Our Projects/ Products Reach:

- / Malaysia
- / Brunei
- / Sri Lanka
- / Cambodia
- / Abu Dhabi
- / Dubai
- / Australia
- / Vietnam
- / Ghana
- / Tanzania
- / Papua New Guinea
- / North Korea

www.pestech-international.com

Headquarters:

No.26, Jalan Utarid U5/14,
Seksyen U5, 40150 Shah Alam,
Selangor Darul Ehsan, Malaysia.

Customer care line:

1700-81-9001 (within Malaysia)
+6012 236 9226 (outside Malaysia)

PESTECH INTERNATIONAL BERHAD (948035-U)

Annual Report **2012**

PESTECH™ INTERNATIONAL

Effective.Efficient.Excellent

(948035-U)

Annual Report **2012**

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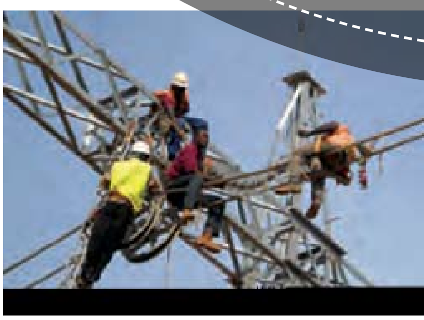


CORPORATE PROFILE

PESTECH International Berhad (PESTECH, "Company" or "Group") is a homegrown integrated electric power technology group listed on the Main Market of Bursa Malaysia (5219 / PESTECH). Its main operating subsidiary is PESTECH Sdn. Bhd. (PSB)

The Group is principally engaged in the provision of comprehensive power system engineering and technical solution for the design, procurement and installation of high voltage (HV) and extra high voltage (EHV) substations, transmission lines and underground cables for electricity transmission and distribution. With a civil construction team in place, the Group is able to provide turnkey substation, power transmission and distribution projects. Additionally, PESTECH conducts in-house engineering and development of its own communication, protection and control products, both for sale and for use in its projects. It owns several registered brands such as PESTECH, COPS, PROCOM, WACS and RETCOMS for application in electric power substation control, monitoring and protection apparatus.

Currently, the Group is focused on emerging and developing countries where there is demand for the development of electricity transmission and distribution assets. The Group is, thus, strategically positioned in the fast growing ASEAN region to cover Cambodia, Laos and Indonesia, apart from maintaining its established presence back home in Malaysia.

To maintain quality and safety standards, PESTECH has been adopting the Quality Management System (QMS) in accordance with ISO 9001:2000 since 2001 and obtained certification in 2002. Subsequently it extended its scope to ISO 9001:2008 and adopted Occupational Health and Safety Management System (OHS MS) in accordance with OHSAS 18001:2007 in 2010 which requires the organisations' commitment to prevent occupational ill health and injury at the work place.

FINANCIAL HIGHLIGHTS

	2012	PROFORMA 2011
	RM'000	
PROFITABILITY		
Revenue	**136,098**	130,947
EBIT	**24,194**	18,002
Profit before taxation	**23,033**	16,683
Profit for the year attributable to equity holders	**16,524**	12,001
BALANCE SHEET		
Total Assets	**129,048**	82,371
Share capital	**42,940**	42,940
Shareholders' equity	**65,383**	49,218
Total Bank Borrowings	**25,874**	18,006
FINANCIAL RATIO		
Return on equity	**0.37**	0.37
Return on Total Assets	**0.19**	0.22
Gearing Ratio	**0.40**	0.24
Interest Cover	**20.84**	13.65
SHARE INFORMATION		
Gross dividend per share (sen)	**7.70**	N/A
Earnings per share (sen)	**21.00**	N/A
Net assets per share (sen)	**76.13**	N/A
Weighted average number of ordinary shares in issue	**80,513**	N/A

CORPORATE INFORMATION

BOARD OF DIRECTORS

Lim Ah Hock
(Executive Chairman)

Paul Lim Pay Chuan
(Executive Director / CEO)

Detlef Raddatz
(Non Independent Non-Executive Director)

Tan Puay Seng
(Independent Non-Executive Director)

Ibrahim Bin Talib
(Independent Non-Executive Director)

COMPANY SECRETARIES

Teh Bee Choo
(MIA 7562)

Chua Siew Chuan
(MAICSA 0777689)

Yau Jye Yee
(MAICSA 7059233)

AUDITORS

SJ Grant Thornton (AF: 0737)
(Member of Grant Thornton International Ltd)
Chartered Accountants
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

Telephone No. : (03) 2692 4022

REGISTERED OFFICE

Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

Telephone No.: (03) 2084 9000

HEAD OFFICE

No.26, Jalan Utarid U5/14
Seksyen U5
40150 Shah Alam
Selangor Darul Ehsan

Telephone No. : (03) 7845 2186
Website: www.pestech-international.com

PRINCIPLE BANKERS

Standard Chartered (Malaysia) Berhad
Malayan Banking Berhad
Hong Leong Bank Berhad
Citibank Malaysia Berhad

SHARE REGISTRAR

Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

Telephone No. : (03) 2084 9000

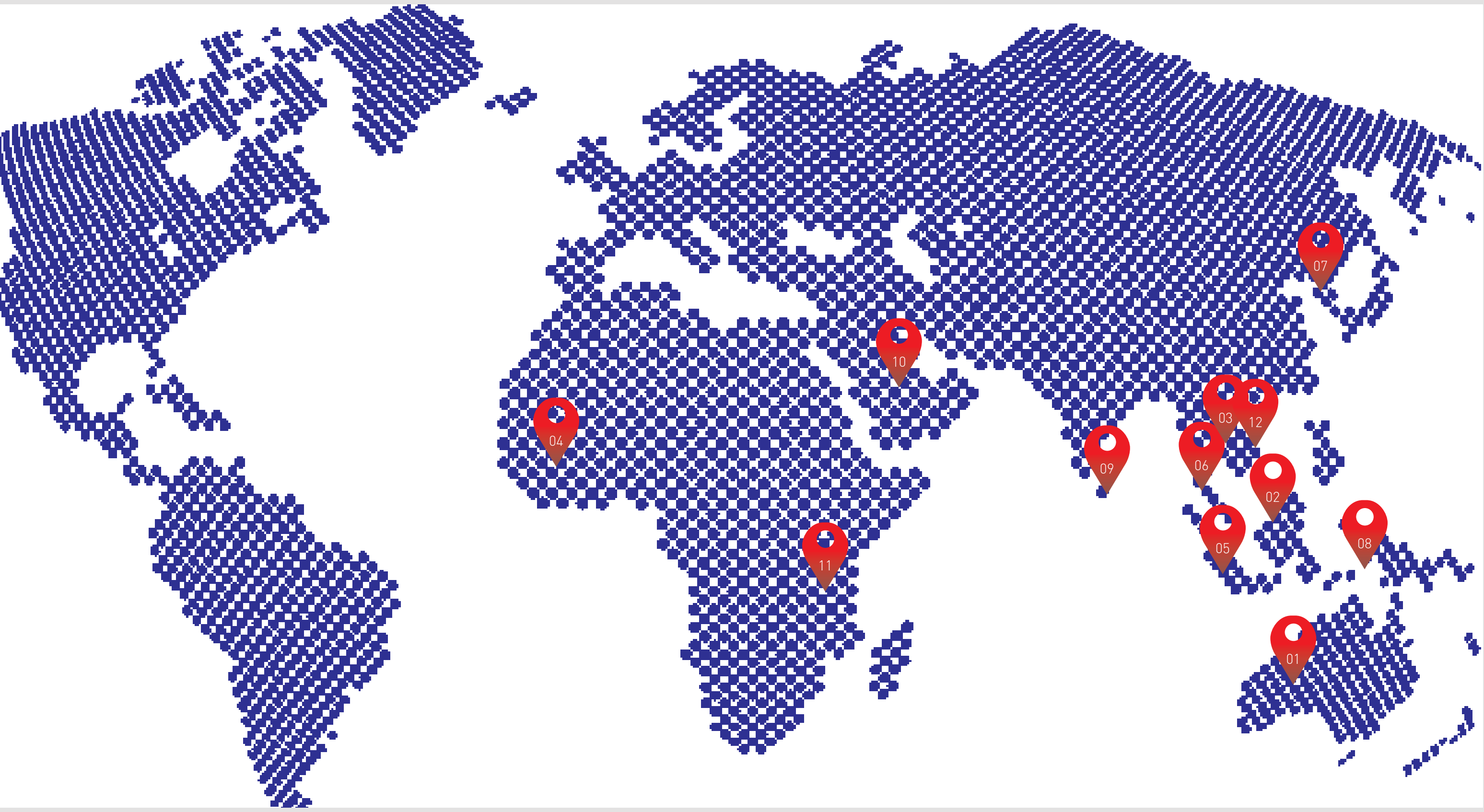
STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
("Bursa Malaysia") : Main Market
Name & Code: PESTECH & 5219

CORPORATE STRUCTURE

PESTECH INTERNATIONAL
Effective.Efficient.Excellent

- 100% Xcell ATS (M) Sdn. Bhd.
- 100% PESTECH Sdn. Bhd.
  - 100% Fornix Sdn. Bhd.
  - 100% PESTECH (Sarawak) Sdn. Bhd.
  - 100% PESTECH Transmission Limited
  - 100% Tajri - PESTECH JV Ltd.
  - 90% PESTECH (Brunei) Sdn. Bhd.
  - 50% Tajri - PESTECH JV Sdn. Bhd



GLOBAL PRESENCE

PESTECH projects/ products reached:

01. Australia	02. Brunei	03. Cambodia
04. Ghana	05. Indonesia	06. Malaysia
07. North Korea	08. Papua New Guinea	09. Sri Lanka
10. UAE	11. Tanzania	12. Vietnam

" we are going to do this with all means possible attitude, which is exactly what one needs to succeed "

BOARD OF DIRECTORS

"In Effectiveness, we serve;
In Efficiency, we deliver;
In Excellence, we achieve"

01. **Lim Ah Hock** | *Executive Chairman*

02. **Paul Lim Pay Chuan** | *Executive Director / Chief Executive Officer (CEO)*

03. **Detlef Raddatz** | *Non Independent Non-Executive Director*

04. **Tan Puay Seng** | *Independent Non-Executive Director*

05. **Ibrahim bin Talib** | *Independent Non-Executive Director*

PROFILE OF DIRECTORS

LIM AH HOCK

Lim Ah Hock, a Malaysian, aged 61, is our Executive Chairman. He was appointed to our Board on 18 August 2011.

In 1978, he graduated from the University of Strathclyde in Glasgow, United Kingdom with a Bachelor of Science degree majoring in Mechanical Engineering (First Class Honours). He is a member of the Institute of Engineers, Malaysia since 1981.

He began his career in 1979 as a Lecturer in Ngee Ann Technical College in Singapore (renamed to Ngee Ann Polytechnic in 1982) lecturing in thermodynamics and fluid mechanics. In 1980, he joined Mechmar Kejuruteraan Sdn Bhd (Mechmar) as a Service Engineer where he managed the service division and was involved in the provision of aftersales service and major boiler repairs. Subsequently, he left Mechmar in 1984 and joined Sing Mah Pressure Vessels Co. as a Branch Manager during the period of 1984 to 1989 where he was in charge of the Southern branch's overall sales to the oil palm refineries, food and timber industries as well as other existing industries in Southern Peninsular, Sabah and Sarawak. In 1989, he became a Director of VESTECH Engineering Sdn Bhd, a position he holds until today.

In 1991, he set up PSB in Johor Bahru. To-date, his responsibilities in our Group include charting major corporate development plans, steering macro business growth direction together with the stewardship of our CEO, monitor the overall financial wellbeing and activities of our Group which includes providing management guidance and direction to our staff.

He is the uncle to Mr Paul Lim, the Executive Director and CEO and major shareholder of the Group. Apart from that, he has no family relationship with any other Director and/ or major shareholder of the Group and does not have any conflict of interest with PESTECH except as disclosed in the financial statements.

Further, he has not been convicted of any offences within the past ten (10) years other than traffic offences, if any.

He has attended all three (3) Board of Directors' Meetings held in the financial year ended 31 December 2012 since listing.

Ir. PAUL LIM PAY CHUAN

Paul Lim Pay Chuan, a Malaysian, aged 43, is our Executive Director and CEO. He was appointed to our Board on 18 August 2011. He is presently a member of the Remuneration Committee.

He graduated from the University of Mississippi, USA with a Bachelor of Science in Electrical Engineering (Summa Cum Laude) in 1993. Subsequently, he obtained his Master of Engineering (Electrical) from Cornell University, USA in 1994. He is currently registered as a Corporate Member of the Institute of Engineers Malaysia and a Professional Engineer with the Board of Engineers Malaysia since 2007 in the field of electrical engineering. Since 2011, he is also a certified Project Management Professional® with the Project Management Institute, a global professional association that certifies project management expertise which is based in the US with regional offices worldwide.

In 1994, he began his career with Motorola Malaysia Sdn Bhd as a Product Engineer. He then joined Toprank Corporation Sdn Bhd (now known as Toshiba Transmission & Distribution Systems Asia Sdn Bhd) in 1995 as a Project Engineer, where he was promoted to Project Manager in 1997, and subsequently promoted to Assistant GM in 1998, a position held for two (2) years. In 2000, he joined our Group as a GM and was promoted to CEO in 2008.

He has been playing an instrumental role in the growth and development of our business from a small player primarily involved in trading, to an established home-grown integrated electric power technology company in the power transmission and distribution business with operations locally and abroad.

In 2010, he was awarded the Outstanding Entrepreneurship Award 2010 by Enterprise Asia, for his dedication and leadership in guiding our Group to being an important player in the power transmission and distribution business locally and abroad.

He is the nephew of Mr Lim Ah Hock, the Executive Chairman and major shareholder of the Group. Apart from that, he has no family relationship with any other Director and/ or major shareholder of the Group and does not have any conflict of interest with PESTECH except as disclosed in the financial statements. Further, he has not been convicted of any offences within the past ten (10) years other than traffic offences, if any.

He has attended all three (3) Board of Directors' Meetings held in the financial year ended 31 December 2012 since listing.

DETLEF RADDATZ

Detlef Raddatz, an Australian, aged 52, is our Non-Independent Non-Executive Director. He was appointed to our Board on 22 February 2012. He is presently the Chairman of the Remuneration Committee, and a member of the Audit Committee and Nomination Committee.

He graduated with a Bachelor of Engineering (Honours) majoring in Power Electronics from Technical University, Heilbronn Germany in 1988. He also has technical trade certificate which certifies him a professional degree as Telecommunication Technician which was obtained in 1979 from Deutsche Telekom AG with several years of work experience in the telecommunications sector. He is a member of the Institute of Electrical and Electronics Engineer Power & Energy Society since 2010. Currently, he is the Managing Director of SystemCORP Embedded Technology Pty Ltd in Australia.

In 1998 he started his career as an Embedded Design Engineer with the Technical Transfer Center Heilbronn of the Frauenhofer Institute in Germany, responsible for consulting small electronic companies regarding new product design and commercialisation. After two (2) years with Technical Transfer Center, he then joined Westronic Limited in Perth, Australia as a software and hardware engineer from 1991 to 1993. After Westronic Limited was acquired by Harris Controls Limited in 1993, he then joined Harris Controls Limited in 1993 as Marketing Support and Customer Services Manager, responsible for providing technical solutions to the marketing and sales department during the tender process, maintaining customer relationship and after-sales services through presentation, site-visits and official visits. In the same year, he was subsequently promoted to System Engineering Manager of Harris Controls Limited.

In 1995, he established SystemCORP Pty Ltd with the aim of providing substation control and automation products and services in the Australian and Asian markets. In 2010, he restructured SystemCORP Pty Ltd to the new name of SystemCORP Embedded Technology Pty Ltd to focus even more on the SMART GRID market, concentrating on developing SystemCORP Embedded Technology Pty Ltd into a leading software solution provider for SMART GRID applications.

He has no family relationship with any other Director and/or major shareholder of the Group and does not have any conflict of interest with PESTECH except as disclosed in the financial statements. Further, he has not been convicted of any offences within the past ten (10) years other than traffic offences, if any.

He has attended all three (3) Board of Directors' Meetings held in the financial year ended 31 December 2012 since listing.

TAN PUAY SENG

Tan Puay Seng, a Malaysian, aged 61, is our Independent Non-Executive Director. He was appointed to our Board on 22 February 2012. He is presently the Chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee.

He graduated from Nanyang University in Singapore with a Bachelor of Commerce in 1975. He was attached with Kershen, Fairfax & Co, a five (5) partners firm of Chartered Accountants based in London in 1977 and qualified as an accountant in 1982. After returning from London in 1984, he joined Tan Toh Hua & Partners as Audit Senior for a short period before moving on to Ong Boon Bah & Co. as a Branch Manager where he was responsible for the management and control of branch day-to-day operation covering clients in Melaka and Johor. He is a fellow member of the Association of Chartered Certified Accountants' since 1988 and a member of the Malaysian Institute of Accountants since 1984. He has been involved in professional accounting practice for over 25 years and is currently practising as a Chartered Accountant based in Melaka in an audit firm set up by him since 1986.

He has no family relationship with any other Director and/or major shareholder of the Group and does not have any conflict of interest with PESTECH . Further, he has not been convicted of any offences within the past ten (10) years other than traffic offences, if any. He has attended all three (3) Board of directors' meeting held in the financial year ended 31 December 2012 since listing.

IBRAHIM BIN TALIB

Ibrahim Bin Talib, a Malaysian, aged 65, is our Independent Non Executive Director. He was appointed to our Board on 22 February 2012. He is presently Chairman of the the Audit Committee and a member of the Nomination Committee.

He graduated from Brighton University (formerly known as Brighton College of Technology) in Sussex, England with a Bachelor of Science (Honours) in Electrical Engineering in 1972. He is a member of the Institution of Engineers Malaysia since 1978, Board of Engineers Malaysia since 1979 and Council of Engineering Institution of England since 1980.

