Company No.	
399442	A

CN ASIA CORPORATION BHD.
(Incorporated in Malaysia)

REPORT AND FINANCIAL STATEMENTS
31ST DECEMBER 2012

TAI, YAPP & CO
(No. AF 0205)
Chartered Accountants

Company No.

399442	A

CN ASIA CORPORATION BHD.
(Incorporated in Malaysia)

REPORT AND FINANCIAL STATEMENTS
31ST DECEMBER 2012

CN ASIA CORPORATION BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2012

The Directors present their report and the audited financial statements of the Group and of the Company for the year ended 31st December 2012.

PRINCIPAL ACTIVITIES

The principal activities of the Company are those of investment holding and providing management services. The principal activities of the subsidiary companies are disclosed in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

	Group	Company
FINANCIAL RESULTS	**RM**	**RM**
Loss for the year	1,555,516	71,942
	==========	========

The results of the operations of the Group and of the Company for 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.

DIVIDEND

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

RESERVES AND PROVISIONS

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

ALLOWANCE FOR IMPAIRMENT OF RECEIVABLES

Before the statement of comprehensive income and statement of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment of receivables and are satisfied that all known bad debts have been written off and adequate allowance has been made for doubtful debts.

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

CURRENT ASSETS

Before the statement of comprehensive income and statement of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain whether any current assets, other than debts, which were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the Group and of the Company and to the extent so ascertained were written down to an amount that they might be expected so to realise.

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

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which 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:-

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

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

No contingent liability or other 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 the financial statements of the Group and of the Company, that would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company for 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 financial year in which this report is made.

ISSUE OF SHARES

During the year, no issue of shares was made by the Company.

OPTIONS

During the year, no options to take up unissued shares of the Company was granted.

DIRECTORS

The Directors who have served since the date of the last report are:-

DATO' HILMI BIN MOHD. NOOR
HO CHENG SAN
CHONG YING CHOY
AB. RAZAK BIN IDRIS
LEE LAM
ARIFFIN BIN KHALID - Resigned on : 15.8.2012

In accordance with Article 84 of the Company's Articles of Association, En. Ab. Razak Bin Idris retires by rotation and, being eligible, offers himself for re-election at the forthcoming Annual General Meeting of the Company.

Dato' Hilmi Bin Mohd. Noor who attained the age of over 70 years, is seeking re-appointment as Director under Section 129(6) of the Companies Act, 1965 at the forthcoming Annual General Meeting of the Company.

DIRECTORS' INTEREST

The shareholdings in the Company of those who were Directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:-

	---------- Ordinary Shares of RM1.00 each ----------			
Direct Interest	**Balance as at 1.1.12**	**Bought**	**(Sold)**	**Balance as at 31.12.12**
HO CHENG SAN	14,622,385	-	-	14,622,385
LEE LAM	11,750	-	-	11,750
Indirect Interest				
HO CHENG SAN (i)	2,619,759	-	-	2,619,759
LEE LAM (ii)	13,000	-	-	13,000

(i) Deemed interests by virtue of his substantial shareholdings in CN Asia Engineering Sdn. Bhd.

(ii) Deemed interests pursuant to Section 134 (12)(c) of the Companies Act, 1965 in compliance with the Companies (Amendment) Act, 2007 by virtue of their spouse direct interests in the Company.

Mr. Ho Cheng San by virtue of his interest in shares in the Company is deemed interested in shares of the subsidiary companies to the extent the Company has an interest, in accordance with Section 6A of the Companies Act, 1965.

The other directors did not hold any shares in the Company as at the end of the year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than those benefits disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which the Director has a substantial financial interest other than any benefits which may be deemed to have arisen from the transactions entered into by the Company as mentioned in Note 34 to the financial statements.

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

AUDITORS

The auditors, Messrs Tai, Yapp & Co., have indicated that they will not be seeking re-appointment for the ensuing year.

