 31 DECEMBER 2011

A summary of the land and building owned by Rank Chemical Sdn. Bhd. is set out below:-

Location	Tenure and Existing Use	Land Area	Net Book Value as at 31.12.2011 RM'000	Type of Property	Approximate Age of Building	Built Up Area (sq ft)
H.S. (D) 31573, Lot No. PTD 42295, Mukim and District of Kluang, Johor.*	Freehold Building (Operational assets held for owner occupation)	9,375 sq. ft.	580	Single storey detached factory	12	4,800
H.S. (D) 23144, Lot No. PTD 38519, Mukim and District of Kluang, Johor.*	Freehold Building (Assets held for investment)	1,540 sq. ft.	120	1½ storey light industrial factory	14	2,156
PTD 32881, Mukim and District of Kluang, Johor.*	Freehold Building (Assets held for investments)	1,540 sq. ft.	320	Double storey shophouse	17	3,080
PTD 42334, Mukim and District of Kluang, Johor.*	Freehold Building (Operational assets held for owner occupation)	7,700 sq. ft	320	Double storey semidetached factory	10	4,675
PTD 42336, Mukim and District of Kluang, Johor.*	Freehold Building (Operational assets held for owner occupation)	7,700 sq. ft	320	Double storey semidetached factory	10	4,675

A summary of the land and building owned by Renown Orient Sdn. Bhd. is set out below:-

Location	Tenure and Existing Use	Land Area	Net Book Value as at 31.12.2011 RM'000	Type of Property	Approximate Age of Building	Built Up Area (sq ft)
PLO No. 705, Pasir Gudang Industrial Area, Mukim Plentong, Daerah Johor Bahru, Johor.*	Leasehold Land (60 years, expiring in 2064) (Idle)	87,120 sq. ft.	1,300	Vacant land	–	–
PLO No. 706, Pasir Gudang Industrial Area, Mukim Plentong, Daerah Johor Bahru, Johor.*	Leasehold Land (60 years, expiring in 2064) (Idle)	87,120 sq. ft.	1,300	Vacant land	–	–

LIST OF PROPERTIES (Cont'd)

AS AT 31 DECEMBER 2011

A summary of the land and building owned by Sincere United Sdn. Bhd. is set out below:-

Location	Tenure and Existing Use	Land Area	Net Book Value as at 31.12.2011 RM'000	Type of Property	Approximate Age of Building	Built Up Area (sq ft)
H.S. (D) 97263, P.T. No. 27732, Mukim and District of Petaling, State of Selangor.*	Leasehold Land & Building (87 years, expiring in 14/11/2090) (Assets held for investment)	1,604 sq. ft.	300	Single storey terrace factory	23	1,600

A summary of the land and building owned by Spectrum Laboratories (Penang) Sdn. Bhd. is set out below:-

Location	Tenure and Existing Use	Land Area	Net Book Value as at 31.12.2011 RM'000	Type of Property	Approximate Age of Building	Built Up Area (sq ft)
H.S. (M) 1116, Lot No. 4567, Mukim 14, District of Seberang Perai Tengah, Pulau Pinang. (Date of acquisition: 21 February 2011)	Freehold Building (Operational assets held for owner occupation)	1,540 sq. ft.	403	Double storey shophouse	19	3,322

Note:-

* means:
The properties were revalued on 5 October and 12 December 2011. The valuations were carried out by Messrs. Chartwell ITAC International (Kajang) Sdn Bhd, an external independent firm of professional valuer registered with the Board of Valuers, Appraisers and Estate Agents Malaysia based on the comparison method (open market value).

ANNEXURE A - NOTICE OF NOMINATION OF AUDITORS

Liang G-E
18, Jalan Molek 2/5
Taman Molek
81100 Johor Bahru

Date: 4 April 2012

The Board of Directors
BRITE-TECH BERHAD
Lot 14 (PT5015), Jalan Pendamar 27/90
Seksyen 27
40000 Shah Alam
Selangor Darul Ehsan

Dear Sirs,

NOTICE OF NOMINATION OF AUDITORS

Pursuant to Section 172(11) of the Companies Act, 1965, I, being a shareholder of the Company, hereby give notice of my intention to nominate Messrs. AHL (formerly know as A.H.Lim & Partners) for appointment as auditors of the Company and to propose the following as an ordinary resolution to be tabled at the forthcoming Annual General Meeting of the Company, to replace the retiring auditors, Messrs. S.F. Yap & Co:-

"That Messrs AHL (formerly known as A.H.Lim & Partners) be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs. YYC & Co (formerly known as S.F. Yap & Co), and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

Yours faithfully,

....
Liang G-E

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BRITE TECH

BRITE-TECH BERHAD
(550212-U) (Incorporated in Malaysia)

PROXY FORM

No. of shares held

I/We ....

of ....

Being a member/members of **BRITE-TECH BERHAD** hereby appoint ....

....

and/or failing him/her ....

of ....

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Eleventh Annual General Meeting of the Company, to be held at Tioman Room, Bukit Jalil Golf and Country Resort, Jalan 3/155B, 57000 Kuala Lumpur on Friday, 18 May 2012 at 10.00 a.m. and any adjournment thereof.

My/Our Proxy(ies) is/are to vote as indicated below:

No.	Resolution	For	Against
1.	To declare a final single tier dividend of 0.48 sen per ordinary share in respect of the year ended 31 December 2011.		
2.	To approve the payment of Directors' fees for the financial year ended 31 December 2011.		
	To re-elect the following Directors who are retiring by rotation, pursuant to Article 96 of the Articles of Association of the Company, and being eligible, offer themselves for re-election :-		
3.	Mr. Pang Wee See		
4.	Mr. Chan Ah Kien		
5.	Mr. Kan King Choy		
6.	To re-appoint the following Director who is retiring pursuant to Section 129 of the Companies Act, 1965 and to hold office until the conclusion of the next Annual General Meeting :- Dr. Seow Pin Kwong		
7.	To appoint Messrs AHL (formerly known as A.H.Lim and Associates) as Auditors of the Company and to authorise the Directors to fix their remuneration		
	Special Business		
8.	**Ordinary Resolution** - To authorise the Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965.		

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

Signed this .... day of 2012

....
Signature/Common Seal of Shareholder(s)

Notes:

1. *A member entitled to attend and vote at the Annual General Meeting is entitled to appoint more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
2. *Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.*
3. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
4. *The instrument of appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised in writing in that behalf.*
5. *The instrument appointing a proxy must be deposited at the Registered Office at 17 & 19, 2nd Floor, Jalan Brunei Barat, 55100 Kuala Lumpur, not less than 48 hours before the time appointed for holding the annual general meeting or any adjournment thereof.*

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary

BRITE-TECH BERHAD (550212-U)
17 & 19, 2nd Floor
Jalan Brunei Barat
55100 Kuala Lumpur
Malaysia

1st fold here

BRITE-TECH BERHAD
(550212-U)