He has been involved for over 30 years in the power supply industry with Lembaga Letrik Nasional ("LLN") (presently known as TNB). He started his career in the industry as a pupil engineer with TNB from 1972 to 1974. Subsequently, he rose through the ranks throughout his career in TNB and held his last position as the Head of Transmission Project under the Project Services Division of TNB in 2003 before retiring in 2004. During his tenure with TNB, he has worked with a number of divisions within TNB amongst others, engineering and design, procurement and contracts, tender and design, distribution of projects and head of district offices in Seremban and Melaka.

He has no family relationship with any other Director and/or major shareholder of the Group and does not have any conflict of interest with PESTECH. Further, he has not been convicted of any offences within the past ten (10) years other than traffic offences, if any.

He has attended all three (3) Board of Directors' Meetings held in the financial year ended 31 December 2012 since listing.

“Powering up a new chapter”

EXECUTIVE CHAIRMAN’S STATEMENT

Dear shareholders,

It is with great pleasure that the Board of Directors and I present this inaugural Annual Report and the Audited Financial Statements for our financial year ended 31 December 2012.

PESTECH International Berhad hit the gong on 30 May 2012, marking our admittance onto the Main Market of Bursa Malaysia and powering up a new chapter for the Group. As a public listed company, we are even more committed than ever to further expand our technical expertise and increase our Group revenue to improve shareholders value.

This new status has elevated the appreciation of our trustworthiness and credibility as attested by the whopping three-fold increase in our order books within just eight months of our listing. As at 31 March 2013, we have RM237 million orders in hand.

Our vision is for PESTECH to be a notable player in the electricity power grid segment that provides a complete suite of solutions - from project management, system integration to supply of equipment.

As the Founder of the Company and Executive Chairman of the Board, I am excited to share with you the progress and achievements of PESTECH Group. We started out as an electrical equipment trader in 1991. As market dynamics changed and economic development evolved, so did we. Today, 22 years down the road, 80% of our revenue is derived from delivering high value projects in the electrical power transmission and distribution area. PESTECH also designs and manufactures components and equipment for use in our own projects as well as to be sold as finished products.

The Group is very well-positioned in the industry's supply chain. We sit between power utility companies and their end customers. Utility companies engage our services to design and develop transmission and distribution infrastructure, while large industrial users engage us to erect electricity substations within their operating premises. This is an industry that requires high technical capability, a solid track record and deep insights into both the electricity power grid sector and country or business sensitivities. All these create high entry barrier and place us in a comfortable and confident position.

Our foray into foreign markets was focused on emerging and developing nations in the region. That was in 2007. With countries like Cambodia, Sri Lanka, Papua New Guinea, Ghana, Tanzania and Brunei now in our list of penetrated markets, we added Laos after we were listed. Our offices in Cambodia and Sri Lanka provide employment to talented locals.

However, penetrating more international markets is not our primary goal.

Being a Company grown out of Malaysia that has established a good track record in electricity power grid projects in diverse industries in the region has put PESTECH in a sweet spot. Our closest competitors are mainly multi-nationals from other than the Southeast Asian region. Supported by our loyal talent pool, we are now in the position to bid for projects that will be strategic to our growth plans. This includes high value projects, in particular those with high technical requirements. We are going for projects that will forge firm footholds into targeted markets - be it growth industries or areas with growth potential. Of particular interest at the moment, are projects within the Sarawak Corridor of Renewable Energy (SCORE) region in Sarawak whereby we have secured two projects to-date.

On the product front, we aim to widen our range of own-manufactured products. In our Financial Year Ended (FYE) 31 December 2012, sale of products contributed 16.2% to our total revenue.

PESTECH Group has earmarked approximately 2% of our revenue, of which RM1.4 million is obtained from the IPO proceeds, to fund our Design and Development (D&D) efforts which will include our own product manufacturing plant. I am excited to share that we have recently acquired an industrial land measuring 8,575 square metres in Serendah, Selangor for RM3.7 million to house the planned factory. Construction is expected to begin in 2014 and to be completed by 2016.

Group Results

I am pleased to inform shareholders that our Group revenue this financial year in review stood at RM136.10 million, an increase of 4% from the previous year of RM130.95 million. 84.5% was contributed by our projects, while revenue from products almost doubled to 15.5% from the previous 8.8%.

Project revenue recognition depends on project cycles as our projects are mainly contract based. Time taken to complete a project from the design stage to the commissioning and handover stage may vary from 12 months to 26 months.

Overall, the gross profit margin of the Group improved from 20.3% in 2011 to 28.5% in 2012 .

Business Outlook and Strategies

The future for PESTECH continues to be bright as we are in a region of economic development and growth where keeping the lights on is vital. The demand for electricity remains strong due to economic development and also the fact that electricity powers our lives.

The electricity utility company in Malaysia, Tenaga Nasional Berhad (TNB) is a major customer of the Group since 2000 and has since been continuously contributing significantly to the Group's revenue. Being recognised with an Excellence Award in the Contractor category by TNB in 2012 put us in good stead as we bid for future projects.

Domestically, in addition to SCORE, other areas of prospect include Iskandar Malaysia, the RAPID projects for oil and gas, and rail electrification projects in Malaysia. Our track record in executing high-level power infrastructure projects in both domestic and international front puts us in a good position to execute high-speed rail projects as well.

Regionally, PESTECH is well located in Southeast Asia and neighbouring regions. Our established project track record in Brunei, Cambodia, Papua New Guinea and Sri Lanka has given us good repute as we begin to make inroads into Laos and Myanmar.

We will continue to focus on emerging and developing countries where there is a demand for the development, improvement and build up of electricity transmission and distribution assets.

Moving up the value chain to take on high value projects will ensure higher margins in turn, better return to our shareholders.

We believe in remaining agile and continuously being able to adapt to meet market demands as a critical key to our business growth. We certainly take our role and position as a public listed company very serious and we intend to secure a loyal, long-term shareholder base to grow with us to greater heights.

Corporate Governance

To ensure transparency, accountability and protection of shareholders' interests, the Board places great importance in ensuring that the highest standard of corporate governance is practiced throughout the Group. Our statement on corporate governance and related reports are on pages 21 to 26.

Acknowledgements

The Board would like to thank all shareholders, staff, management, the various Board committees and our business partners who have displayed commendable commitment and dedication to the Company. The continued success of PESTECH Group is due to each and every one of you.

We will continue to help our customers keep the lights on for the future. This new chapter that we have chose to journey on promises to be challenging and rewarding for all who believe in us and who are committed to taking this journey with us.

Thank you.

Lim Ah Hock
Founder & Executive Chairman

CEO'S STATEMENT

Let me start by describing the year 2012 as an "exciting year" for PESTECH INTERNATIONAL BERHAD

First of all, after twelve years of steering the Company in the field of electrical engineering for the construction of power grid infrastructure, we listed the Company on Bursa Malaysia on 30 May 2012. With the listing of PESTECH, the Company stands to represent a new business sector - power infrastructure engineering in contrast with other existing counters on Bursa Malaysia.

Our Company represents an industry that was not previously found listed on Bursa Malaysia, thus providing the investing public a platform to invest in the "build up" of basic infrastructure – electricity, the cornerstone of a fully functional, modern society. The movements of the share price since our initial public offering reflects the excitement the investing public shares with us on the positive outlook of the long-term prospects of PESTECH.

The listing status brings the Company new opportunities in invitations-for-proposal submission from private international industrial customers as well as garnering enhanced confidence from our existing customers in PESTECH's capability and capacity. The new order intake of the Company for 2012 up to 31 December stood at RM 286.6 million. This is a nearly three times the increase as compared to 2011's new order intake. While we did not expect the new order intake in 2013 to have a similar rate of increase, we expect the new order intake in 2013 to be in the region of around RM200.0 million.

In 2012, we achieved significant milestones. Firstly, we secured a design and build contract for a 500MW substation for OM Materials (Sarawak) Sdn. Bhd. for their manganese plant in the Sarawak Corridor Of Renewable Energy ("SCORE") region in the Samalaju Industrial Park. This substation represents a major project en route to the vast potential that the SCORE region provides for the build up of power infrastructure for each and every heavy industry project to be constructed in the Samalaju Industrial Park. The familiarity with the requirements of Sarawak Energy Berhad from its bulk supply customer gives us an edge in the procurement of high voltage substation contracts for other potential investors in the SCORE region.

Secondly in 2012, we secured a contract from Sarawak Energy Berhad to construct a 275kV substation in Murum Junction to connect the new 944MW hydro power plant in Murum to the state grid for the SCORE region. With this, we have included all utilities in Malaysia into our customer portfolio namely Tenaga Nasional Berhad, Sabah Electricity Sdn. Bhd., and Sarawak Energy Berhad.

Thirdly, our Cambodia operation has completed the 230kV substation in North Phnom Penh in 2012 and the 98km 230kV transmission line is progressing well and is anticipated to be completed by June 2013. These references open the Cambodian power grid market to us to continue participating in the growth of the rapidly developing nation. Our base in Cambodia also serves to promote our presence in the Indochina market. In 2012, we signed a memorandum of understanding with Laos' electric utility, Electricite Du Laos, to submit a proposal exclusively to build and upgrade the current facility in Laos to transmit and supply power to Thailand.

2012 has been an exciting year for PESTECH. We invested resources in both machineries and manpower to increase our capacity. Our investment in the engineering and development, together with the increase in efficiency, has helped us improve our gross margins from 20.3% to 28.9%.

For the year under review, FYE 31 December 2012, our Group registered revenue of RM136.10 million, representing an increase of RM5.151 million or 4% as compared to RM130.95 million recorded in FYE 31 December 2011.

Our project billings were at RM114.038 million. This was mainly contributed by major local projects with sites situated in Sarawak and Johor as well as the tail end of the project in Cambodia. The decrease in project billings was mainly due to the particular phase of projects where we were at the early stage of civil construction and design of the substations, whilst substation equipment is being manufactured and procured. This will convert into revenue in the subsequent periods, when the equipment is delivered to the sites. Product sales accounted for 16.2% of the total revenue or RM21.604 million, for FYE 2012. These products were sold directly to other substation contractors or electric utilities for use in their projects.

The order book as at 31 December 2012 was RM229 million. The targeted billings for 2013 is RM180 million.

The comfortable order book will be able to carry the Group until 2014. This gives the management time to chart the next phase of growth for the Company in the power grid infrastructure industry.

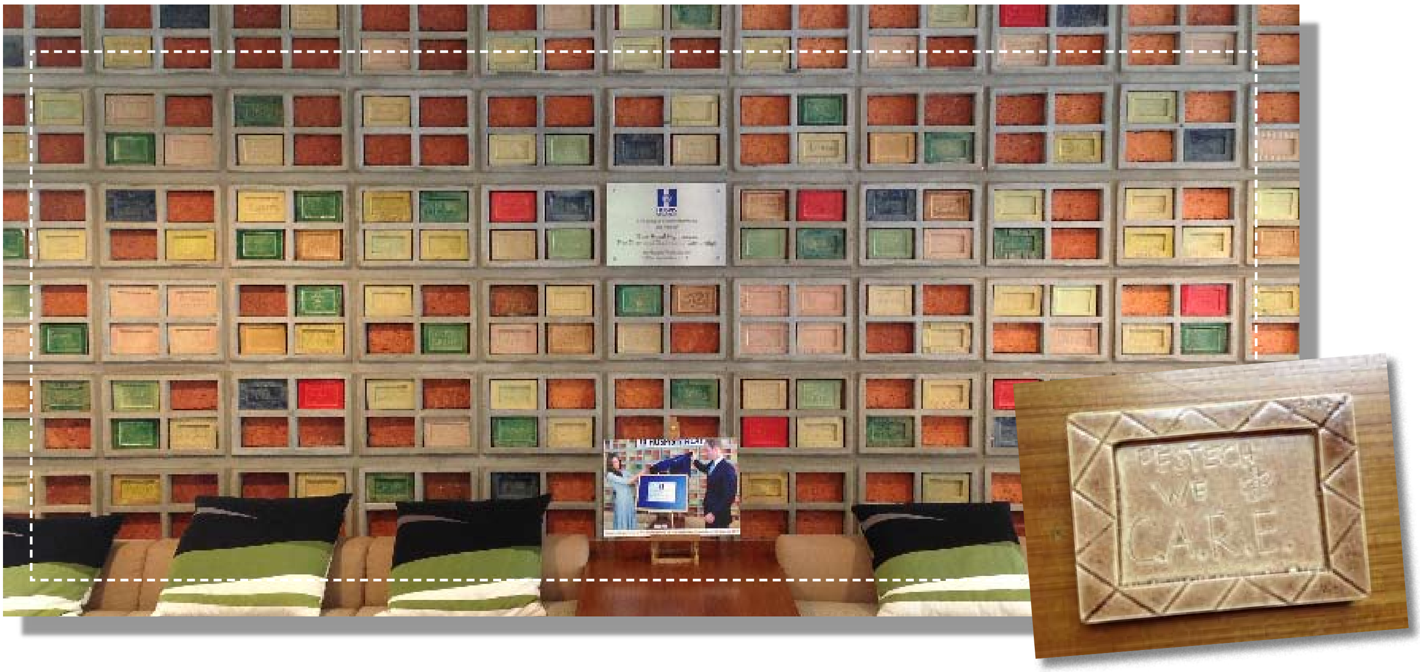
As electrical engineering control, protection and communication make up the core of our current products, the Group will continue to invest in enhancing its capability in the analysis and verification of control and protection system design of electric power networks. The goal is to be able to provide value added services to electrical network operators. It will continue to drive us to be "consistently dependable and value add" in line with our vision statement.

Moving forward, the Group will plot the direction to increase our product portfolio to include primary switching equipment for substations. The process will focus on the development of products by establishing technical collaborations with reputable partners in the industry. These products will drive the Group into the area of equipment manufacturing that is required in the electric transmission and distribution network, for switching and distribution of electric power.

My appreciation goes to our valued shareholders and customers for their loyalty and trust, which continue to motivate us to aim high. Our record performance this year would not have been achieved without the dedication and the pride of our staff in their work. Hence I would like to extend my gratitude to all that have contributed to the success of PESTECH. Our commitment is renewed and our vision is clear. We will be serving the developing and developed society in their route towards modernization, bringing power to communities, always with a **"Consistently Dependable and Value Add"** manner.

Thank you

Paul Lim Pay Chuan
Executive Director & CEO



CORPORATE SOCIAL RESPONSIBLITY (CSR)

At PESTECH, we are committed to helping empower industries with power system technology to fuel social and economic growth. We believe in creating a positive impact on employees, the environment and the communities where we live and work.

Our Stories

1. Hospis Malaysia

   PESTECH has through the years supported and worked closely with Hospis Malaysia on its corporate social responsibility programs. Hospis Malaysia is a charitable organization that offers professional palliative care to patients who are suffering from life limiting illness. The organization also offers teaching, support and training to educational establishments, hospitals and individuals to further the cause of palliative medicine. PESTECH believes in the organization's values, mission and goals which respects every individual and values life. Like Hospis Malaysia, PESTECH also seeks to promote the quality of life for all.

   Among our past contributions are for the 'Mukabuku' in 2010 as well as 'Charity Treasure Hunt', 'Voices for Hospices' and the 'Donate a Brick' program in 2011. PESTECH will continue to support such programs that are a good fit in our CSR objectives.

   Last year, PESTECH was the main sponsor of the 11th Hospis Malaysia Charity Treasure Hunt 2012. PESTECH International Berhad via its subsidiary PESTECH Sdn Bhd made a charitable donation of RM20,000 to the Hospis event. Held over 2 days from the 28-29 April 2012, the treasure hunt saw participants travelling from Kuala Lumpur to Melaka in search of hidden treasures while raising funds to support the organisation's activities.

2. Hari Raya Buka Puasa Dinner with Rumah Amal Kasih Bestari

   Charity begins at home. Drawing upon the community close to its operation, PESTECH hosted a Buka Puasa Dinner for 90 underprivileged children from Rumah Amal Kasih Bestari. Founded in September 2007 and located in Kampung Amal Bestari, Rumah Amal Kasih Bestari houses children from the ages of 8 months to 18 years who are orphans or from poor families. The home strives to raise the children in a conducive environment.

   In addition to a sumptuous buffet served by the management of PESTECH, the children were entertained by clown and magic shows. The night was topped off with each child receiving a goodie bag fill with donations from the staff; each bag containing a variety of items on top of the essentials.

Our Approach

As we embarked on our journey as a public listed company, PESTECH formulated a systematic approach to guide us on our CSR activities. Encapsulated within the theme C-A-R-E, our corporate social responsibility program going forward will revolve around the four key elements of Community, Advancement, Recuperation and Environment.

Community

Simple acts of kindness can bring a smile. PESTECH knows this very well, observed through the numerous assistance programs we have extended to the less fortunate over the years. Our approach is aimed at bringing value that will benefit the community by organizing various community care programs as well as actively participating in programs organized by the local authorities, charitable organizations and private institutions.

Advancement

PESTECH supports and organizes activities that contribute towards nation building, particularly in the electrical engineering and power sector by providing education sponsorship, training and opportunities to new talents.

Recuperation

Our commitment to the community goes way beyond the industry in which we operate in. PESTECH has always provided support to healthcare related efforts as we believe everyone should be able to enjoy an excellent quality of life no matter what state they find themselves in.

Environment

The future of the environment depends on us and what we do now. PESTECH supports environmental protection initiatives, and encourages its employees to undertake such activities. Our environmental care policy is based on the tagline "Taking Care of Our Home".

PESTECH will remain focused on the CARE approach in our CSR activities. We believe this approach allows us to contribute effectively to society and the environment. At PESTECH, we will continue to play our part, now and far into the future.

CORPORATE GORVERNANCE STATEMENT

The Board of Directors ("Board") and management of PESTECH International Berhad ("PIB") recognise the importance of good corporate governance and are committed towards upholding high standards of corporate governance for long-term sustainable business and corporate development, and to continuously protect and enhance shareholders' value.

The Board adopts and applies the principles necessary to ensure good corporate governance as expounded in Bursa Malaysia Securities Berhad ("Bursa Malaysia") Main Market Listing Requirements ("MMLR"), and the Malaysian Code on Corporate Governance 2012 ("Code").

The application of such corporate governance best practices for the financial year ended 31 December 2012 is set out hereunder.

A. Directors

i. The Board

PESTECH's Board is comprised of individuals with sturdy integrity fostered with extensive knowledge and experience in their respective professional backgrounds.