On behalf of the Board

HO CHENG SAN

LEE LAM

Selangor
Dated: 24 APR 2013

TAI, YAPP & CO.
CHARTERED ACCOUNTANTS
(AF: 0205)

NO. 3-2, JALAN INDRAHANA 2,
OFF JALAN KUCHAI LAMA, 58200 KUALA LUMPUR.
P.O. BOX 89, JALAN KELANG LAMA POST OFFICE,
58000 KUALA LUMPUR.
TEL: 03-79830277, 79836128
FAX: 03-79819912
EMAIL: audit@taiyapp.com / taiyapp@gmail.com

CN ASIA CORPORATION BHD.
(Incorporated in Malaysia)

FINANCIAL STATEMENTS – 31ST DECEMBER 2012

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

Report on the Financial Statements

We have audited the financial statements of CN Asia Corporation Bhd., which comprise the statement of financial position as at 31st December 2012 of the Group and of the Company, and the statement of comprehensive income, statement of changes in equity and statement of cash flow of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 9 to 66.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal 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.

TAI, YAPP & CO.
CHARTERED ACCOUNTANTS
(AF: 0205)

NO. 3-2, JALAN INDRAHANA 2,
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Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31st December 2012 and of its financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

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

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

b) We have considered the accounts and the auditors' reports of one of the subsidiaries of which we have not acted as auditors, which are indicated in note 8 to the financial statements.

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

d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information as set out in Note 35 in the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

TAI, YAPP & CO.
CHARTERED ACCOUNTANTS
(AF: 0205)

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Company No.

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Other Matters

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

TAI, YAPP & CO
AF 0205
Chartered Accountants

YAPP HOCK HOE
No: 723/03/14 (J/PH)
Chartered Accountant

Dated : 24 APR 2013
Kuala Lumpur

Company No.

399442	A

CN ASIA CORPORATION BHD.
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2012

	Note	31.12.2012	Restated 31.12.2011	Restated 1.1.2011
		RM	RM	RM
NON CURRENT ASSETS				
Property, plant and equipment	5	28,169,439	29,941,103	30,605,119
Intangible assets	6	18,744	56,228	93,712
Investment property	7	380,000	380,000	380,000
Investment in an associated company	9	29,537	28,235	-
Goodwill on consolidation	10	76,609	76,609	136,126
		28,674,329	30,482,175	31,214,957
CURRENT ASSETS				
Inventories	11	4,155,192	3,034,043	5,686,271
Trade receivables	12	2,922,335	4,992,217	2,725,110
Amount owing by contract customers	13	1,075,441	292,777	1,336,500
Other receivables, deposits and prepayments	14	625,072	793,543	518,268
Amount owing by an associated company	15	-	-	52,000
Tax recoverable		62,682	62,682	62,682
Fixed deposit placed with licensed bank	17	217,504	211,369	205,480
Cash and bank balances	18	1,014,136	827,863	1,675,144
		10,072,362	10,214,494	12,261,455
TOTAL ASSETS		38,746,691	40,696,669	43,476,412
EQUITY AND LIABILITIES				
Share capital	19	45,382,500	45,382,500	45,382,500
Reserves	20	(17,047,587)	(15,468,196)	(11,509,549)
TOTAL EQUITY		28,334,913	29,914,304	33,872,951
NON CURRENT LIABILITIES				
Hire purchase payables	21	48,999	86,945	213,011
CURRENT LIABILITIES				
Trade payables	22	2,040,229	1,594,674	2,213,343
Other payables and accruals	23	426,220	747,549	794,180
Amount owing to an associated company	15	48,473	49,500	-
Bank borrowings	24	7,766,752	8,177,631	6,251,988
Hire purchase payables	21	81,105	126,066	130,939
		10,362,779	10,695,420	9,390,450
TOTAL LIABILITIES		10,411,778	10,782,365	9,603,461
TOTAL EQUITY AND LIABILITIES		38,746,691	40,696,669	43,476,412
Net assets per ordinary share (RM)		0.62	0.66	0.75

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

CN ASIA CORPORATION BHD.
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2012