In discharging its duties, the Board is mindful on its responsibilities to safeguard the interests of its shareholders, customers, employees and other relevant stakeholders.

All Board members take cognisance of their fiduciary duties and responsibilities for the overall corporate governance of PIB. To fulfill its roles, the Board delegates certain responsibilities to the Board Committees, operating within defined terms of reference, to assist the Board in the execution of its duties and responsibilities. These Committees report to the Board on their respective matters and make recommendations to the Board for final decision.

PESTECH's Board Committees include, Audit Committee, Nomination Committee and Remuneration Committee.

ii. Board Balance

The Board is formed by five (5) members comprising one (1) Executive Chairman ("EC"), one (1) Executive Director cum Chief Executive Officer ("CEO"), two (2) Independent Directors and one (1) Non-Independent Non-Executive Director. The composition of the Board complies with the requirements of Paragraph 15.02 of the MMLR. The separation of the position of Chairman and CEO also complies partly with Recommendation 3.4 of the Code. However, Recommendation 3.4 also suggests that the Chairman must be a non-executive member of the Board, which PESTECH is currently not yet in compliance.

The EC represents the Board to the shareholders and potential investors, and provides Board leadership on policy formation, decision making and oversight of the management. The EC, though in an executive position, is not actively involved in the day-to-day management of PESTECH. Instead, the EC keenly monitors the activities of the management, charting direction along with the CEO and provides guidance where necessary.

Recommendation 3.5 of the Code states that "The Board must comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director." In this regard, the Board comprises two (2) Executive Directors (including the EC and CEO) and three (3) Non-Executive Directors, of whom two (2) or 40% of the Board members are Independent Directors. The Board is of the view that the shareholders are best served by an EC who has great passion in building the Company coupled with an in-depth understanding of the industry that PESTECH is involved in. Thus, the EC would be able to safe guard the best interest of the shareholders as a whole. Nevertheless, the Board will continuously identify and evaluate suitable candidate(s) as additional Independent Directors so as to endeavour to meet the recommendation as stated in the Code. However, this process must be conducted with due assessment and extra diligence such that the appointment of such independent director(s) will enhance the effectiveness and operation of the Board.

In line with the recommendations of the Code, the Board takes cognisance of gender diversity in the boardroom to promote the representation of women on the Board.

The Board is well represented by individuals drawn from distinctly diverse professional backgrounds who have distinguished themselves in the electrical engineering, mechanical engineering, power grid automation and auditing arenas. The Board is, thus, capable of maneuvering the strategic direction of PESTECH by taking into account inputs from various perspectives and gather ideas from different expertise. The profiles of the members of the Board are set out in this Annual Report on pages 8 to 11.

iii. Board Meetings

The Board meets at least once every quarter and additional meetings are convened when necessary. There were three (3) Board meetings held during the financial year and the attendance record of the Directors is as follows:

Directors	Meetings attended
Lim Ah Hock	3/3
Paul Lim Pay Chuan	3/3
Detlef Raddatz	3/3
Ibrahim bin Talib	3/3
Tan Puay Seng	3/3

All proceedings of the Board meetings are duly minuted and signed off by the Chairman of the meeting. All the Directors have complied with the minimum 50% attendance requirement in respect of Board meetings as stipulated by the MMLR.

iv. Supply of Information

The Directors, whether as the entire Board or under their respective individual capacity, have full and unrestricted access to all information and documentations pertaining to the Group's business and affairs to enable them to discharge their duties effectively.

Notices of meetings and meeting papers are circulated to the Board members prior to the scheduled Board meetings to ensure sufficient time for all Board members to review and deliberate on such matters accordingly and, where required, to obtain further information and clarification to facilitate well-informed decision making during the meeting.

The Board is also regularly updated and advised on new regulations, guidelines or directives issued by Bursa Malaysia, Securities Commission and other relevant regulatory authorities.

The Board encourages the attendance of senior management as well as officers of the Group at its Board and Committees meetings to discuss pertinent issues arising from the Group's operations and the Board has unrestricted access to the management at any time.

The Board could conduct or direct any investigation to fulfill its responsibilities and could retain, at the Company's expense (where appropriate), any legal, accounting or other services that it considers necessary to perform its duties.

v. Company Secretaries

The Board also has direct access to the advice and services of the Company Secretaries who are responsible for ensuring the Board procedures are followed and that the applicable rules and regulations for the conduct of the affairs of the Board are complied with for all matters associated with the maintenance of the Board or otherwise required for its efficient operation.

The Board is regularly updated and advised by the Company Secretaries who are experienced, competent and knowledgeable, on new statutes and directives issued by the regulatory authorities.

vi. Appointments and re-election to the Board

The Nomination Committee is entrusted to be responsible for the identification and recommendation of new appointments of Executive and Non-Executive Directors to the Board. The capabilities and qualities of the candidates to be appointed as Board members as well as Board Committee members will be assessed accordingly taking into account the individual's skills, competencies, knowledge, experience, expertise, professionalism and integrity.

The Nomination Committee comprises exclusively of Non-Executive Directors, a majority of whom are independent:-

Chairman	:	Mr. Tan Puay Seng (Independent Non-Executive Director)
Member	:	Encik Ibrahim Bin Talib (Independent Non-Executive Director)
Member	:	Mr. Detlef Raddatz (Non-Independent Non-Executive Director)

The Nomination Committee shall meet as and when required, at least once a year. During the year, the Nomination Committee met once.

In accordance with PESTECH's Board Charter and in line with its Articles of Association, all Board members are subject to retirement by rotation and re-election by the shareholders at least once every three (3) years. In accordance with the Code, an Independent Director will hold office for a term not exceeding a total of nine (9) years unless duly approved by the shareholders at a general meeting or redesignated as a Non-Independent Director.

At the upcoming Annual General Meeting, Mr. Lim Ah Hock, the Executive Chairman and Ir. Paul Lim Pay Chuan, the Executive Director/ CEO will retire by rotation pursuant to Aritcle 95 and being eligible, offer themselves for re-election.

The Nomination Committee has a formal assessment mechanism in place to assess on an annual basis, the composition and the effectiveness of the Board as a whole, Board Committees and the contribution of each individual Director. The Nomination Committee will ensure that all assessments and evaluations carried out are properly documented.

vii Directors' training

All Directors of the Board have attended the Mandatory Accreditation Program as prescribed by the MMLR. The Board members will attend training programs and seminars to further broaden their perspective, skills, knowledge and to keep abreast with the relevant changes in pertinent rules, guidelines and regulations.

B. Directors' Remuneration

The Board determines the level of remuneration paid to Directors within the limitations imposed by the shareholders. The levels and make-up of the remuneration are designed to be such that it is sufficient to attract and retain experienced and knowledgeable Board members needed to run the Group successfully in order to deliver long-term value to its shareholders.

The Board had established a Remuneration Committee to review and recommend the appropriate level of remuneration for the Executive Directors. The Remuneration Committee comprises a majority of Non-Executive Directors:-

Chairman : Mr. Detlef Raddatz (Non Independent Non-Executive Director)
Member : Mr. Tan Puay Seng (Independent Non-Executive Director)
Member : Mr. Paul Lim Pay Chuan (Executive Director/CEO)

The Remuneration Committee shall meet as and when required, at least once a year. During the year, the Remuneration Committee met once.

The remuneration of the Executive Directors is structured such that it is linked to the corporate and individual performance. The Non-Executive Directors will receive remuneration packages which reflect the relevant experience, expertise and level of responsibilities undertaken by the respective Non-Executive Director. The Board as a whole determines the remuneration of Non-Executive Directors, and each individual Director will abstain from the Board's deliberation and decision on his own remuneration.

The details of the remuneration of Directors who served during the financial year ended 31 December 2012 are as follows:-

	RM			
Category	**Salaries & other Emoluments**	**Fees**	**Benefits**	**Total**
Executive Directors	1,217,400	150,000	45,400	1,412,800
Non-Executive Directors	26,000	105,000	-	131,000

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

Range (RM)	Executive	Non-Executive
Below 50,000		3
700,001-750,000	1	
750,001-800,000	-	
800,001-850,000	1	

Note: Successive bands of RM50,000 are not shown entirely as they are not represented.

C. Shareholders

i. Dialogue between the Company and Shareholders/ Investors

PESTECH believes that having effective and productive communication with its shareholders and investors is essential in ensuring good corporate governance and to improve disclosure and transparency.

Dissemination of information to PESTECH's shareholders, investors and the public is executed through timely announcements and disclosure via Bursa LINK, press releases, press conferences and media/ analyst briefings. PESTECH also maintains its own website at www.pestech-international.com to enable easy and convenient access of up-to-date information pertaining to the Group.

ii. Annual General Meeting ("AGM")

The AGM is the main forum for dialogue with the shareholders. Shareholders are notified of the meeting and provided with a copy of the annual report at least twenty one (21) days before the meeting. Ample opportunity is given to participate in the proceedings, ask questions about the resolutions being proposed and the operations of the Group and communicate relevant concerns and expectations. All Board members, senior management and the Group's External Auditors as well as the Company Secretaries are available to respond to shareholders' questions during the AGM as the case may be.

D. Accountability and Audit

i. Financial Reporting

The Board is committed to ensure that the financial statements are prepared and presented in a balanced and fair manner in accordance with the Companies Act 1965 and the applicable approved accounting standards in Malaysia in order to accurately reflect the Group's financial position and prospects.

The Group also releases unaudited quarterly financial results on a timely basis in addition to the Annual Report. These quarterly financial results are accessible via Bursa Malaysia and PESTECH's websites.

ii. Internal Control

The Board has the fiduciary responsibility for maintaining a sound system of internal controls, which provides a reasonable and sound assessment of the effectiveness and adequacy of the Group's internal controls, operations and compliance with rules and regulations. This is to ensure shareholders' investments, customers' interests and the Group's assets are well safeguarded.

The Audit Committee periodically reviews the effectiveness of the Group's internal control systems and works closely with the Internal Auditors to review audit recommendations and management's responses towards these recommendations.

iii. Relationship with Auditors

The Board and the Audit Committee emphasise greatly the objectivity and independence of PESTECH's External Auditors in providing relevant, professional and transparent reports to its shareholders. The External Auditors are regularly invited to attend the Audit Commitee meetings for discussion with the Audit Committee. The External Auditors would be able to highlight matters requiring the attention of the Board in terms of compliance with relevant accounting standards and other related regulatory requirements.

The Group's internal audit function is outsourced and reports functionally to the Audit Committee and has unrestricted access to the Audit Committee. The internal auditors have drawn up an audit plan covering enterprise-wide risk assessment, internal control review on operational and financial aspects, compliance with internal and external regulatory requirements and employing the internationally acceptable internal control – integrated framework issued by the Committee of Sponsoring Organisations ("COSO") of the Treadway Commission. The minutes of the Audit Committee meeting are also tabled to the Board for information and reference.

E. Statement of Compliance with the Best Practices in Corporate Governance

Apart from the disclosures provided above on any departures form the recommendations under the Code, the Board believes that all material aspects of the Principles and Recommendations of the Code have been complied with during the financial year.

AUDIT COMMITTEE REPORT

The Audit Committee ("Committee") provides assistance to the Board in the effective discharge of its fiduciary responsibilities in ensuring that the financial, accounting records, internal control systems and the reporting practices of the Group are in line with the rules and regulations set by local authorities with regards to a listed company.

Composition

The Audit Committee comprises exclusively of Non-Executive Directors, the majority of whom are independent:-

Chairman : Encik Ibrahim Bin Talib (Independent Non-Executive Director)
Member : Mr Tan Puay Seng (Independent Non-Executive Director)
Member : Mr. Detlef Raddatz (Non Independent Non-Executive Director)

Attendance at Meetings

The External Auditors, Chief Financial Officer and Internal Auditors were invited, when appropriate, to attend the Committee meetings to assist in its deliberations.

Other Directors and employees may attend any particular Committee meeting only upon the invitation of the Committee specific to the relevant meeting.

The Company Secretary shall be the secretary of the Committee.

The details of the attendance of the Committee members are as follows:

Directors	Meetings attended
Encik Ibrahim bin Talib	3/3
Mr. Tan Puay Seng	3/3
Mr. Detlef Raddatz	3/3

Frequency of Meetings

A minimum of four (4) meetings a year shall be planned, although additional meetings may be called at any time at the Chairman's discretion.

The Committee should meet with the External Auditors without Executive Board members present at least twice a year.

Authority

The Committee is authorised by the Board to investigate any activity within its Terms of Reference. It shall have the authority to seek any information it requires from any officer or employee of the Group for the purpose of discharging its functions and responsibilities and such officers or employees shall be instructed by the Board of the Company employing them to respond to such enquiries accordingly.

The Committee shall submit a report to the Board detailing its findings and recommendations immediately after deliberating on the findings of its enquiries.

The Committee may, with the approval of the Board, seek legal or other advice from independent professionals and appoint external parties with relevant experience and expertise to assist the Committee as it deems fit.

Duties

The main duties of the Committee shall be:

i) To consider the appointment of the External Auditors, deliberate on the audit fees and issues pertaining to resignation or dismissal, if applicable.

ii) To review with the External Auditors their audit scope, procedures and reporting requirements.

iii) To discuss issues arising from the interim and final audits and any matter the External Auditors may wish to deliberate in the absence of management, where necessary.

iv) To review the scope, functions and resources of the internal audit function.

v) To review and appraise the Group's internal control systems and report to the Board on the effectiveness of the management responses in implementing the recommendations of the Internal Auditors.

vi) To review the terms of reference of the audit committee, audit charter, audit procedures and audit plan, where applicable.

vii) To review the total risk management process for managing the risks associated with the Group's business activities.

viii) To review related party transactions of the Group.

ix) To review the quarterly and end of the year financial statements before submission to the Board.

Summary of Activities of the Committee During the Year

The Committee met three (3) times during the financial year ended 31 December 2012. The activities carried out by the Committee for the financial year could be summarised as follows:

Financial reports

- Prior to public release of annual and quarterly financial results, the Committee reviewed such financial results together with Management and External Auditors.
- the Committee reviewed and discussed with Management and the External Auditors the financial statements and supporting management commentary.
- the Committee held discussions with the External Auditors on matters and updates regarding relevant laws or regulations.
- the Committee reviewed and approved the audited financial statements for recommendation to the Board.

Risk management and internal control

As an integral part of implementing a wider Enterprise Risk Management framework of the Group, the Internal Auditors had facilitated an Enterprise-wide Risk Assessment exercise for the Group. The assessment focuses on discussion of risks facing the Group and evaluation of the effectiveness of present management controls designed to mitigate exposures.

The objectives of this assessment were to:

- Increase awareness and create common understanding of business risk;
- Facilitate understanding of the need to manage business risks;
- Identify and prioritise key business risks;
- Assess current management of key business risks; and
- Facilitate the development of an ongoing internal audit plan.

The assessment covers the evaluation of risks related to the value drivers of the Group, covering a high-level and broad areas of strategy, financial, operational and compliance objectives.

The outcome from this assessment is intended to provide Management with a view of events that could impact the achievement of the Group's objectives, using a top-down approach and complemented by a bottom-up assessment process. The top-down approach enables the coverage of internal audit activities to be driven by issues that directly impact shareholders' value, with clear and explicit linkage to strategic drivers for the Group. The assessment also considers the impact of risks to shareholders' value as a basis to define the internal audit plan and monitor key risks.

Aside from the above assessment, the Committee also:

- receives regular updates from Management on identified risk events and the potential impact to the Group.

- actively discusses these issues during Committee meetings with Management particularly on the controls that have been put in place to mitigate those identified risks to an acceptable level.

External Auditors

- the Committee deliberated and reported the results of the annual audit to the Board.

- the Committee assessed the performance of the External Auditors and recommended their appointment and remuneration to the Board.

- the Committee met with the External Auditors without the presence of Management and Executive Directors.

Internal Audit

The Committee takes cognisance that an independent and adequately resourced internal audit function is critical in ensuring the effectiveness of the Group's system of internal controls. The Internal Auditors report directly to the Committee in its effort to maintain a sound system of internal control. The Internal Auditors are guided by its Audit Charter in its independent appraisal functions.

The Committee reviewed and approved the Internal Auditors' budget and annual audit plan to ensure adequacy of resources, competencies and area of coverage.

The main objectives of the internal audit function for the Group is to assess whether the procedures, systems and controls of the key business processes are adequate and effective to meet the requirements of compliance with relevant laws, regulations, policies and procedures,reliability and integrity of information and safeguarding of assets.

During the financial year, the Internal Auditors had performed internal control reviews based on the internal audit plan approved by the Committee. The outcome of those internal control reviews that were reported to the Committee includes identification of risk and impact of any issues noted during the audit, Management's responses and agreed action plans to resolve them.

The Committee also reviewed internal audit reports issued by the Internal Auditors and the effectiveness and adequacy of the corrective actions taken by Management on all major matters raised.

The Group has outsourced its internal audit function to an independent professional firm, NGL Consulting Sdn. Bhd. The total fees incurred for the internal audit function in respect of the financial year 2012 was RM18,300.

Related Party Transactions

The Committee reviewed the Group's methodology in identifying, monitoring and disclosing related party transactions for the Group.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

Paragraph 15.26 (b) of the MMLR requires the Board to include in its annual report a statement on risk management and internal control. The Board is, thus, pleased to present the following statement prepared in line with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines") endorsed by Bursa Malaysia which outlines the nature and scope of the risk management and internal controls of the Group during the financial year under review until the date of approval.

Board's Responsibility

The Board acknowledges their overall responsibility for the Group's risk management and internal control systems ("RMIC Systems" or "Systems") and for continuously reviewing the adequacy, integrity and effectiveness of these systems to safeguard shareholders' investment and the Group's assets. The RMIC Systems covers, inter alia, financial, operational and compliance controls on a Group wide basis.

The RMIC Systems is designed to manage instead of totally eliminate risks in the organisation. The Systems provide reasonable but not absolute assurance against potential events that may hinder the Group from achieving its business objectives, such as material misstatement, loss and fraud.

Risk Management Framework

Effective risk management is an essential part of good corporate governance that forms part of the Company's business management practice. It is without doubt that all areas of the Group's activities involve some degree of risk. As such, under the stewardship of the Board, the Group is highly committed in ensuring that it has an effective and efficient risk management framework to allow the Group to be able to identify, evaluate, monitor and manage those risks in an incessant manner. This would assist the Group immensely in its quest to achieve its targeted business objectives within the defined and acceptable risk parameters.

The risk management framework is periodically being reviewed by the Board such that any key risk or significant control weaknesses shall be identified and duly rectified timely and effectively.

Internal Control System

The main components of the Group's internal control system can be summarized as follows:-

- Control Environment

  The importance of a proper control environment is emphasised throughout the organisation. The focus of which is accentuated towards elevating the quality and capability of the employees of the Group by means of continuous education and training both on technical hard skillsets and soft skillsets such as risk management, professionalism and integrity.

- Control Structure

  The Board and Management have established an organisation structure with clearly defined lines of accountability and delegated authority. This includes well-defined responsibilities of the Board committees and various management levels, including authorisation levels for all aspects of the business.

- Internal Audit

  The Group has outsourced its internal audit function to an independent professional service provider (the "Internal Auditors") which carries out its functions independently with risk based approach and provides the Audit Committee and the Board with the assurance on the adequacy and effectiveness of the system of internal control.

  Any significant control lapses and/or deficiencies noted from the reviews will be documented and communicated to Management for review and corrective actions. The Internal Auditors report to the Audit Committee on all significant non-compliance, internal control weaknesses and actions taken by Management to resolve the audit issues identified.

  The Internal Auditors are responsible for planning, implementing and reporting on the audits of the Group. The Internal Auditors:

  • Prepare a detailed annual audit plan in consultation with the senior management for submission to the Audit Committee for approval;

  • Carry out all activities to conduct the audits in an effective, professional and timely manner;

  • Report to the auditee upon completion of each audit for any significant control lapses and/or deficiencies noted from the reviews for their consideration and corrective actions; and

  • Submit quarterly report to the Audit Committee for all significant non-compliance, internal control weaknesses and actions taken by Management to resolve the audit issues identified.

- Audit Committee

  The Audit Committee reviews, monitors and evaluates the effectiveness and adequacy of the Group's internal controls, financial and risk management issues raised by the External and Internal Auditors, regulatory authorities and Management. The review includes reviewing written reports from the External and Internal Auditors to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial actions are taken by Management.

  The Audit Committee also convenes meetings with the External Auditors, Internal Auditors or both without the presence of Management and Executive Directors. In addition, the Audit Committee reviews the adequacy of the scope, functions and competency of the External and Internal Auditors periodically.

Weaknesses in Internal Controls which Resulted in Material Losses

There were no major weaknesses in internal controls which resulted in material losses during the financial year under review until the date of approval of this Statement.

Assurance Provided by the Executive Director/CEO and Chief Financial Officer

In line with the Guidelines, the Executive Director/CEO and Chief Financial Officer have provided assurance to the Board in writing stating that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects, to meet the Group's objectives during the financial year under review.

Review of the Statement by External Auditors

As required by paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report of the Company for the year ended 31 December 2012. Their review was performed in accordance with the Recommended Practice Guide ("RPG") 5 issued by the Malaysian Institute of Accountants.

The External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and effectiveness of the risk management and internal control system.

RPG 5 does not require the External Auditors to and they did not consider whether this Statement covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk management and internal control systems.

Conclusion

The Board has taken the necessary steps to ensure that appropriate systems are in place for the assets of the Group to be adequately safeguarded through the prevention and detection of fraud and other irregularities and material misstatements.

The Board is of the view that the RMIC Systems are satisfactory and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Company's annual report. The Board continues to take pertinent measures to sustain and, where required, to improve the Group's RMIC Systems in meeting the Group's strategic objectives.

The statement is made in accordance with a resolution of the Board dated 22 April 2013.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which provide a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flow of the Group and of the Company for the financial year.

The Board, after due consideration, is satisfied that the financial statements for the financial year ended 31 December 2012 has been prepared by adopting appropriate accounting policies, applied them consistently and made judgement and estimation that are reasonable and prudent. The Board also considers that relevant approved accounting standards have been followed and confirms that the financial statements have been prepared on a going concern basis.

The Directors also have responsibility to ensure that the Company keeps accounting records which disclose reasonable accuracy at any time of the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the provisions of the Companies Act, 1965 and Financial Reporting Standards in Malaysia.

ADDITIONAL COMPLIANCE INFORMATION

i. Utilisation of Proceeds

As at the date of this report, the total proceeds raised from PESTECH's initial public offering amounting to RM12.88 million has been utilised as follows:

Purpose of Utilisation	**(RM'000) Proposed Utilisation**	**Actual Utilisation**	**Deviation**
Repayment of bank borrowings	6,000	6,000	-
Product development and market/business expansion*	1,800	580	1,220
Working capital	2,580	2,650	(70)
Estimated listing expenses	2,500	2,430	70
Total	12,880	11,660	1,220

* *The estimated time frame for utilisation of proceed in relation to product development and market/business expansion is 36 months from the date of listing; ie. 30 May 2012 ("Listing Date").*

ii. Share Buy Back

The Company currently does not have a share buy back program in place and therefore did not buy back any of its shares during the financial year under review.

iii. Options or Convertible Securities

The Company did not issue any options and convertible securities during the financial year under review.

iv. Depository Receipt Programme

The Company did not sponsor any depository receipt programme during the financial year under review.

v. Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies.

vi. Non-Audit Fees

The total non-audit fees charged for the financial year ended 31 December 2012 by the External Auditors for services performed for the Group amounted to RM268,964.

vii. Variation in Results

There was no material deviation between the audited results for the financial year ended 31 December 2012 and the unaudited results previously announced.

viii. Profit Forecast/ Profit Guarantee

There were no profit estimates, forecast or projection published by the Group during the financial year under review. There was no profit guarantee given by the Group during the financial year under review.

ix. Material Contracts

There were no material contracts of the Company and subsidiaries involving Directors' and major shareholders' interest, either still subsisting at the end of the financial year ended 31 December 2012 or entered into since the end of the previous financial year ended 31 December 2011.

x. Recurrent Related Party Transactions

At the AGM to be held on 27 June 2013, the Company intends to seek the shareholders' ratification and mandate for recurrent related party transactions ("RRPTs") which it has entered and will enter with its related parties, which are necessary for the day-to-day operations of the Group and are based on normal commercial terms that not more favourable to its related parties than those generally available to the public.

The shareholders' ratification serves to ratify the RRPTs entered into by the Group from the listing date of the Company up to the date of the forthcoming AGM. The shareholders' mandate for RRPTs will take effect from the date of the forthcoming AGM up to the conclusion of the next AGM.

Further details of which will be disclosed in the Circular to Shareholders dated 5 June 2013.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding, general trading and provision of management services. The principal activities of its subsidiaries are disclosed in Note 5 to the Financial Statements.

There have been no significant changes in the nature of the principal activities of the Company and its subsidiaries during the financial year.

RESULTS

	Group RM	Company RM
Net profit for the financial year	16,523,831	7,279,288
Attributable to:-		
Owners of the parent	16,524,258	7,279,288
Non-controlling interest	(427)	-
	16,523,831	7,279,288

DIVIDENDS

The amount of dividends paid or declared since the end of last financial period were as follows:

	RM
In respect of financial year ended 31 December 2012	
First interim single tier tax exempt dividend of 0.8 sen, paid on 4 October 2012	687,040
Second interim single tier interim dividend of 1.6 sen, paid on 25 January 2013	1,374,080
	2,061,120

On 22 February 2013, the Directors declared a third interim single tier tax exempt dividend of 3.3 sen in respect of the financial year ended 31 December 2012, payable on 26 April 2013 and will be accounted for an appropriation of the retained earnings in the financial year ending 31 December 2013.

The Directors proposed a final single tier tax exempt dividend of 2 sen per ordinary share amounting to RM1,717,600 in respect of the financial year ended 31 December 2012 which is subject to approval of the shareholders at the forthcoming Annual General Meeting and will be accounted for as an appropriation of the retained earnings in the financial year ending 31 December 2013.

RESERVES AND PROVISIONS

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

DIRECTORS

The Directors in office since the date of the last report are as follows:-

Lim Ah Hock (Executive Chairman)
Lim Pay Chuan (Chief Executive Officer/Executive Director)
Detlef Raddatz (Non-Independent Non-Executive Director)
Ibrahim bin Talib (Independent Non-Executive Director)
Tan Puay Seng (Independent Non-Executive Director)

DIRECTORS' INTEREST

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares of the Company and its related corporations during the financial year ended 31 December 2012 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act 1965 were as follows:

	Ordinary shares of RM0.50 each			
Interest in the Company	**At 1.1.2012**	**Bought**	**Sold**	**At 31.12.2012**
Direct Interest				
Lim Ah Hock	41,924,800	-	(5,224,000)	36,700,800
Lim Pay Chuan	26,997,700	-	(3,364,000)	23,633,700
Ibrahim bin Talib	2,131,600	-	-	2,131,600
Tan Puay Seng	-	100,000	-	100,000
Indirect Interest				
Lim Ah Hock#	-	200,800	-	200,800
Lim Pay Chuan#	-	200,800	-	200,800

(#) deemed interest by virtue of the shareholdings in VESTECH Projects Sdn. Bhd..

By virtue of their interest in the ordinary shares of the Company, Mr. Lim Ah Hock and Mr. Lim Pay Chuan are also deemed to be interested in the ordinary shares or debentures of the Company and its related corporations to the extent the Company has an interest under Section 6A of the Companies Act 1965.

Other than as disclosed above, none of the other Directors in office at the end of the financial year held any shares or had any direct interest in the shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling the 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 period, no Director has received or become entitled to receive any benefit (other than as disclosed in Notes 24, 28 and 32 to 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 the Director is a member, or with a company or related corporation in which the Director has a substantial financial interest.

ISSUE OF SHARES AND DEBENTURES

During the financial year, in conjunction with the listing of the Company on the Main Market of Bursa Malaysia Securities Berhad, the Company issued 12,880,000 new ordinary shares at RM0.50 each as follows:

(a) 6,000,000 new ordinary shares at an issue price of RM1.00 per ordinary share to the Malaysian public;

(b) 5,367,000 new ordinary shares at an issue price of RM1.00 per ordinary shares to the eligible Directors, employees and persons who have contributed to the success of the listing of the Group ; and

(c) 1,513,000 new ordinary shares at an issue price of RM1.00 per ordinary share by private placement to identified investors.

All new ordinary shares issued during the financial year rank paripassu in all respects with the existing ordinary shares of the Company.

There were no debentures issued during the financial year.

SHARE GRANT PLAN

At extraordinary general meeting held on 8 March 2012, the Company's shareholders approved the establishment of Share Grant Plan ("SGP" or "Plan") of not more than 15% in aggregate of the issued and paid-up ordinary share capital (excluding treasury shares) of the Company at any point of time during the duration of the Plan, to the eligible executives of the Group.

The salient features of the SGP are, inter alia, as follows:

(a) Any eligible executive who meets the following criteria shall be eligible for consideration and/or selection as a selected executive to whom an offer it to be made by the SGP committee:
   i) If he has attained the age of eighteen years and is not an undischarged bankrupt;
   ii) If he is of Grade 8 or above;
   iii) If he is employed on a full time basis or if he is serving under an employment contract for a fixed duration and is on or prior to the date of offer be on the payroll of any corporation in the Group and has not served a notice to resign or received a notice of termination;
   iv) If his employment has been confirmed in writing on or prior to the date of offer;
   v) If he is an executive director or chief executive office of the Company, the specific allocation of the SGP shares granted by the Company to him in his capacity as an Executive Director or Chief Executive Officer under the Plan has been approved or will be tabled to be approved by the shareholders of the Company at a general meeting; and
   vi) If he fulfils any other criteria and/or falls within such category as may be set by the SGP committee from time to time.

SHARE GRANT PLAN (CONT'D)

The salient features of the SGP are, inter alia, as follows (cont'd)

(b) The maximum allowable allocation to any one category/designation of selected executives shall be determined by the SGP committee provided that the allocation to any individual who, either singly or collectively through persons connected with such executive holds 20% or more of the issued and paid-up ordinary share capital (excluding treasury shares) of the Company, shall not exceed 10% (or such other percentage as the relevant authorities may permit) of the maximum SGP shares available.

(c) The Scheme shall be in force for a period of 5 years from the effective date of the SGP, and may be extended for further period of 5 years or any other duration that is allowed by the relevant authorities subject to the discretion of the Board.

(d) A SGP Committee comprising directors and/or executives appointed by the Board of Directors is responsible for the implementation and administration of the SGP. The Company and/or the SGP Committee will establish a Trust to be administered by the Trustee consisting of such trustee appointed by the Company from time to time for the purposes of subscribing for new ordinary shares of the Company or purchasing of existing ordinary shares of the Company from the market and transferring them to the Plan participants at such time as the committee shall direct. The Trustee shall administer the Trust in accordance to the Trust Deed. The Company shall have power from time to time to appoint or rescind the appointment of any Trustee as it deems fit in accordance with provisions of the Trust Deed.

(e) Pursuant to the SGP, the SGP Committee may, from time to time during the plan period, make an offer to a selected executive to participate in the SGP. A plan participant is granted the right to have plan shares vest in him on the vesting date specified in the offer provided that the vesting conditions are duly and fully satisfied.

(f) The reference price to be used to determine the number of SGP shares at the point of each offer will be based on the fair value of the shares of the Company on the date of offer but shall not in any event be lower than the nominal value of the shares of the Company.

(g) The plan shares to be allocated and granted pursuant to the SGP and held by the Trustee shall *rank paripassu* in all respects with the then existing issued and paid-up shares of the Company and shall be entitled to any rights, dividends, allotments and/or distributions attached thereto and/or which may be declared, made or paid to the Company's shareholders.

(h) In the event a selected executive is subjected to disciplinary proceedings (whether or not such disciplinary proceedings will give rise to a dismissal or termination of services) after an offer is made but before the acceptance therefore by such selected executive, the offer is deemed withdrawn and no longer capable of acceptance, unless otherwise decided by the SGP Committee who may in so doing, impose such terms and conditions as it deems appropriate having regard to the nature of the disciplinary actions made or brought against the selected executive.

(i) The unaccepted offers and/or unvested SGP shares to selected executives will lapse and/or deemed to be cancelled and/or ceased to be capable of vesting when they are no longer in employment of the Group.

As at 31 December 2012, no shares were granted under the SGP.

OTHER STATUTORY INFORMATION

Before the Statements of Financial Position and Statements of Comprehensive Income and of the Group and of the Company were made out, the Directors took reasonable steps:-

(a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no bad debts to be written off and no provision for doubtful debts was required; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including 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 so to realise.

At the date of this report, the Directors are not aware of any circumstances:-

(a) which would render it necessary to write off any bad debts or to make any provision for doubtful debts in the financial statements of the Group and of the Company; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

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 liability of any other person; or

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

In the opinion of the Directors:-

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

(b) the results of 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; and

(c) 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 to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

The Auditors, Messrs SJ Grant Thornton, have expressed their willingness to continue in office.

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

....	)	
LIM AH HOCK	)	
	)	DIRECTORS
....	)	
LIM PAY CHUAN	)	

Kuala Lumpur
22 April 2013

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 46 to 110 are 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 at 31 December 2012 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out on the Note 36 on page 110 has been complied with the Guidance On Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

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LIM AH HOCK

....

LIM PAY CHUAN

Kuala Lumpur
22 April 2013

STATUTORY DECLARATION

I, Teh Bee Choo, being the Officer primarily responsible for the financial management of PESTECH International Berhad do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 46 to 110 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by	)
the abovenamed at Kuala Lumpur in	)
the Federal Territory this day of	)
22 April 2013	)
	)

....

TEH BEE CHOO

Before me:

S.Arusamy (W.490)
Commissioner of Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PESTECH INTERNATIONAL BERHAD

Report on the Financial Statements

We have audited the financial statements of PESTECH International Berhad, which comprise the statements of financial position of the Group and of the Company as at 31 December 2012, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 46 to 110.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is 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.

Opinion

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

Report on Other Legal and Regulatory Requirements

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

a) In our opinion, the accounting and other records and the registers required by the 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 auditor's reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 of the Financial Statements.

c) We are satisfied that the accounts of the subsidiaries and 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 set out on the Note 36 on page 110 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.

Other Matters

1. As stated in Note 2.4 to the Financial Statements, the Group adopted Malaysian Financial Reporting Standards on 1 January 2012 with a transition date of 10 June 2011 (date of incorporation). These standards were applied retrospectively by Directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year ended 31 December 2011 and related disclosures. We were not engaged to report on the MFRS transition comparative information, and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as of 31 December 2012 and financial performance and cash flows for the financial year then ended.

2. 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.

SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

HOOI KOK MUN
(NO: 2207/01/14(J))
CHARTERED ACCOUNTANT

Kuala Lumpur
22 April 2013

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

		Group		Company	
	Note	2012	2011	2012	2011
		RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	16,689,359	10,143,504	66,661	-
Investment in subsidiaries	5	-	-	36,500,003	36,500,003
Total non-current assets		16,689,359	10,143,504	36,566,664	36,500,003
Current assets					
Inventories	6	13,038,260	17,482,824	-	-
Trade receivables	7	54,080,321	21,087,680	-	-
Other receivables, deposits and prepayments	8	5,231,137	2,374,688	24,800	1,149,535
Amount due from contract customers	9	19,494,366	-	-	-
Amount due from related companies	10	13,435	11,086	17,639,960	-
Fixed deposits with licensed institutions	11	5,868,163	11,152,761	-	-
Cash and bank balances	12	14,633,071	15,738,080	1,292,381	2
Total current assets		112,358,753	67,847,119	18,957,141	1,149,537
Total assets		129,048,112	77,990,623	55,523,805	37,649,540
EQUITY AND LIABILITIES					
EQUITY					
Share capital	13	42,940,000	36,500,000	42,940,000	36,500,000
Share premium	13	5,696,808	-	5,696,808	-
Reserves	14	16,749,741	2,341,094	5,142,701	(75,467)
		65,386,549	38,841,094	53,779,509	36,424,533
Non-controlling interest		(3,805)	(3,378)	-	-
Total equity		65,382,744	38,837,716	53,779,509	36,424,533

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012 (cont'd)

		Group		Company	
	Note	2012	2011	2012	2011
		RM	RM	RM	RM
LIABILITIES					
Non-current liabilities					
Finance lease liabilities	15	1,442,816	188,327	33,106	-
Loans and borrowings	16	1,837,370	2,404,866	-	-
Deferred tax liabilities	17	441,000	221,000	-	-
Total non-current liabilities		3,721,186	2,814,193	33,106	-
Current liabilities					
Trade payables	18	30,231,643	14,865,582	-	-
Other payables and accruals	19	3,577,488	2,315,092	1,649,931	15,000
Amount due to contract customers	9	-	1,577	-	-
Amount due to related companies	10	-	-	-	1,210,002
Amount due to Directors	20	769,507	2,445,155	5	5
Finance lease liabilities	15	634,214	54,632	19,254	-
Loans and borrowings	16	21,959,480	15,358,048	-	-
Provision for taxation		2,771,850	1,298,628	42,000	-
Total current liabilities		59,944,182	36,338,714	1,711,190	1,225,007
Total liabilities		63,665,368	39,152,907	1,744,296	1,225,007
Total equity and liabilities		129,048,112	77,990,623	55,523,805	37,649,540

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

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED TO 31 DECEMBER 2012

		Group		Company	
	Note	2012	2011	2012	2011
		RM	RM	RM	RM
Revenue	21	136,098,202	132,047,709	10,850,000	-
Cost of sales		(97,284,982)	(104,684,637)	-	-
Gross profit		38,813,220	27,363,072	10,850,000	-
Other income	22	1,294,450	1,976,288	7,274	-
Administration expenses		(15,913,404)	(10,652,476)	(3,522,456)	(75,467)
Finance costs	23	(1,161,427)	(1,318,864)	(1,530)	-
Operating profit/(loss)		23,032,839	17,368,020	7,333,288	(75,467)
Share of associate's result		-	169	-	-
Profit/(Loss) before tax	24	23,032,839	17,368,189	7,333,288	(75,467)
Tax expense	25	(6,509,008)	(4,681,693)	(54,000)	-
Profit/(Loss) for the financial year/period		16,523,831	12,686,496	7,279,288	(75,467)
Other comprehensive income					
Exchange translation differences		(54,491)	21,467	-	-
Total comprehensive income/(loss) for the financial year/period		16,469,340	12,707,963	7,279,288	(75,467)
Profit/(Loss) for financial year/period attributable to:					
Owners of the parent		16,524,258	12,689,899	7,279,288	(75,467)
Non-controlling interest		(427)	(3,403)	-	-
		16,523,831	12,686,496	7,279,288	(75,467)
Total comprehensive income/(loss) attributable to:-					
Owners of the parent		16,469,767	12,711,366	7,279,288	(75,467)
Non-controlling interest		(427)	(3,403)	-	-
		16,469,340	12,707,963	7,279,288	(75,467)
Basic earnings per ordinary share attributable to owners of the parent (RM)	26	0.21	0.25		

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

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

		Attributable to owners of the parent							
		Non-distributable				Distributable			
	Note	Share capital	Share premium	Translation reserve	Merger reserve	Retained earnings	Total	Non-controlling interest	Total equity
Group		RM	RM	RM	RM	RM	RM	RM	RM
Balance at 10 June 2011 (Date of incorporation)		2	-	-	-	-	2	-	2
Effect on merger of subsidiaries		-	-	(37,274)	(33,136,979)	22,803,981	(10,370,272)	25	(10,370,247)
Profit/(loss) for the financial period		-	-	-	-	12,689,899	12,689,899	(3,403)	12,686,496
Other comprehensive income for the financial period		-	-	21,467	-	-	21,467	-	21,467
Total comprehensive income for the financial period		-	-	21,467	-	12,689,899	12,711,366	(3,403)	12,707,963
Transaction with owners:									
Issue of share capital/ Total transaction with owners	13	36,499,998	-	-	-	-	36,499,998	-	36,499,998
Balance as at 31 December 2011		36,500,000	-	(15,807)	(33,136,979)	35,493,880	38,841,094	(3,378)	38,837,716

		Attributable to owners of the parent							
		Non-distributable				Distributable			
	Note	Share capital	Share premium	Translation reserve	Merger reserve	Retained earnings	Total	Non-controlling interest	Total equity
Group		RM	RM	RM	RM	RM	RM	RM	RM
Balance as at 1 January 2012		36,500,000	-	(15,807)	(33,136,979)	35,493,880	38,841,094	(3,378)	38,837,716
Profit/(Loss) for the financial year		-	-	-	-	16,524,258	16,524,258	(427)	16,523,831
Other comprehensive income for the financial year		-	-	(54,491)	-	-	(54,491)	-	(54,491)
Total comprehensive income for the financial year		-	-	(54,491)	-	16,524,258	16,469,767	(427)	16,469,340
Transactions with owners:									
Issue of share capital	13	6,440,000	6,440,000	-	-	-	12,880,000	-	12,880,000
Share issuance expenses	13	-	(743,192)	-	-	-	(743,192)	-	(743,192)
Dividends	27	-	-	-	-	(2,061,120)	(2,061,120)	-	(2,061,120)
Total transactions with owners		6,440,000	5,696,808	-	-	(2,061,120)	10,075,688	-	10,075,688
Balance as at 31 December 2012		42,940,000	5,696,808	(70,298)	(33,136,979)	49,957,018	65,386,549	(3,805)	65,382,744

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

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (cont'd)

	Note	Non-distributable Share capital	Share premium	Distributable Retained earnings	Total
		RM	RM	RM	RM
Company					
Balance at 10 June 2011 (Date of incorporation)		2	-	-	2
Loss for the financial period/ Total comprehensive loss for the financial period		-	-	(75,467)	(75,467)
Transaction with owners:					
Issue of share capital/ Total transaction with owners	13	36,499,998	-	-	36,499,998
Balance at 31 December 2011/ 1 January 2012		36,500,000	-	(75,467)	36,424,533
Profit for the financial year/ Total comprehensive income for the financial year		-	-	7,279,288	7,279,288
Transactions with owners:					
Issue of share capital	13	6,440,000	6,440,000	-	12,880,000
Share issuance expenses	13	-	(743,192)	-	(743,192)
Dividends to owners of the Company	27	-	-	(2,061,120)	(2,061,120)
Total transactions with owners		6,440,000	5,696,808	(2,061,120)	10,075,688
Balance at 31 December 2012		42,940,000	5,696,808	5,142,701	53,779,509

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

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	Group 2012	Group 2011	Company 2012	Company 2011
		RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax		23,032,839	17,368,189	7,333,288	(75,467)
Adjustments for:-					
Corporate expenses		1,705,431	-	1,705,431	-
Depreciation on property, plant and equipment		1,511,908	827,823	7,407	-
Gain on disposal of property, plant and equipment		(54,000)	(249,999)	-	-
Loss on disposal of a subsidiary	5	-	214,060	-	-
Loss on disposal of an associate		-	1,976	-	-
Interest expense		1,161,427	1,318,864	1,530	-
Interest income		(364,922)	(222,059)	(7,274)	-
Share of profit in an associate		-	(169)	-	-
Unrealised loss/(gain) on foreign exchange		766,698	(354,978)	-	-
Operating profit/ (loss) before working capital changes		27,759,381	18,903,707	9,040,382	(75,467)
Changes in working capital:-					
Inventories		4,444,564	(4,332,729)	-	-
Receivables		(37,905,323)	10,699,713	(24,800)	-
Payables		15,345,194	(20,592,852)	260,851	15,000
Amount due from customers on contracts		(19,495,943)	967,370	-	-
Cash (used in)/generated from operations		(9,852,127)	5,645,209	9,276,433	(60,467)
Tax paid		(4,815,786)	(5,930,344)	(12,000)	-
Net cash (used in)/from operating activities		(14,667,913)	(285,135)	9,264,433	(60,467)

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (cont'd)

	Note	Group 2012	Group 2011	Company 2012	Company 2011
		RM	RM	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received		364,922	222,059	7,274	-
Advances (to)/from related companies		(2,349)	(6,086)	(18,849,962)	1,210,002
Purchase of property, plant and equipment	A	(5,962,870)	(903,794)	(14,068)	-
Corporate expenses paid		(1,299,088)	(1,149,535)	(1,299,088)	(1,149,535)
Proceed from sale of property, plant and equipment		61,332	-	-	-
Uplift/(Placement) of fixed deposits with licensed financial nstitutions		3,674,398	(15,884)	-	-
Bank balances realised/(pledged)		7,984,987	(4,729,679)	-	-
Disposal of subsidiary net of cash disposed	5	-	(16,342)	-	-
Net cash from/(used in) investing activities		4,821,332	(6,599,261)	(20,155,844)	60,467
CASH FLOWS FROM FINANCING ACTIVITIES					
Advances (repaid to)/received from Directors		(1,675,648)	1,818,901	-	-
Dividend paid		(687,040)	(324,975)	(687,040)	-
Proceeds from issuance of ordinary shares to non-controlling interests		-	25	-	-
Proceeds from issuance of ordinary shares		12,880,000	2	12,880,000	2
Interest paid		(1,161,427)	(1,318,864)	(1,530)	-
Proceeds from loan and borrowings		40,755,528	52,527,167	-	-
Repayment of loans and borrowings		(33,966,223)	(46,172,693)	-	-
Repayment of finance lease payables		(273,929)	(270,043)	(7,640)	-
Net cash from financing activities		15,871,261	6,259,520	12,183,790	2
CASH AND CASH EQUIVALENTS					
Net changes		6,024,680	(624,876)	1,292,379	2
Brought forward		8,231,948	-	2	-
Effect of merger on subsidiaries		-	8,764,674	-	-
Effects of foreign exchange rate		(48,716)	92,150	-	-
Carried forward	B	14,207,912	8,231,948	1,292,381	2

NOTES TO THE STATEMENTS OF CASH FLOWS

A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

GROUP

The Group acquired property, plant and equipment with aggregate costs of RM8,070,870 (2011: RM1,103,794) of which RM2,108,000 (2011: RM200,000) was acquired by means of finance lease. Cash payment of RM5,962,870 (2011: RM903,794) was made to purchase the property, plant and equipment.

COMPANY

The Company acquired a motor vehicle costing RM74,068 (2011: RMNil) of which RM60,000 (2011: RMNil) was financed by finance lease. Cash payment of RM14,068 (2011: RMNil) was made to purchase the motor vehicle.

B. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the Statements of Cash Flows comprise the following:-

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Fixed deposits with licensed institutions (Note 11)	5,868,163	11,152,761	-	-
Cash and bank balances (Note 12)	14,633,071	15,738,080	1,292,381	2
Bank overdrafts (Note 16)	(4,417,611)	(5,123,797)	-	-
	16,083,623	21,767,044	1,292,381	2
Less : Fixed deposits and bank balance pledged to licensed financial instituitions	(1,875,711)	(13,535,096)	-	-
	14,207,912	8,231,948	1,292,381	2

Fixed deposits with licensed financial institutions and bank balance amounting to RM481,482 (2011: RM4,155,880) and RM1,394,229 (2011: RM9,379,216) respectively have been pledged to financial institutions for banking facilities granted to the Group and hence, are not available for general use.

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

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2012

1. GENERAL INFORMATION

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

The registered office of the Company is located at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur.

The principal place of business of the Company is located at No.26, Jalan Utarid U5/14, Seksyen U5, 40150 Shah Alam, Selangor Darul Ehsan.

The Company is principally engaged in the business of investment holding, general trading and provision of management services. The principal activities of its subsidiaries are disclosed in Note 5 to the Financial Statements.

There have been no significant changes in the nature of the principal activities of the Company and its subsidiaries during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 22 April 2013.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

2.3 Functional and presentation currency

The financial statements are presented in Ringgit Malaysia (RM) which is the Company's functional currency and all values are rounded to the nearest RM except when otherwise stated.

2.4 First-time Adoption of MFRSs

In the previous financial period, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards ("FRSs"). These are the Group's 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.

The accounting policies set out in Note 3 have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 31 December 2012 and the comparative information presented in these financial statements for the financial period ended 31 December 2011 based on the date of transition of 10 June 2011 (the date of incorporation of the Company).

The transition to MFRSs does not have financial impact to the opening consolidated statement of financial position of the Group and the opening statement of financial position of the Company as at 10 June 2011.

2. BASIS OF PREPARATION (CONT'D)

2.5 Standards Issued But Not Yet Effective

The Group and the Company have not applied the following MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and the Company:

Amendments to MFRS effective 1 July 2012:

MFRS 101	Presentation of Financial Statements-Presentation of Items of Other Comprehensive Income

MFRSs effective 1 January 2013 :

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 (International Accounting Standard ("IAS") 19 as amended by International Accounting Standards Board ("IASB") in June 2011)
MFRS 127	Separate Financial Statements (IAS 27 as amended by IASB in May 2011)
MFRS 128	Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)
IC Interpretation 20	Stripping Costs in the Production of A Surface Mine

Amendments to MFRSs effective 1 January 2013 :

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards Government Loans
MFRS 7	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
MFRS 10, 11 and 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance

Annual Improvements 2009 – 2011 Cycle issued in July 2012

Amendments to MFRS effective 1 January 2014 :

MFRS 10, 12 and 127	Consolidated Financial Statements, Disclosures of Interests in Other Entities and Separate Financial Statements: Investment Entities
MFRS 132	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities

MFRSs effective 1 January 2015 :

MFRS 7	Financial Instrument: Disclosures – Mandatory Date of MFRS 9 and Transition Disclosures
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)
MFRS 9	Financial Instruments (IFRS9 issued by IASB in October 2010)

MFRS 128 and IC Interpretation 20 are not applicable to the Group's operation.

MFRS 10, 11, 12, 128 and IC Interpretation 20 are not applicable to the Company's operations.

2. BASIS OF PREPARATION (CONT'D)

2.5 Standards Issued But Not Yet Effective (CONT'D)

The initial application of the above standards are not expected to have any financial impacts to the financial statements upon the first adoption, except for:

MFRS 9 Financial Instruments

MFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in MFRS 139 Financial Instruments: Recognition and Measurement. MFRS 9 requires financial assets to be classified into two measurement categories: fair value and amortised cost, determined at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. Most of the requirements for financial liabilities are retained, except for cases where the fair value option is taken, the part of a fair value change due to an entity's own risk is recorded in other comprehensive income rather than profit or loss, unless this creates an accounting mismatch.

The adoption of MFRS 9 will result in a change in accounting policy. The Group and the Company are currently examining the financial impact of adopting MFRS 9.

MFRS 13 Fair Value Measurement

MFRS 13 does not affect which items are required to be fair-valued, but clarifies the definition of fair value and provides related guidance and enhance disclosures about fair value measurements it replaces the existing fair value guidance in different MFRSs.

The adoption of MFRS 13 will result in change in accounting policy for the items measured at fair value in the financial statements. The Group and the Company are currently examining the financial impact of adopting MFRS 13.

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant Accounting Estimates and Judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

2.6.1 Estimation Uncertainty

Information about significant estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

Useful lives of depreciable assets

Management estimates the useful lives of the property, plant and equipment to be within 3 to 96 years and reviews the useful lives of depreciable assets at end of each of the reporting period. At 31 December 2012 management assesses that the useful lives represent the expected utility of the assets to the Group. Actual results, however, may vary due to change in the expected level of usage and technological developments, which resulting the adjustment to the Group's assets.

The carrying amount of the Group's property, plant and equipment at the end of the reporting period is disclosed in Note 4 to the Financial Statements.

A 4% (2011: 9%) difference in the expected useful lives of the property, plant and equipment from the management' estimates would result in approximately 1% (2011 : 1%) variance in the Group's profit for the financial year.

Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the Group's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

The Group carries out the impairment test based on a variety of estimation including the value-in-use of the cash-generating units to which the property, plant and equipment and investment in subsidiaries are allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Further details of the carrying values, key assumptions applied in the impairment assessment of non-financial assets and sensitivity analysis to changes in the assumptions, if any, are disclosed in the respective notes to the financial statements.

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant Accounting Estimates and Judgements (CONT'D)

2.6.1 Estimation Uncertainty (CONT'D)

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the times the estimates are made. The Group's core business is subject to economical and technology changes which may cause selling prices to change rapidly, and the Group's profit to change.

The carrying amount of the Group's inventories at the end of the reporting year is disclosed in Note 6 to the Financial Statements.

Income tax/Deferred tax liabilities

The Group and the Company are exposed to income taxes. Significant judgement is involved in determining the Group's and the Company's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise tax liabilities based on estimates of whether additional taxes will be due. Where the final tax 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 period in which such determination is made.

The carrying amount of the Group's provision for taxation and deferred tax liabilities at the end of the reporting period, are disclosed in Notes 25 and 17 to the Financial Statements respectively.

Impairment of loans and receivables

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

The carrying amount of the Group's loans and receivables at the end of the reporting year is disclosed in Note 33 to the Financial Statements.

Amount due from contract customers

The carrying amount of amount due from contract customers and revenue recognised from contracts reflects management's best estimate about each contract's outcome and stage of completion. The Company's management assesses the profitability of on-going contracts at least monthly, using extensive project management procedures. For more complex contracts in particular, costs to complete and contract profitability are subject to significant estimation uncertainty.

The carrying amount of the Group's construction contract at the end of the reporting year is summarised in Note 9 to the Financial Statements.

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant Accounting Estimates and Judgements (CONT'D)

2.6.2 Significant Management Judgement

There is no significant management judgement in applying the accounting policies of the Group and of the Company that have the most significant effect on the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies, as summarised below, consistently throughout all periods presented in the financial statements and in preparing their opening MFRS statement of financial position at 10 June 2011 (the transition date to MFRS framework).

3.1 Consolidation

3.1.1 Investments in Subsidiaries

A subsidiary is a company in which the Company has the 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.

Investments in subsidiaries are stated at cost less any impairment losses in the Company's financial position, unless the investment is held for sale or distribution. The cost of investment includes transaction costs.