	Note	2012 RM	Restated 2011 RM
Revenue	25	20,392,784	13,559,322
Cost of sales		(17,860,084)	(14,143,416)
Gross profit/(loss)		2,532,700	(584,094)
Other operating income		7,826	207,749
Selling and distribution costs		(125,989)	(147,415)
Administrative expenses		(2,497,576)	(2,526,140)
Other operating expenses		(1,065,455)	(433,123)
Loss from operations		(1,148,494)	(3,483,023)
Finance costs		(408,324)	(502,774)
Share of results of associated company		1,302	(20,765)
Loss before taxation	26	(1,555,516)	(4,006,562)
Taxation	27	-	-
Loss after taxation		(1,555,516)	(4,006,562)
Other comprehensive expense for the year			
Foreign exchange translation differences		(23,875)	47,915
Total comprehensive expense for the year		(1,579,391)	(3,958,647)
Attributable to equity holders		(1,579,391)	(3,958,647)
Basic loss per ordinary share (sen)	29	(3.43)	(8.83)

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

CN ASIA CORPORATION BHD.
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2012

	Non-distributable				Distributable	
	Share Capital	Share Premium	Revaluation Reserve	Translation Reserve	Accumulated Losses	Total Equity
	RM	RM	RM	RM	RM	RM
Balance at 1st January 2011						
- As previously reported	45,382,500	3,491,965	630,860	(16,093)	(16,209,781)	33,279,451
- Realisation of deferred taxation	-	-	593,500	-	-	593,500
- Effect of adoption of MFRS 1	-	-	(1,224,360)	-	1,224,360	-
- As restated	45,382,500	3,491,965	-	(16,093)	(14,985,421)	33,872,951
Total comprehensive expense	-	-	-	47,915	(4,006,562)	(3,958,647)
Balance at 31st December 2011	45,382,500	3,491,965	-	31,822	(18,991,983)	29,914,304
Total comprehensive expense	-	-	-	(23,875)	(1,555,516)	(1,579,391)
Balance at 31st December 2012	45,382,500	3,491,965	-	7,947	(20,547,499)	28,334,913

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

Company No.

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CN ASIA CORPORATION BHD.
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2012

	2012	2011
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(1,555,516)	(4,006,562)
Adjustments for: -		
Impairment loss on property, plant and equipment	651,836	-
Allowance for impairment of receivable	40,572	230,000
Amortisation of intangible assets	37,484	37,484
Amortisation of long term leasehold land	83,282	83,280
Bad debt written off	192,915	-
Depreciation of property, plant and equipment	1,128,823	1,109,870
Gain on foreign exchange - unrealised	(1,591)	(124,301)
Impairment loss on goodwill	-	59,517
Interest expenses	400,496	496,521
Interest income	(6,235)	(6,065)
Loss on foreign exchange - unrealised	11,341	17,635
Property, plant and equipment written off	102,769	13,978
Share of results of associated company	(1,302)	20,765
Write down of inventories	-	19,000
Operating profit/(loss) before working capital changes	1,084,874	(2,048,878)
(Increase)/Decrease in inventories	(1,125,358)	2,227,754
Decrease/(Increase) in receivables	2,013,011	(2,693,074)
(Increase)/Decrease in amount owing by customer for contract work	(782,664)	1,043,723
Increase/(Decrease) in payables	122,466	(665,378)
Cash generated from/(absorbed in) operations	1,312,329	(2,135,853)
Interest paid	(400,496)	(496,521)
Interest received	6,235	6,065
Net cash provided by/(used in) operating activities carried forward	918,068	(2,626,309)

	Note	2012 RM	2011 RM
Net cash provided by/(used in) operating activities carried forward		918,068	(2,626,309)
CASH FLOWS FROM INVESTING ACTIVITIES			
Placement fixed deposit with licensed bank		(6,135)	(5,888)
Increase in investment in an associated company		-	(49,000)
Purchase of property, plant and equipment	(a)	(155,790)	(107,399)
Net cash used in investing activities		(161,925)	(162,287)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment from associated company		(1,027)	101,500
Repayments of hire purchase payables		(133,714)	(130,939)
Increase in bill payables		506,000	1,275,000
Net cash provided by financing activities		371,259	1,245,561
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,127,402	(1,543,035)
EFFECTS OF EXCHANGE RATE CHANGES		(24,250)	45,111
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		(4,486,768)	(2,988,844)
CASH AND CASH EQUIVALENTS CARRIED FORWARD	(b)	(3,383,616)	(4,486,768)