Upon the disposal of investment in a subsidiary, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

3.1.2 Basis of Consolidation

The Group's financial statements consolidate the audited financial statements of the Company and all of its subsidiaries which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiaries and a jointly-controlled entity are all drawn up to the same reporting period.

All intra-group balances, income and expenses and unrealised gains and losses resulting for intra-group transaction are eliminated in full. Where unrealised losses on intra-group assets sales are reversed on consolidation, the underlying assets is also tested for impairment from a group perspective.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Changes in the Company owners' 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (CONT'D)

3.1.3 Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that 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 values of the operation disposed of and the portion of the cash-generating unit retained.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (CONT'D)

3.1.3 Business Combinations and Goodwill (CONT'D)

Common Control Business Combination

A business combination involving entities under common control is a business combination in which all the combining entities or business are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

The acquisition resulted in a business combination involving common control entities, and accordingly the accounting treatment is outside the scope of MFRS 3. For such common control business combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the consolidated financial statements.

Under the merger method of accounting, the results of subsidiaries are presented as if the merger had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit differences is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

3.1.4 Loss of Control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

3.1.5 Non-Controlling Interest

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if that results in a deficit balance.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (CONT'D)

3.1.6 Investment in Jointly-Controlled Entity

A jointly-controlled entity is corporation, partnership of other entity over which there is contractually agreed sharing of control by the Group with one or more parties where the strategic financial and operating decisions relating to the entities require unanimous consent of the parties sharing control.

The Group's interests in jointly-controlled entities are accounted for in the Group financial statements using the proportionate consolidation from the date the Group obtains joint control until the date the Group ceases to have joint control over the joint venture. The Group's share of the assets, liabilities, income and expenses of jointly-controlled entities are combined with the equivalent items in the Group financial statements on a line by line basis, in its consolidated financial statements.

The financial statements of the joint ventures are prepared as of the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies into line with those of the Group.

Adjustments are made in the Group's consolidated financial statements to eliminate the Group's share of intragroup balances, income and expenses and unrealised gains and losses on transactions between the Group and its jointly-controlled entity.

In the Company's statement of financial position, investments in jointly-controlled entities are stated at cost less impairment losses. On disposal of such investment, the difference between net disposal proceeds and their carrying amount is included in the profit or loss.

3.1.7 Foreign Operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange prevailing at the reporting date and their profit or loss and other comprehensive income are translated at average rate over the reporting period. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Property, Plant and Equipment

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

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is recognised on the straight line method in order to write off the cost. Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Long leasehold land	96 years
Buildings	2%
Motor vehicles	20%
Tools and equipment	10%
Office equipment	10% - 30%
Renovation	10%

The residual values, useful lives and depreciation method are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable, or at least annually 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.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gain or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

3.3.1 Finance Lease

Leases in terms of which the Group and the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, 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.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss. 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.

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

3.3.2 Operating Lease

Leases, where the Group and the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

3.4 Inventories

Inventories comprising work-in-progress and general stocks are stated at the lower of cost and net realisable value after adequate specific allowance has been made by Directors for deteriorated, obsolete and slow-moving inventories.

Cost of general stock is determined on a first-in-first-out method. The cost of general stock comprise the original purchase price plus the costs incurred in bringing the inventories to their present location and condition.

The cost of work-in-progress comprises the cost of raw materials, direct labour and a proportion of production overheads.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial Instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value. Financial assets and financial liabilities are measured subsequently as described below.

3.5.1 Financial Assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:-

(a) loans and receivables;
(b) financial assets at fair value through profit or loss;
(c) held to maturity investments; and
(d) available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which described below.

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

At the reporting date, the Group and the Company only carried loans and receivables on their Statement of Financial Position.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial Instruments (CONT'D)

3.5.2 Financial Liabilities

After the initial recognition, financial liability is classified as:

(a) financial liability at fair value through profit or loss;
(b) other financial liabilities measure at amortised cost using the effective interest method; and
(c) financial guarantee contracts.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

At the reporting date, the Group and the Company only carried other liabilities on their Statements of Financial Position.

Other liabilities measured at amortised cost

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

Other liabilities are subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

3.5.3 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Construction Contracts

Construction contracts are contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised over the period of contract as revenue and expenses respectively by reference to the percentage of completion of the contract activity at the reporting date. The Group uses the percentage of completion method to determine the appropriate amount of revenue and costs to be recognised in a period of the contract by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that is probably recoverable and contract costs are recognised as expense in the financial year in which they incurred.

Irrespective whether the outcome of a construction contract can be estimated reliably, when it is probable that contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

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

The aggregate of the costs incurred and the profit/loss recognised on each contract is compared against the progress billings up to the financial year end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as amounts due from customers on contracts under current assets. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amounts due to customers on contracts under current liabilities.

3.7 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, short term demand deposits, bank overdrafts and highly liquid investments which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown in current liabilities in the statement of financial position.

For the purpose of the financial position, cash and cash equivalents restricted to be used to settle a liability of 12 months or more after the reporting date are classified as non-current asset.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of three years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the third year.

Impairment losses are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at the end of each reporting period, and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Impairment of Financial Assets

3.9.1 Impairment of Financial Assets Carried at Amortised Cost

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the profit or loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the profit or loss.

3.9.2 Unquoted Equity Securities Carried at Cost

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Equity, Reserves and Dividend Payments

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.

Share capital represents the nominal value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Retained earnings include all current and prior period retained profits.

Dividends on ordinary shares are accounted for in shareholders' equity as an appropriation of retained earnings and recognised as a liability in the period in which they are declared.

The distribution of non-cash assets to owners is recognised as dividend payable when the dividend was approved by shareholders. The dividend payable is measured at the fair value of the shares to be distributed. At the end of the financial year and on the settlement date, the Group reviews the carrying amount of the dividend payable, with any changes in the fair value of the dividend payable recognised in equity. When the Group settles the dividend payable, the difference between the carrying amount of the dividend distributed and the carrying amount of the dividend payable is recognised as a separate line item in profit or loss.

All transaction with owners of the parent are recorded separately within equity.

3.11 Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Revenue Recognition

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

3.12.1 Construction Contracts

Revenue relating to rendering of services under a contract is recognised when the outcome of a contract can be estimated reliably, by reference to the stage of completion of the services. Any anticipated loss will be recognised in full.

3.12.2 Sale of Goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customers. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

3.12.3 Interest Income

Interest income is recognised on a time proportion basis, by reference to the principal outstanding and at the interest rate applicable.

3.13 Employee Benefits

3.13.1 Short-Term Employee Benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses 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 services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

A provision is made for the estimated liability for leave as a result of services rendered by employees up to the end of the reporting period.

3.13.2 Defined Contribution Plan

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

3.13.3 Employee Leave Entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets during the period of time that is necessary to complete and prepare the asset for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

All other borrowing costs are expensed in the period in which 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.

3.15 Tax Expense

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

3.15.1 Current Tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Current tax is recognised in the statement of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).

3.15.2 Deferred tax

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or 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 end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15.2 Deferred tax (CONT'D)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

3.16 Contingent Liabilities

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statements of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Foreign Currencies

Transactions in foreign currencies are initially recorded at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the profit or loss with the exception of all monetary items that forms part of a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

3.18 Operating Segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

3.19 Related parties

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

(i) A person or a close member of that person's family is related to the Group if that person:-

(a) Has control or joint control over the Group;
(b) Has significant influence over the Group; or
(c) Is a member of the key management personnel of the holding company of the Group, or the Group.

(ii) An entity is related to the Group if any of the following conditions applies:-

(a) The entity and the Group are members of the same group.
(b) One entity is an associate or joint venture of the other entity.
(c) Both entities are joint ventures of the same third party.
(d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(e) The entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
(f) The entity is controlled or jointly-controlled by a person identified in (i) above.
(g) A person identified in (i)(a) above has significant influence over the entity or is a member of the key management personnel of the holding company or the entity.

4. PROPERTY, PLANT AND EQUIPMENT

Group	Long leasehold land	Buildings	Renovation	Tools and equipment	Motor vehicles	Motor vehicles under finance lease	Office equipment	Total
Cost	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
At date of incorporation	-	-	-	-	-	-	-	-
Additions through merger of subsidiaries	1,657,403	5,745,374	382,270	640,559	544,324	974,624	2,409,134	12,353,688
Additions	-	-	37,570	278,515	30,082	312,800	444,827	1,103,794
Disposal	-	-	-	-	-	(650,478)	-	(650,478)
Disposal of subsidiary	-	-	-	-	(105,384)	-	-	(105,384)
Written off	-	-	-	-	-	-	(2,800)	(2,800)
Translation differences	-	-	1,043	2,401	22,278	-	2,038	27,760
At 31 December 2011/ 1 January 2012	1,657,403	5,745,374	420,883	921,475	491,300	636,946	2,853,199	12,726,580
Additions	-	-	59,441	4,782,185	63,249	2,397,669	768,326	8,070,870
Disposal	-	-	-	-	-	(146,019)	(14,113)	(160,132)
Translation differences	-	-	534	(3,216)	(6,259)	-	(1,038)	(9,979)
At 31 December 2012	1,657,403	5,745,374	480,858	5,700,444	548,290	2,888,596	3,606,374	20,627,339

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

Group (cont'd)	Long leasehold land	Buildings	Renovation	Tools and equipment	Motor vehicles	Motor vehicles under finance lease	Office equipment	Total
	RM	RM	RM	RM	RM	RM	RM	RM
Accumulated depreciation								
At date of incorporation	-	-	-	-	-	-	-	-
Additions through merger of subsidiaries	86,324	114,907	44,708	224,314	187,315	682,505	1,005,324	2,345,397
Charge for the financial year	17,265	114,907	38,965	65,730	94,615	161,026	335,315	827,823
Disposal	-	-	-	-	-	(550,477)	-	(550,477)
Disposal of subsidiary	-	-	-	-	(49,179)	-	-	(49,179)
Written off	-	-	-	-	-	-	(1,120)	(1,120)
Translation difference	-	-	216	464	9,289	-	663	10,632
At 31 December 2011/ 1 January 2012	103,589	229,814	83,889	290,508	242,040	293,054	1,340,182	2,583,076
Charge for the financial year	17,265	114,907	42,927	514,129	92,741	324,751	405,188	1,511,908
Disposal	-	-	-	-	-	(146,019)	(6,779)	(152,798)
Translation difference	-	-	(24)	(1,496)	(2,620)	-	(66)	(4,206)
At 31 December 2012	120,854	344,721	126,792	803,141	332,161	471,786	1,738,525	3,937,980
Net carrying amount								
At 31 December 2012	1,536,549	5,400,653	354,066	4,897,303	216,129	2,416,810	1,867,849	16,689,359
At 31 December 2011	1,553,814	5,515,560	336,994	630,967	249,260	343,892	1,513,017	10,143,504

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

Company

	Motor vehicles under finance lease RM
Cost	
At date of incorporation/ 31 December 2011/ 1 January 2012	-
Addition during 2012/Balance at 31 December 2012	74,068
Less: Accumulated depreciation	
At date of incorporation/ 31 December 2011/ 1 January 2012	-
Charge for the year/Balance at 31 December 2012	(7,407)
Net carrying amount as at 31 December 2012	66,661

5. INVESTMENT INSUBSIDIARIES

	Company 2012 RM	Company 2011 RM
Unquoted shares, at cost	36,500,003	36,500,003

The particulars of the subsidiaries are as follows:-

Name of company	Place of incorporation	Effective interest 2012	Effective interest 2011	Principal activities
		%	%	
Xcell (ATS) Sdn. Bhd.	Malaysia	100	100	Provision of design and supply of remote control systems and data communication products and its related services.
PESTECH Sdn. Bhd.	Malaysia	100	100	Provision of comprehensive power system engineering and technical solutions for the design, procurement and installation of substations, transmission lines and underground cables for electricity transmission and distribution, and also manufacture proprietary power system components and equipment. It is also an investment holding company.
Subsidiaries of PESTECH Sdn. Bhd.				
Fornix Sdn. Bhd.	Malaysia	100	100	Investment holding company
Tajri-PESTECH JV Ltd*	Cambodia	100	100	Construction of electrical substation and transmission line
PESTECH (Brunei) Sdn. Bhd.#	Brunei	90	90	Electrical engineering contractor, specializing in transmission and distribution.
PESTECH (Sarawak) Sdn. Bhd.	Malaysia	100	-	Provision of electrical mechanical and civil engineering, subcontracting and engineering services and its related products.
PESTECH Transmission Limited#	Ghana	100	-	Provision of project management, electrical substations, transmission line erection and installation, supervision of testing and commission and civil works.

*Subsidiary audited by member firm of Grant Thornton International Ltd.
Subsidiary not audited by SJ Grant Thornton.

5. INVESTMENT INSUBSIDIARIES (CONT'D)

Acquisition of subsidiaries

Group

2012

On 9 March 2012, PESTECH Sdn. Bhd. subscribed for 96,000 shares representing 100% of the total issued and paid up share capital of PESTECH Transmission Limited for a cash consideration of Ghana Cedi GHS96,000 (approximately RM16).

On 2 April 2012, PESTECH Sdn. Bhd. acquired the entire issued and paid up share capital of PESTECH (Sarawak) Sdn. Bhd., for a cash consideration of RM2.

2011

On 17 March 2011, PESTECH Sdn. Bhd. subscribed 90 shares representing 90% of the total issued and paid-up share capital of PESTECH (Brunei) Sdn. Bhd., for a cash consideration of RM222.

Company

2011

On 17 August 2011, the Company acquired 300,000 shares representing 100% of the total issued and paid-up share capital of Xcell (ATS) Sdn. Bhd. ('XCELL'), a company incorporated in Malaysia, which is engaged in the provision of design and supply of remote control system and data communication products for a cash consideration of RM5.

On 17 August 2011, the Company acquired 3,333,000 shares representing 100% of the total issued and paid-up share capital of PESTECH Sdn Bhd ('PSB'), a company incorporated in Malaysia, which is an investment holding company and principally engaged in the provision of comprehensive power system engineering and technical solutions for the design, procurement and installation of substations, transmission lines and underground cables for electricity transmission and distribution, and also manufacture proprietary power system components and equipment for a purchase consideration of RM36,499,998.

The acquired subsidiaries have contributed the following results to the Group in financial period ended 2011:

	2011 **RM**
Revenue	127,592,993
Profit for the financial period	11,500,531

5. INVESTMENT INSUBSIDIARIES (CONT'D)

Disposal of a subsidiary

The Group disposed of Dayen-PESTECH JV Ltd, a wholly-owned subsidiary on 15 July 2011 for cash consideration of RM1.00. The consideration was fully settled in cash.

The disposal of Dayen-PESTECH JV Ltd gave rise to a loss of RM214,060 in the Group's financial statements.

The effect of the disposal of Dayen-PESTECH JV Ltd on the financial position of the Group as at the date of disposal was as follows:-

	RM
Property, plant and equipment	56,205
Trade receivables	1,254,988
Other receivables	79,666
Cash and balances	16,343
Trade payables	298,919
Other payables	56,350
Amount due to holding company	(1,547,057)
Amount due to directors	(10,043)
Exchange translation reserve	8,690
Net assets	214,061
Loss on disposal	(214,060)
Proceeds from disposal	1
Less : Cash and cash balances disposed	(16,343)
Net cash outflow from disposal	(16,342)

6. INVENTORIES

	Group	
	2012 RM	2011 RM
At cost:-		
Work-in-progress	7,605,937	15,449,239
General stocks	5,432,323	2,033,585
	13,038,260	17,482,824

The amount of inventories recognised as cost of sales in profit or loss for the financial year is RM 81,931,662 (2011: RM 93,572,044).

7. TRADE RECEIVABLES

	Group 2012 RM	Group 2011 RM
Trade receivables	39,120,492	7,536,793
Retention sums on contracts	14,959,829	13,550,887
	54,080,321	21,087,680

Trade receivables are non-interest bearing and the normal credit terms granted by the Group ranges from 30 to 90 days (2011: 30 to 90 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

8. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Other receivables	1,269,650	657,030	-	-
Deposits	356,100	431,358	-	-
Prepayments	3,605,387	1,286,300	24,800	1,149,535
	5,231,137	2,374,688	24,800	1,149,535

Included in other receivables of the Group is an amount due from related parties amounting to RM467,525 (2011: RM40,755).

9. AMOUNT DUE FROM/(TO) CUSTOMERS ON CONTRACTS

	Group 2012 RM	Group 2011 RM
Cost incurred on contracts to date	144,386,013	115,508,909
Add: Attributable profits	81,498,038	30,428,001
	225,884,051	145,936,910
Less: Progress billings	(206,389,685)	(145,938,487)
Amount due from/(to) customers for contracts works	19,494,366	(1,577)
Retention sum on contracts included in trade receivables	14,959,829	13,550,887
Retention sum on contracts included in trade payables	984,088	786,439

10. AMOUNT DUE FROM/ (TO) RELATED COMPANIES

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Amount due from:				
Jointly-controlled entity	13,435	11,086	-	-
Subsidiary	-	-	17,639,960	-
	13,435	11,086	17,639,960	-
Amount due to:				
Subsidiary	-	-	-	(1,210,002)
	-	-	-	(1,210,002)
	13,435	11,086	17,639,960	(1,210,002)

The amount due from/ (to) related companies represents advances and expenses paid on behalf which is unsecured, interest free and repayable on demand.

11. FIXED DEPOSITS WITH LICENSED INSTITUTIONS

Group

Included in fixed deposits with licensed institutions is an amount of RM481,482 (2011: RM4,155,880) pledged to financial institutions for banking facilities granted to a subsidiary of the Company and hence, are not available for general use.

The effective interest rates on fixed deposits ranged from 2.30% to 3.60% (2011: 1.80% to 4.73%) per annum. The average maturity period of the fixed deposits ranges from 1 month to 12 months (2011: 1 month).

12. CASH AND BANK BALANCES

Group

Included in cash and bank balances of the Group is an amount of RM1,394,229 (2011: RM9,379,216) which is pledged to financial institutions for guarantee facilities granted to a subsidiary of the Company and hence, are not available for general use.

13. SHARE CAPITAL AND SHARE PREMIUM

Share capital

Group and Company	2012		2011	
	Number of ordinary shares of RM0.50 each	Amount RM	Number of ordinary shares of RM0.50 each	Amount RM
Authorised:-				
At date of incorporation/ beginning of the year	100,000,000	50,000,000	200,000	100,000
Created during the year/ period	-	-	99,800,000	49,900,000
At 31 December	100,000,000	50,000,000	100,000,000	50,000,000
Issued and fully paid:-				
At date of incorporation/ beginning of the year	73,000,000	36,500,000	4	2
Issued during theyear/ period	12,880,000	6,440,000	72,999,996	36,499,998
	85,880,000	42,940,000	73,000,000	36,500,000

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

Share premium

	Group and Company	
	2012 RM	2011 RM
At 1 January	-	-
Add: Increase on issuance of share capital	6,440,000	-
Less: Share issuance expenses	(743,192)	-
At 31 December	5,696,808	-

14. RESERVES

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Non-distributable reserve:				
Merger reserve	(33,136,979)	(33,136,979)	-	-
Exchange translation reserve	(70,298)	(15,807)	-	-
	(33,207,277)	(33,152,786)	-	-
Distributable reserve:				
Retained earnings/				
(Accumulated losses)	49,957,018	35,493,880	5,142,701	(75,467)
	16,749,741	2,341,094	5,142,701	(75,467)

Merger reserve

The merger reserve represents the effect arising from the merger of subsidiaries by the Company.

Exchange translation reserve

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

15. FINANCE LEASE LIABILITIES

Group	Current liabilities Not later than one year	Non-current liabilities Later than one year and not later than five years	Total
	RM	RM	RM
2012			
Future minimum lease payments	719,845	1,525,935	2,245,780
Less: Interest	(85,631)	(83,119)	(168,750)
Present value of minimum lease payments	634,214	1,442,816	2,077,030
2011			
Future minimum lease payments	65,916	203,550	269,466
Less: Interest	(11,284)	(15,223)	(26,507)
Present value of minimum lease payments	54,632	188,327	242,959

15. FINANCE LEASE LIABILITIES (CONT'D)

Company	Current liabilities Not later than one year RM	Non-current liabilities Later than one year and not later than five years RM	Total RM
2012			
Future minimum lease payments	22,008	34,816	56,824
Less: Interest	(2,754)	(1,710)	(4,464)
Present value of minimum lease payments	19,254	33,106	52,360

The Group's finance lease interests are charged at rates ranging from 2.34% to 6.29% (2011: 2.65% to 2.90%) per annum and are secured over the leased assets.

The Company's finance lease interest is charged at 6.29% per annum and is secured over the leased assets.

The agreement is non-cancellable but does not contain any further restrictions.

16. LOANS AND BORROWINGS

	Group 2012 RM	 2011 RM
Non-current liabilities		
Secured:		
Term loans	1,837,370	2,404,866
Current liabilities		
Secured:		
Term loans	94,701	297,921
Bank overdrafts	4,417,611	5,123,797
Banker acceptances	8,866,000	2,053,000
Trust receipts	8,581,168	7,883,330
	21,959,480	15,358,048
	23,796,850	17,762,914
Total borrowings:		
Term loans	1,932,071	2,702,787
Bank overdrafts	4,417,611	5,123,797
Banker acceptances	8,866,000	2,053,000
Trust receipts	8,581,168	7,883,330
	23,796,850	17,762,914

16. LOANS AND BORROWINGS (CONT'D)

The effective interest rates per annum are as follows:

	Group	
	2012	2011
	%	%
Term loans	5.10	5.05 - 7.60
Bank overdrafts	7.60 - 8.60	5.62 - 7.86
Bankers' acceptances	4.67 - 5.45	4.68 - 5.20
Trust receipts	2.12 - 8.35	2.71 - 8.35

The details of the term loans are as below:

	2012	2011
	RM	RM
(i) A fifteen (15) year term loan of RM1,000,000 which is repayable by equal monthly installments of RM8,304 commencing 1 May 2009;	-	898,338
(ii) A fifteen (15) year term loan of RM1,400,000 which is repayable by equal monthly installments of RM10,567 commencing 9 August 2009; and	-	1,254,449
(iii) A five (5) year term loan of RM1,000,000 which is repayable by equal monthly installments of RM16,667 commencing 19 October 2009	-	550,000
(iv) A fifteen (15) year term loan of RM2,000,000 which is repayable by equal monthly installments of RM15,920 commencing 16 March 2012	1,932,071	-
	1,932,071	2,702,787

During the financial year 2012, the Group has fully settled the term loans (i) to (iii).

Term loans (i) to (iii) of the Group were secured by:

(i) Facilities Agreements;
(ii) All monies legal charge over property, plant and equipment of the Group;
(iii) Fixed deposits and bank balances;
(iv) Subordination of amount due to Directors; and
(v) Joint and several guarantee by the Executive Directors.

Term loan (iv) of the Group is secured by:

(i) Facilities Agreements;
(ii) All monies legal charge over property, plant and equipment of the Group; and
(iii) Joint and several guaranteeby the Executive Directors.

Other loans and borrowings of the Group are secured by:-

(i) Facilities Agreements
(ii) All monies legal charge over the investment property of the Group;
(iii) Fixed deposits and bank balances;
(iv) Joint and several guarantee by the Executive Directors;
(v) Corporate guarantee by the Company; and
(vi) Negative pledge.

17. DEFERRED TAX LIABILITIES

The deferred tax assets and liabilities are made up of the following:

	Group 2012 RM	Group 2011 RM
Effect on merger of subsidiaries	221,000	221,000
Recognised in profit or loss	220,000	-
Balance as at 31 December	441,000	221,000
Presented after appropriate offsetting:		
Deferred tax assets	-	(8,000)
Deferred tax liabilities	441,000	229,000
	441,000	221,000

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

Deferred tax liabilities of the Group

	Property, plant and equipment RM	Unrealised gain on foreign exchange RM	Total RM
At date of incorporation	-	-	-
Merger of subsidiary	221,000	8,000	229,000
Recognised in profit or loss	8,000	(8,000)	-
At 31 December 2011/1 January 2012	229,000	-	229,000
Recognised in profit or loss	212,000	-	212,000
At 31 December 2012	441,000	-	441,000

Deferred tax assets of the Group

	Provision RM	Total RM
At date of incorporation	-	-
Merger of subsidiary	(8,000)	(8,000)
At 31 December 2011/ 1 January 2012	(8,000)	(8,000)
Recognised in profit or loss	8,000	8,000
At 31 December 2012	-	-

18. TRADE PAYABLES

The deferred tax assets and liabilities are made up of the following:

	Group	
	2012 RM	2011 RM
Trade payables	29,247,555	14,079,143
Retention sum on contracts (Note 9)	984,088	786,439
	30,231,643	14,865,582

Included in trade payables of the Group is an amount due to related parties amounting RM1,129,353 (2011: RM1,220,560) which is unsecured, non-interest bearing and the normal credit terms granted by the party is 90 days.

Trade payables are non-interest bearing and the normal credit terms granted by the trade payables range from 14 days to 90 days (2011: 14 days to 90 days).

19. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Other payables	1,080,791	1,458,989	30,696	-
Dividend payable	1,374,080	-	1,374,080	-
Accruals	1,122,617	856,103	245,155	15,000
	3,577,488	2,315,092	1,649,931	15,000

20. AMOUNT DUE TO DIRECTORS

The amount due to Directors is unsecured, bears no interest and repayable upon demand.

21. REVENUE

Revenue of the Group were derived from engineering, procurement, manufacturing, construction, transmission line and commissioning of power substations, which consist of sales of products and rendering of services under contract.

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Sales of product	21,081,017	11,493,578	-	-
Rendering of services	115,017,185	120,554,131	-	-
Management fee income	-	-	1,750,000	-
Dividend income	-	-	9,100,000	-
	136,098,202	132,047,709	10,850,000	-

22. OTHER INCOME

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Interest income	364,922	222,059	7,274	-
Gain on disposal of plant and equipment	54,000	249,999	-	-
Realised gain on foreign exchange	693,645	999,452	-	-
Unrealised gain on foreign exchange	-	354,978	-	-
Sundry income	181,883	149,800	-	-
	1,294,450	1,976,288	7,274	-

23. FINANCE COSTS

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Interest expense on:				
Term loans	220,826	177,808	-	-
Finance lease liabilities	50,830	16,832	1,530	-
Bank overdrafts	456,824	307,574	-	-
Bankers' acceptance/ Letter of credit/ Trust receipts	432,947	816,650	-	-
	1,161,427	1,318,864	1,530	-

24. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax is determined after charging/(crediting), amongst others, the following items:-

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Auditors' remuneration:				
Auditors of the Company				
- statutory audit	81,000	75,200	20,000	15,000
- other services	268,964	112,000	252,664	-
Other auditors				
- statutory audit	24,331	21,202	-	-
Depreciation	1,511,908	827,823	7,407	-
Directors' remuneration				
- fee	255,000	360,000	105,000	-
- bonus	-	600,000	-	-
- other emoluments	1,446,146	387,348	1,006,000	-
Gain on disposal of property, plant and equipment	(54,000)	(249,999)	-	-
Hire of equipment	718	15,009	-	-
Interest income	(364,922)	(222,059)	(7,274)	-
Interest expense	1,161,427	1,318,864	1,530	-
Loss on disposal of an associate	-	1,976	-	-
Loss on disposal of a subsidiary	-	214,060	-	-
Pre-operating expenses	-	11,589	-	-
Realised gain on foreign exchange	(693,645)	(999,452)	-	-
Rental of premises	270,922	722,739	-	-
Share of profit in an associate	-	(169)	-	-
Unrealised loss/(gain) on foreign exchange	766,698	(354,978)	-	-

25. TAX EXPENSE

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Current year taxation	6,657,254	4,600,679	54,000	-
Transferred to deferred taxation (Note 17)	220,000	-	-	-
	6,877,254	4,600,679	54,000	-
(Over)/Underprovision in prior period	(368,246)	81,014	-	-
	6,509,008	4,681,693	54,000	-

Malaysian income tax is calculated at the statutory rate of 25% (2011: 25%) of the estimated taxable profits for the financial year.

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

The numerical reconciliation between the average effective tax rate and the statutory tax rate are as follows:-

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Profit/(loss) before tax	23,032,839	17,368,189	7,333,288	(75,467)
At Malaysian statutory tax rate of 25%	5,758,210	4,342,047	1,833,322	(18,867)
Effects of different tax rates in overseas subsidiary	(66,104)	(8,063)	-	-
Tax effects in respect of:-				
Expenses not deductible for tax purposes	1,425,300	313,074	495,678	18,867
Income not subject to tax	(240,152)	(9,801)	(2,275,000)	-
Effect of difference in tax rate applicable to small and medium scale companies	-	(31,714)	-	-
Utilisation of previously unrecognised tax losses	-	(4,864)	-	-
	6,877,254	4,600,679	54,000	-
(Over)/Underprovision in prior year/period	(368,246)	81,014	-	-
Income tax expense recognised in profit or loss	6,509,008	4,681,693	54,000	-

26. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing consolidated profit for the financial year/period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2012	2011
Profit attributable to owners of the parent (RM)	16,524,258	12,689,899
Weighted average number of ordinary shares in issue	80,513,333	50,538,463
Basics earnings per share (RM)	0.21	0.25

The basic earnings per share for the financial year has been calculated based on the Group's net profit for the financial year of RM16,524,258 and the weighted number of shares in issue as at year end of 80,513,333. The weighted average number of additional shares issued during the financial year is 29,974,870.

There was no diluted earnings per share is presented as the effect is anti-dilutive.

27. DIVIDENDS

	Company	
	2012	2011
	RM	RM
First interim single tier tax exempt dividend in respect of financial year ended 31 December 2012 of 0.8 sen, paid on 4 October 2012	687,040	-
Second interim single tier tax exempt dividend in respect of financial year ended 31 December 2012 of 1. 6 sen, paid on 25 January 2013	1,374,080	-
	2,061,120	-

On 22 February 2013, the Directors declared a third interim single tier tax exempt dividend of 3.3 sen in respect of the financial year ended 31 December 2012, payable on 26 April 2013 and will be accounted for as an appropriation of the retained earnings in the financial year ending 31 December 2013.

The Directors proposad a final single tier tax exempt dividend of 2 sen per ordinary share amounting to RM 1,717,600 in respect of the financial year ended 31 December 2012 which is subject to approval of the shareholders at the forthcoming Annual General Meeting and will be accounted for as an appropriation of the retained earnings in the financial year ending 31 December 2013.

28. EMPLOYEE BENEFITS

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Salaries, wages, bonuses and other emoluments	11,145,283	8,677,766	1,216,000	-
Social security contributions	89,082	77,871	1,085	-
Defined contribution plan	1,265,049	1,000,781	142,800	-
Directors' Fee	255,000	360,000	105,000	-
Other benefits	639,175	1,000,836	13,539	-
	13,393,589	11,117,254	1,478,424	-

Included in the employee benefits of the Group are Directors' remuneration as follows:-

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Executive Directors:				
Salaries, bonuses and other emoluments	1,299,800	945,400	901,000	-
Defined contribution plan	146,088	41,328	105,000	-
Social security contributions	258	620	-	-
Director Fee	150,000	360,000	-	-
	1,596,146	1,347,348	1,006,000	-
Non-Executive Directors :				
Director fee	105,000	-	105,000	-
	1,701,146	1,347,348	1,111,000	-

The estimated monetary value of benefit-in-kind received and receivable by the Executive Directors otherwise than in cash from the Group amounted to RMNil (2011:RM17,400).

29. INVESTMENTS IN A JOINTLY-CONTROLLED ENTITY GROUP

The particulars of the jointly-controlled entity are as follows:

Name of company	Country of incorporation	Interest in equity held by Company		Principal activities
		2012	2011	
Tajri-PESTECH JV Sdn. Bhd	Malaysia	50%	50%	Provision of electrical, mechanical and civil engineering, subcontracting and engineering consultancy. It is currently inactive.

The Group discontinues in recognising its share of losses in the jointly-controlled entity under the equity method of accounting, as the share of losses in the jointly-controlled entity has exceeded the cost of investment of RM12,500.

30. COMMITMENTS

30.1 Operating lease commitments - as lessee

The future minimum lease payments payable under non-cancellable operating lease commitments are:

	Group 2012 RM	2011 RM
Future minimum lease payments payables :		
Not later than 1 year	726,227	564,000
Later than 1 year but not later than 2 years	1,202,596	-
	1,928,823	564,000

Operating lease commitments represent rentals payables for rent of the buildings and offices. Leases are negotiated for terms of 3 years (2011 : 3 years).

30.2 Finance lease commitments

The future minimum lease payments under finance leases are disclosed in Note 15 to the Financial Statements.

30.3 Capital commitments

	Group 2012 RM	2011 RM
Capital expenditure		
Authorised but not contracted for		
- property, plant and equipment	410,000	-

31. CONTINGENCIES

Corporate guarantees extended by the Company to financial institutions for credit facilities granted to subsidiaries as at the end of the reporting year are as follows:-

	Company 2012 RM	2011 RM
Unsecured		
Finance lease liabilities of subsidiaries		
- Outstanding as at 31 December 2012	1,567,079	-
Loans and borrowings of subsidiaries		
- Outstanding as at 31 December 2012	15,768,968	-

The corporate guarantees do not have a determinable effect on the terms of the credit facilities due to the banks and financial institutions requiring parent guarantees as a pre-condition for approving the credit facilities granted to the subsidiary. The actual terms of the credit facilities are likely to be the best indicator of "at market" terms and hence the fair value of the credit facilities are equal to the credit facilities amount received by the subsidiaries. As such, there is no value on corporate guarantee to be recognised in the financial statements.

32. RELATED PARTY DISCLOSURES

32.1 Related party transactions

Related party transaction have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group are as follows:

	Group	
	2012	2011
	RM	RM
Related parties by virtue of common shareholders and common key management personnel		
- Sale of products	55,640	-
- Purchase of materials and services received	7,612,556	9,360,957

32.2 Compensation of key management personnel

The Group has no other members of key management personnel apart from the Board of Directors.

32.3 Outstanding balances arising from related party transactions with related parties related by virtue of common shareholders and common key management personnel

	Group	
	2012	2011
	RM	RM
Receivables from related parties	467,525	40,755
Payable to related parties	(1,129,353)	(1,220,560)

33. FINANCIAL INSTRUMENTS

33.1 Categories of financial instruments

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

(i) Loans and receivables (L&R), and
(ii) Other liabilities measured at amortised cost (AC)

	Carrying amount RM	L&R RM	AC RM
Group			
31 December 2012			
Financial assets			
Receivables	75,213,872	75,213,872	-
Fixed deposits	5,868,163	5,868,163	-
Cash and bank balances	14,633,071	14,633,071	-
	95,715,106	95,715,106	-

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 Categories of financial instruments (CONT'D)

The table below provides an analysis of financial instruments categorised as follows (CONT'D) :-

	Carrying amount RM	L&R RM	AC RM
Group (cont'd)			
31 December 2012			
Financial liabilities			
Payables	34,578,638	-	34,578,638
Finance lease liabilities	2,077,030	-	2,077,030
Loans and borrowings	23,796,850	-	23,796,850
	60,452,518	-	60,452,518
31 December 2011			
Financial assets			
Receivables	22,187,154	22,187,154	-
Fixed deposits	11,152,761	11,152,761	-
Cash and bank balances	15,738,080	15,738,080	-
	49,077,995	49,077,995	-
Financial liabilities			
Payables	19,627,406	-	19,627,406
Finance lease liabilities	242,959	-	242,959
Loans and borrowings	17,762,914	-	17,762,914
	37,633,279	-	37,633,279
Company			
31 December 2012			
Financial assets			
Receivables	17,639,960	17,639,960	-
Cash and bank balances	1,292,381	1,292,381	-
	18,932,341	18,932,341	-
Financial liabilities			
Payables	1,649,936	-	1,649,936
Finance lease liabilities	52,360	-	52,360
	1,702,296	-	1,702,296
31 December 2011			
Financial assets			
Cash and bank balances	2	-	2
Financial liability			
Payables	1,225,077	-	1,225,077

33. FINANCIAL INSTRUMENTS (CONT'D)

33.2 Financial risk management

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. Financial risk management policy is established to ensure that adequate resources are available for the development of the Group's business whilst managing its credit risk, liquidity risk, foreign currency risk, interest rate risk, and market price risk. The Group operates within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows:

(a) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It is the Group's policy to enter into financial instrument with a diversity of creditworthy counterparties. The Group does not expect to incur material credit losses of its financial assets or other financial instruments.