Note :

a) Purchase of Property, plant and Equipment

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM206,597 (2011 : RM107,399) of which RM50,807 (2011 : Nil) was acquired by means of hire purchase. Cash payment of RM155,790 (2011 : RM107,399) was made to acquire the property, plant and equipment.

b) Cash and cash equivalents

	2012 RM	2011 RM
Cash and bank balances (Note 18)	1,014,136	827,863
Bank overdraft (Note 24)	(4,397,752)	(5,314,631)
	(3,383,616)	(4,486,768)

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

CN ASIA CORPORATION BHD.
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2012

	Note	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
NON CURRENT ASSET				
Investments in subsidiary companies	8	14,416,461	14,416,461	28,298,215
CURRENT ASSETS				
Sundry deposits	14	1,000	1,000	1,000
Amount owing by subsidiary companies	16	18,447,979	18,554,279	20,213,829
Tax recoverable		26,409	26,409	26,409
Bank balance	18	38,848	1,289	5,889
		18,514,236	18,582,977	20,247,127
TOTAL ASSETS		32,930,697	32,999,438	48,545,342
EQUITY AND LIABILITIES				
Share capital	19	45,382,500	45,382,500	45,382,500
Reserves	20	(12,466,944)	(12,395,002)	3,150,498
TOTAL EQUITY		32,915,556	32,987,498	48,532,998
CURRENT LIABILITIES				
Other payables and accruals	23	15,141	11,940	12,344
TOTAL LIABILITIES		15,141	11,940	12,344
TOTAL EQUITY AND LIABILITIES		32,930,697	32,999,438	48,545,342

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

Company No.

399442	A

CN ASIA CORPORATION BHD.
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2012

	Note	2012 RM	2011 RM
Revenue	25	60,000	60,000
Administrative expenses		(131,942)	(140,946)
Other operating expenses		-	(15,464,554)
Loss from operations		(71,942)	(15,545,500)
Finance costs		-	-
Loss before taxation	26	(71,942)	(15,545,500)
Taxation	27	-	-
Loss after taxation		(71,942)	(15,545,500)
Other comprehensive expense for the year		-	-
Total comprehensive expense for the year		(71,942)	(15,545,500)
Attributable to equity holders of the Company		(71,942)	(15,545,500)

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

CN ASIA CORPORATION BHD.
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2012

		Non-distributable	Distributable	
	Share Capital RM	Share Premium RM	Accumulated Losses RM	Total RM
Balance at 1st January 2011	45,382,500	3,491,965	(341,467)	48,532,998
Total comprehensive expense	-	-	(15,545,500)	(15,545,500)
Balance at 31st December 2011	45,382,500	3,491,965	(15,886,967)	32,987,498
Total comprehensive expense	-	-	(71,942)	(71,942)
Balance at 31st December 2012	45,382,500	3,491,965	(15,958,909)	32,915,556

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

CN ASIA CORPORATION BHD.
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2012

	2012	2011
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(71,942)	(15,545,500)
Adjustments for :-		
Impairment loss on investment in subsidiary companies	-	13,881,754
Allowance for impairment of subsidiary companies	-	1,582,800
Operating loss before working capital changes	(71,942)	(80,946)
Increase/(Decrease) in payables	3,201	(404)
Net cash used in operating activities	(68,741)	(81,350)
CASH FLOWS FROM INVESTING ACTIVITIES		
Repayment from subsidiary companies	106,300	76,750
Net cash provided by investing activities	106,300	76,750
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	37,559	(4,600)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	1,289	5,889
CASH AND CASH EQUIVALENTS CARRIED FORWARD	38,848	1,289

Note :
Cash and cash equivalents

	2012	2011
Bank balance	38,848	1,289

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

CN ASIA CORPORATION BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER 2012

1. GENERAL INFORMATION

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

The Company's registered office and principal place of business are at Lot 7907, Batu 11, Jalan Balakong, 43300 Seri Kembangan, Selangor Darul Ehsan.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Statement of Compliance

The financial statements of the Group and of the Company have been approved by the Board of Directors for issuance on 24th April 2013.

The financial statements of the Group and of the Company have been prepared in accordance with applicable Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS) and the provisions of the Companies Act, 1965. These are the Group and the Company's first financial statements prepared in accordance with MFRSs and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied.

In the previous financial years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards ("FRS") in Malaysia. During the financial year, the Group and the Company had adopted following MFRSs and Interpretations which are mandatory for the current financial year :-

MFRSs	IFRSs	Title
MFRS 1	IFRS 1	First-time Adoption of Financial Reporting Standards
MFRS 2	IFRS 2	Share-based Payment
MFRS 5	IFRS 5	Non-current Assets Held for Sale and Discontinued Operations
MFRS 7	IFRS 7	Financial instruments : Disclosures
MFRS 8	IFRS 8	Operating Systems
MFRS 101	IAS 1	Presentation of Financial Statements
MFRS 102	IAS 2	Inventories
MFRS 107	IAS 7	Statement of Cash Flows
MFRS 108	IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 110	IAS 10	Events after the Reporting Period
MFRS 111	IAS 11	Construction Contracts

MFRSs	IFRSs	Title
MFRS 112	IAS 12	Income Taxes
MFRS 116	IAS 16	Property, Plant and Equipment
MFRS 117	IAS 17	Leases
MFRS 118	IAS 18	Revenue
MFRS 119	IAS 19	Employee Benefits
MFRS 121	IAS 21	The Effects of Changes in Foreign Exchange Rates
MFRS 123	IAS 23	Borrowing Costs
MFRS 124	IAS 24	Related Party Disclosures
MFRS 127	IAS 27	Separate Financial Statements
MFRS 128	IAS 28	Investments in Associates and Joint Ventures
MFRS 131	IAS 31	Interests in Joint Ventures
MFRS 132	IAS 32	Financial Instruments : Presentation
MFRS 133	IAS 33	Earnings per Share
MFRS 134	IAS 34	Interim Financial Reporting
MFRS 136	IAS 36	Impairment of Assets
MFRS 137	IAS 37	Provisions, Contingent Liabilities and Contingent Assets
MFRS 138	IAS 38	Intangible Assets
MFRS 139	IAS 39	Financial Instruments : Recognition and Measurement
MFRS 140	IAS 40	Investment Property
IC Int. 4	IFRIC 4	Determining whether an Arrangement contains a Lease
IC Int. 6	IFRIC 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
IC Int. 9	IFRIC 9	Reassessment of Embedded Derivatives
IC Int. 10	IFRIC 10	Interim Financial Reporting and Impairment
IC Int. 14	IFRIC 14	MFRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IC Int. 16	IFRIC 16	Hedges of Net Investment in a Foreign Operation
IC Int. 17	IFRIC 17	Distribution of Non-cash Assets to Owners
IC Int. 18	IFRIC 18	Transfers of Assets from Customers
IC Int. 19	IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments
IC Int. 107	SIC 7	Introduction to the Euro
IC Int. 112	SIC 12	Consolidation – Special Purpose Entities
IC Int. 113	SIC 13	Jointly Controlled Entities – Non-monetary Contributions by Ventures
IC Int. 115	SIC 15	Operating Leases – Incentives
IC Int. 125	SIC 25	Income taxes – Changes in the Tax Status of an Entity or its Shareholders
IC Int. 132	SIC 32	Intangible Assets – Web Site Costs

The financial impacts on transition to the above MFRSs are disclosed in Note 33.

At the date of authorisation of these financial statements, the following MFRSs, Amendments to MFRSs and Interpretations were issued but not yet effective and have not been applied by the Group and the Company :

Effective for financial periods beginning on or after 1 July 2012

Amendments to MFRS 101	Presentation of items of Other Comprehensive Income

Effective for financial periods beginning on or after 1 January 2013

MFRS 3	Business Combinations
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (revised)
MFRS 127	Consolidated and Separate Financial Statements (revised)
MFRS 128	Investments in Associates and Joint Ventures (revised)
Amendments to MFRS 7	Financial Instruments : Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10	Consolidated Financial Statements : Transition Guidance
Amendments to MFRS 11	Joint Arrangements : Transition Guidance
Amendments to MFRS 12	Disclosure of Interest in Other Entities : Transition Guidance

Annual Improvements to IC Interpretations and MFRSs 2009 – 2011 Cycle

Effective for financial periods beginning on or after 1 January 2014

Amendments to MFRS 132	Financial Instruments : Presentation – Offsetting Financial Assets and Financial Liabilities

Effective for financial periods beginning on or after 1 January 2015

Amendments to MFRS 9	Mandatory Effective Date of MFRS 9 and Transition Disclosures

The management anticipate that the adoption of the above MRFSs will not have significant impact on the financial position and financial performance of the Group and the Company.

2.2 Basis of Measurement

The financial statements of the Group and the Company have been prepared under the historical cost convention and other measurement basis otherwise indicated in the respective accounting policies as set out below.

2.3 Functional and Presentation Currency

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

2.4 Use of Estimates and Judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the respective notes.

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

(a) Impairment of loans and receivables

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

(b) Deferred Tax Asset

Deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. This involves judgment regarding the future financial performance together with future tax planning strategies.

(c) Useful lives of Property, Plant and Equipment

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In additional the estimation of the useful lives of property, plant and equipment are based on internal evaluation and experience with similar assets. It is possible that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

(d) Valuation of Inventories

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

(e) Fair Value of Investment Property

The measurement of the fair value for investment property performed by the management is based on active market for similar properties in the same location and condition and subject to similar lease and other contracts.

(f) Revenue Reocgnition for Construction Contracts

The Group recognises revenue from construction contracts based on the percentage of completion method. The stage of completion of the construction contracts is measured in accordance with the accounting policies set out below.

Significant judgement is required in determining the percentage of completion, the extent of the contract cost incurred, the estimated total revenue and total costs and the recoverability of the contract cost. In making those judgements, management relies on past experience and, if necessary, the work of specialists.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Equity Instruments

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

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

3.2 Basis of Consolidation

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

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

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

In business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of the non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in the Note 3.3 to the financial statement. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

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

Transactions with non-controlling interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Parent, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Parent.

Changes in the Company ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

3.3 Goodwill on Consolidation

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

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

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

Goodwill and fair value adjustments arising on the acquisition of foreign operation are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 3.12.2.

3.4 Subsidiary Companies

A subsidiary company is a company in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investment in subsidiaries are stated in the Company's statement of financial position at cost less impairment losses.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

3.5 Investment in Associated Company

An associated company, which is neither a subsidiary nor a joint venture, is defined as a company in which the investor has significant influence but not control over the financial and operating policies of the company.

The Group's investment in associated company is stated at cost less impairment losses, if any.

Goodwill or negative goodwill arising from acquisition represents the difference between the cost of the investment and the Group's share of the fair value of net assets of the associated company at the date of acquisition.

The Group's share of results and reserves in the associated company acquired or disposed of are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal.

The Group's interest in the associated company in the consolidated financial position are stated at cost plus adjustment to reflect changes in the Group's share of results and reserves in the associated company.

3.6 Property, Plant and Equipment

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

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day to day servicing of property, plant and equipment are recognised in the statement of comprehensive income as incurred.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Capital work in progress is not depreciated as this asset is not yet available for use. Depreciation is calculated to write off the cost of other property, plant and equipment on the reducing balance method over the estimated useful lives of the assets concerned. The principal annual depreciation rates used for this purpose are as follows :-

	%
Long term leasehold land	Over the remaining lease period
Building	Over the remaining lease period
Plant and machinery	5 – 10
Furniture, fittings and equipment	5 – 10
Motor vehicles	20

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

3.7 Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value with any changes therein recognised in profit or loss for the period in which they arise.

Fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuations between a willing buyer and a willing seller in an arm's length transaction. Fair values of investment properties are determined either by independent professional valuers or by management based on their judgement and estimates. Management's estimates have been made with reference to current prices in an active market for similar properties in the same location and condition and subject to similar lease and other contracts.

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

3.8 Amount owing by/(to) Contract Customers

Amount owing by and owing to contract customers are the net amount by which costs incurred plus recognised profits (less losses) exceeds progress billings and vice versa.

Costs includes direct materials, labour, sub-contract charges and attributable overheads paid or payable to date.

3.9 Intangible Assets

3.9.1 Research and Development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the statement of comprehensive income as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and process, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development and use or sell it.

The expenditure capitalised includes the cost of materials and services used in generating the intangible asset and fees to register a legal right. Other development expenditure is recognised in the statement of comprehensive income as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

3.9.2 Subsequent Expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

3.9.3 Amortisation

Amortisation is charged to the statement of comprehensive income on a straight-line basis over a period of 5 years from the year of commencement of commercial production of related products or the expected useful life, whichever is shorter.

3.10 Income Taxes

Income taxes comprise current and deferred tax. Tax expense is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences : the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.11 Impairment

(i) Financial assets

All financial assets (except for investments in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

(ii) Non-financial assets

The carrying amounts of non-financial assets (except for deferred tax asset) are reviewed at the end of each reporting period to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation losses are credited to profit or loss in the year in which the reversals are recognised.

The impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount.

3.12 Foreign Currencies Conversion

3.12.1 Functional and presentation currency

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

3.12.2 Foreign currency translations

In preparing the financial statements of the individual entities, transactions in foreign currencies are measured in the respective functional currencies at the exchange rates approximating those ruling at the transaction dates. At each financial year end, monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the financial year end. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

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

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

The exchange rates ruling at reporting date used for each unit of foreign currencies to Ringgit Malaysia are as follows :-

	Year End	
	2012	**2011**
1 Euro Dollar	4.0293	4.1118
1 Singapore Dollar	2.4908	2.4427
1 Renminbi	0.4909	0.5034
1 United States Dollar	3.0457	3.1770
1 Indonesian Ruppiah	0.0298	0.0347
1 South African Rand - ZAR	0.3619	0.3922
1 Seychelles Rupee	0.2332	0.5291
1 Hongkong Dollar	0.3911	0.4038

3.13 Inventories

Inventories are stated at the lower of cost and net realisable value after due allowances are made for damaged, obsolete and slow moving items. Cost is principally determined on first-in-first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of raw materials includes the original purchase price and the incidental expense incurred in bringing the inventories to their present location and condition. The cost of work in progress and finished goods include the cost of raw materials, direct labour and an appropriate proportion of manufacturing overheads.

3.14 Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of leases classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as held under a finance lease; and

Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

(ii) Finance Leases

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the statement of financial position as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Any initial costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of assets acquired, are recognised in the statement of comprehensive income over the term of the relevant lease so as to produce a constant periodical rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in note 3.6.

(iii) Operating Leases

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

In the case of a lease of land, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land elements in proportion to the relative fair values for leasehold interests in the land element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

3.15 Revenue Recognition

Revenue of the Group and of the Company are recognised on the following basis :

3.15.1 Revenue from sale of goods are recognised upon the delivery of goods and customer's acceptance.

3.15.2 Revenue from contract work-in-progress is recognised on the percentage of completion method when the outcome of the contracts can be reliably estimated. The percentage of completion basis is computed based on proportion of which the contract costs incurred for work performed to-date bear to the estimated total contract costs for each contract respectively.

3.15.3 Tank rental income and management fees are recognised on accrual basis.

3.15.4 Interest income is recognised as it accrues using the effective interest method in profit or loss.

3.16 Segment Information

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

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 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 element.

3.17 Provision for Liabilities

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.18 Employee Benefit Costs

Short term benefits

Wages, salaries, bonuses, social security contributions, paid annual leave and paid sick leave are recognised as an expense in the year in which the associated services are rendered by employees of the Group.

Short term accumulating compensated absences such as paid annual leaves are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leaves are recognised when the absences occur.

Defined contribution plan

Contributions to the Employees' Provident Fund are charged to the statement of comprehensive income in the year to which they relate.

3.19 Contingencies

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

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

3.20 Financial Assets and Liabilities

Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date, with the exception that the designation of financial assets at fair value through profit or loss at inception is not revocable.

Financial assets are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the financial instrument. When financial assets are recognised initially, they are measured at their fair values.

Purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. A financial asset is derecognised where the contractual rights to receive cash flows from the asset has expired or has been transferred and the Group has transferred substantially all risks and rewards of ownership. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss. Financial liabilities within the scope of MFRS 139 are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

3.20.1 Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are presented as "trade and other receivables", "cash and cash equivalents" and where applicable, "amount owing by subsidiary companies" on the statement of financial position.