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's portfolio of financial instrument is broadly diversified along industry, product and geographical lines, and transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group does not offer credit terms without the approval of the head of credit control.

Following are the areas where the Group and the Company are exposed to credit risk:

i. Receivables

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is limited to the carrying amounts in the statements of financial position.

With a credit policy in place to ensure the credit risk is monitored on an ongoing basis, management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses aging analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than credit terms granted are deemed to have higher credit risk, and are monitored individually.

33. FINANCIAL INSTRUMENTS (CONT'D)

33.2 Financial risk management (CONT'D)

i. Receivables (CONT'D)

The credit risk concentration profile of the Group as at end of the reporting period is as follows:

	Group			
	2012		2011	
	RM	% of total	RM	% of total
By country :				
Malaysia	43,265,436	80	10,079,998	47.8
Cambodia	6,618,582	12.2	8,702,119	41.3
Sri Lanka	4,122,307	7.6	2,149,836	10.2
Others	73,996	0.2	155,727	0.7
	54,080,321	100	21,087,680	100.0

The ageing analysis of trade receivables other than retention sum is as follows:-

	2012	2011
	RM	RM
Not past due	27,758,214	7,389,842
Past due for 0-30 days	1,529,647	-
Past due for 31-60 days	3,499,190	-
Past due for 61-90 days	21,500	-
Past due for 91-120 days	570,292	-
Past due for more than 121 days	5,741,649	146,951
	39,120,492	7,536,793

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

As at 31 December 2012, trade receivables of the Company amounting to RM11,362,278 (2011: RM146,951) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

The Group has pledged trade receivables amounting to approximately RM9,801,101 (2011: RM1,820,797) as security for bank borrowings.

The net carrying amount of trade receivables is considered a reasonable approximate of fair value. The maximum exposure to credit risk is the carrying value of each class of receivables mentioned above.

At the reporting date, approximately 69% (2011: 69%) of the Group's trade receivables other than retention sum were due from three (2011: three) major customers.

Trade receivables consist of a large number of customers in various geographical areas. Based on historical information about customer default rates management considers the credit qualifying of trade receivables that are not past due or impaired to be good.

33. FINANCIAL INSTRUMENTS (CONT'D)

33.2 Financial risk management (CONT'D)

(a) Credit risk (CONT'D)

ii. Intercompany balances

The maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

The Group provides unsecured advances to related parties and monitors the results of the related parties regularly.

As at the end of the reporting period, there was no indication that the advances to the related parties are not recoverable.

iii. Corporate guarantee

The maximum exposure to credit risk is disclosed in the Note 31 to the Financial Statements, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an on-going basis the results of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations due to shortage of funds.

In managing its exposures to liquidity risk arises principally from its various payables, loans and borrowings, the Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

The Group aims at maintaining a balance of sufficient cash and deposits and flexibility in funding by keeping diverse sources of committed and uncommitted credit facilities from various banks.

33. FINANCIAL INSTRUMENTS (CONT'D)

33.2 Financial risk management (CONT'D)

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows (CONT'D):

(b) Liquidity risk (CONT'D)

The summary of the maturity profile based on contractual undiscounted repayment obligations are as below (CONT'D):

Group	Carrying amount	Repayment term	Contractual interest rate	Contractual cash flows	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years
	RM	months	%	RM	RM	RM	RM	RM
2012								
Financial assets								
Fixed deposits with licensed institutions	5,868,163	1-12	2.3% to 3.6%	5,868,163	5,868,163	-	-	-
Non-derivative financial liabilities								
Secured :								
Finance lease liabilities	2,077,030	31-54	2.34% to 6.29%	2,245,778	719,844	719,844	806,090	-
Loans and borrowings	23,796,850	1-180	2.12% to 8.60%	24,594,236	22,055,822	191,043	573,129	1,774,242
	25,873,880			26,840,014	22,775,666	910,887	1,379,219	1,774,242
Unsecured :								
Payables	34,578,638	1-3	-	34,578,638	34,578,638	-	-	-
Total undiscounted financial liabilities	60,452,518			61,418,652	57,354,304	910,887	1,379,219	1,774,242

33. FINANCIAL INSTRUMENTS (CONT'D)

33.2 Financial risk management (CONT'D)

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows (CONT'D):

(b) Liquidity risk (CONT'D)

The summary of the maturity profile based on contractual undiscounted repayment obligations are as below (CONT'D):

Group	Carrying amount	Repayment term	Contractual interest rate	Contractual cash flows	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years
	RM	months	%	RM	RM	RM	RM	RM
2011								
Financial assets								
Fixed deposits with licensed institutions	11,152,761	1-2	1.80% to 4.73%	11,152,761	11,152,761	-	-	-
Non-derivative financial liabilities								
Secured :								
Finance lease liabilities	242,959	31-60	2.65% to 2.90%	269,466	65,916	65,916	137,634	-
Loans and borrowings	17,762,914	60-180	2.71% to 8.35%	18,815,300	15,486,579	426,452	829,356	2,072,913
	18,005,873			19,084,766	15,552,495	492,368	966,990	2,072,913
Unsecured :								
Payables	19,627,406	1-3	-	19,627,406	19,627,406	-	-	-
Total undiscounted financial liabilities	37,633,279			38,712,172	35,179,901	492,368	966,990	2,072,913

33. FINANCIAL INSTRUMENTS (CONT'D)

33.2 Financial risk management (CONT'D)

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows (CONT'D):

(b) Liquidity risk (CONT'D)

The summary of the maturity profile based on contractual undiscounted repayment obligations are as below (CONT'D):

Company

	Carrying amount	Repayment term	Contractual interest rate	Contractual cash flows	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years
	RM	months	%	RM	RM	RM	RM	RM
2012								
Non-derivative financial liabilities								
Secured :								
Finance lease liabilities	52,360	31-54	6.29%	56,824	22,008	22,088	12,808	-
Unsecured :								
Payables	1,649,936	1-3	-	1,649,936	1,649,936	-	-	-
Total undiscounted financial liabilities	1,702,296			1,706,760	1,671,944	22,008	12,808	-
2011								
Non-derivative financial liabilities								
Unsecured :								
Payables	1,225,007	1-3	-	1,225,007	1,225,007	-	-	-
Total undiscounted financial liabilities	1,225,007			1,225,007	1,225,007	-	-	-

33. FINANCIAL INSTRUMENTS (CONT'D)

33.2 Financial risk management (CONT'D)

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows (CONT'D):

(c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

To mitigate the Group's exposure to foreign currency risk, the Group is exposed to fore*ign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currency giving rise to this risk is primarily United States Dollar (USD), Singapore Dollar (SGD), Euro (EURO), Sri Lanka Rupee (LKR), and Japanese Yen (JPY).*

The Group's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period was:

2012 Denominated in	Trade Receivables RM	Other receivables RM	Cash and bank balances RM	Trade payables RM	Other payables RM	Loan and borrowings RM
USD	19,256,714	1,876,652	10,785,210	(1,780,232)	(177,504)	(5,311,766)
EUR	4,016,001	-	22,056	(120,644)	(3,148)	-
JPY	-	-	-	(946,884)	-	-
LKR	106,306	163,544	4,497	(130,447)	-	-
Others	73,213	221,845	73,857	(159,589)	(54,950)	-

2011 Denominated in	Trade Receivables RM	Other receivables RM	Cash and bank balances RM	Trade RM	Other RM	Loan and borrowings RM
USD	8,824,781	179,326	14,557,306	(6,942,572)	(84,544)	(5,578,588)
EUR	1,931,341	-	659,801	(450,985)	(129,126)	(559,308)
JPY	-	-	-	(1,097,112)	-	-
LKR	218,495	167,448	208,100	(331,869)	(59,367)	-
Others	5,486	213,083	124,430	(172,254)	(24,329)	(726,113)

Foreign currency forward contracts

The Group and the Company enter into foreign currency forward contracts in the normal course of business to manage its exposure against foreign currency fluctuations on trade transactions denominated in foreign currencies.

33. FINANCIAL INSTRUMENTS (CONT'D)

33.2 Financial risk management (CONT'D)

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows (CONT'D):

(c) Foreign currency risk (CONT'D)

Foreign currency forward contracts (CONT'D)

The following table details the forward foreign currency contracts outstanding at the end of the reporting period:

	Average exchange rate	Contracts value	Contracts value
		USD	RM
Outstanding contracts			
2012			
Sell USD			
- Less than 1 year	3.0795 to 3.1020	2,000,000	6,181,250
2011			
Sell USD			
- Less than 1 year	3.0452 to 3.1840	2,900,000	9,005,270

Foreign currency sensitivity analysis:

The following table demonstrates the sensitivity of the Group's profit for the financial period to a reasonably possible change in the USD, EURO, JPYand LKR exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Increase/(Decrease)			
	Group			
	2012		2011	
	Profit for the year	Equity	Profit for the year	Equity
	RM	RM	RM	RM
USD/RM				
- Strengthened 1%	151,226	151,226	645,375	645,375
- Weakened 1%	(151,226)	(151,226)	(645,375)	(645,375)
EURO/RM				
- Strengthened 1%	31,705	31,705	6,096	6,096
- Weakened 1%	(31,705)	(31,705)	(6,096)	(6,096)
JPY/RM				
- Strengthened 11%	103,356	103,356	105,981	105,981
- Weakened 11%	(103,356)	(103,356)	(105,981)	(105,981)

Exposures to foreign exchange rates vary during the financial period depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposures to foreign currency risk.

33. FINANCIAL INSTRUMENTS (CONT'D)

33.2 Financial risk management (CONT'D)

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows (CONT'D):

(d) Interest rate risk

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

The Group's investments in fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

The Group's interest rate management objective is to manage the interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation. In order to achieve this objective, the Group targets a mix of fixed and floating debt based on assessment of its existing exposure and desired interest rate profile.

Fair value sensitivity analysis for fixed rate instruments:

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments:

A change in 50 basis point (bp) in interest rates at the end of the reporting period would have increased/(decreased) profit for the year and equity by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit for the year		Equity	
	+ 50 bp	- 50 bp	+ 50 bp	- 50 bp
2012	**RM**	**RM**	**RM**	**RM**
Floating rate instruments	118,984	(118,984)	118,984	(118,984)
2011				
Floating rate instruments	88,815	(88,815)	88,815	(88,815)

33.3 Fair value of financial instruments

The carrying amounts of short term receivables and payable, cash and cash equivalents and terms loans, are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

34. OPERATING SEGMENT

34.1 Business segments

For the management purposes, the Group is organised into business units based on their products and services, which comprises the following:

Investment Investment and property holding

EPMCC Engineering, procurement, manufacturing, construction and commissioning of power substations

Management monitors the operating results to its business units separately for the purposes of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explain in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

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

The following tables provide an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	Note	Investment	EPMCC	Adjustments and Eliminations	Total
2012		**RM**	**RM**	**RM**	**RM**
Revenue					
External customers		-	136,098,202	-	136,098,202
Inter-segment	i	4,414,000	-	(4,414,000)	-
Total revenue		4,414,000	136,098,202	(4,414,000)	136,098,202
Results					
Dividend income		2,100,000	-	(2,100,000)	-
Interest income		7,274	791,243	(433,595)	364,922
Finance costs		(435,125)	(1,159,897)	433,595	(1,161,427)
Depreciation		(7,407)	(1,372,329)	(132,172)	(1,511,908)
Income tax expense		(89,315)	(6,419,593)	-	(6,509,008)
Other material non-cash items:					
- Fair value gain on investment property		700,000	-	(700,000)	-
- Gain on disposal of property, plant and equipment		-	54,000	-	54,000
- Unrealised gain on foreign exchange		-	766,698	-	766,698
Segment profit	ii	1,567,671	24,875,010	(2,667,828)	23,774,853
Assets					
Segment assets		57,765,201	127,361,547	(56,078,636)	129,048,112
Additions to non-current assets other than financial instruments and deferred tax assets	iii	74,068	8,083,290	-	8,157,358
Liabilities					
Segment liabilities		(8,866,522)	(59,164,425)	4,365,579	(63,665,368)

34. OPERATING SEGMENT (CONT'D)

34.1 Business segments (CONT'D)

The following tables provide an analysis of the Group's revenue, results, assets, liabilities and other information by business segment: (CONT'D)

	Note	Investment	EPMCC	Adjustments and Eliminations	Total
2011		**RM**	**RM**	**RM**	**RM**
Revenue					
External customers		-	132,047,709	-	132,047,709
Inter-segment	i	564,000	9,369,339	(9,933,339)	-
Total revenue		564,000	141,417,048	(9,933,339)	132,047,709
Results					
Interest income		-	659,574	(437,515)	222,059
Finance costs		(437,515)	(1,318,863)	437,515	(1,318,863)
Depreciation		-	(695,651)	(132,172)	(827,823)
Share of profit of an associate					
Income tax expense		(21,442)	(4,660,251)	-	(4,681,693)
Other material non-cash items:					
- Gain on disposal of property, plant and equipment		-	249,999	-	249,999
- Loss on disposal of an associate		-	(1,976)	-	(1.976)
- Loss on disposal of a subsidiary		-	(214,060)	-	(214,060)
- Unrealised gain on foreign exchange		-	354,978	-	354,978
Segment profit	ii	1,757,725	17,941,684	(1,231,118)	18,486,291
Assets					
Segment assets		46,203,798	64,986,459	(33,199,634)	77,990,623
Additions to non-current assets other than financial instruments and deferred tax assets	iii	-	13,457,482	-	13,457,482
Liabilities					
Segment liabilities		(8,431,312)	(38,397,806)	7,676,211	(39,152,907)

34. OPERATING SEGMENT (CONT'D)

34.1 Business segments (CONT'D)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:

i. Inter-segment revenues are eliminated on consolidation.

ii. The following items are added to/(deducted from) segment profit to arrive at "Total Comprehensive Income" presented in the Statement of Comprehensive Income:

	Group	
	2012	2011
	RM	RM
Segment profit	23,774,853	18,486,291
Interest income	364,922	222,059
Interest expense	(1,161,427)	(1,318,863)
Share of profit of an associate	-	169
Income tax expense	(6,509,008)	(4,681,693)
	16,469,340	12,707,963

iii. Non-current assets are referring to property, plant and equipment.

34.2 Geographical segments

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

Group

	Revenue		Non-current assets	
	2012	2011	2012	2011
	RM	RM	RM	RM
Malaysia	131,767,116	126,423,864	15,678,310	9,882,587
Cambodia	4,114,422	3,375,398	939,318	260,917
Brunei	216,664	1,147,733	71,731	-
Papua New Guinea	-	1,100,714	-	-
	136,098,202	132,047,709	16,689,359	10,143,504

Non-current assets are referring to property, plant and equipment.

34.3 Information about a major customer

Revenue from 4 (2011: 2) major customer amount to RM86,316,708 (2011: RM76,738,812), arising from the sales by the EPMCC segment.

35. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit and financially prudent capital ratios in order to support its current business as well as future expansion so as maximise shareholder value.

The Group manages its capital structure and make adjustment to it, in light of changes in economic condition including the interest rate movements. To maintain and adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

There were no changes in the Group's approach to capital management during the financial period.

36. DISCLOSURE OF REALISED AND UNREALISED PROFITS/(LOSSES)

Bursa Malaysia Securities Berhad has on 25 March 2010 and 20 December 2010, issued directives requiring all listed corporations to disclose the breakdown of unappropriated profits or accumulated losses into realised and unrealised on group and company basis, as the case may be, in quarterly reports and annual audited financial statements.

The breakdowns of unappropriated profits as at the reporting date that has been prepared in accordance with the directives from Bursa Malaysia Securities Berhad stated above and Guidance on Special Matter No. 1 issued on 20 December 2010 by the Malaysian Institute of Accountants are as follows:-

Total unappropriated profits of the Company and its subsidiaries:

	Group RM	Company RM
- Realised	53,307,748	5,142,701
- Unrealised	(1,205,504)	-
	52,102,244	5,142,701
Consolidation adjustments	(2,145,226)	-
	49,957,018	5,142,701

The above disclosures were reviewed and approved by the Board of Directors in accordance with a resolution of the Directors on 22 April 2013.

ANALYSIS OF SHAREHOLDINGS
AS AT 6 MAY 2013

Authorised share capital	:	RM50,000,000.00
Issued and fully paid-up capital	:	RM42,940,000.00
Class of shares	:	Ordinary Shares of RM0.50 each
Total number of shares issued	:	85,880,000
On show of hands	:	One vote per shareholder / proxy present
On a poll	:	One vote per Ordinary Share held

BREAKDOWN OF HOLDINGS

Range of Holdings	No. of Holders	Percentage of Holders	No. of shares	Percentage of Issued Capital
1 — 99	0	0	0	0
100 — 1,000	78	16.46	54,900	0.06
1,001 — 10,000	238	50.21	1,208,400	1.41
10,001 — 100,000	98	20.68	3,588,200	4.18
100,001 — 4,293,999*	57	12.03	22,236,000	25.89
4,294,000 and above**	3	0.63	58,792,500	68.46
Total	474	100	85,880,000	100

Remarks:

* Less than 5 % of the issued holdings

** 5% and above of the issued holdings

SUBSTANTIAL SHAREHOLDERS
(as shown in the Register of Substantial Shareholdings)

		Number of Ordinary Shares of RM0.50 each			
Name of Substantial Shareholder		Direct Interest	%	Indirect Interest	%
1	Lim Ah Hock	35,750,800	41.63	"200,800	0.23
2	Lim Pay Chuan	23,041,700	26.83	"200,800	0.23

Note:

" Deemed interested pursuant to Section 6A of the Companies Act, 1965 by virtue of his substantial shareholdings in VESTECH Projects Sdn. Bhd.

DIRECTORS' SHAREHOLDINGS
(as shown in the Register of Directors' Shareholdings)

		Number of Ordinary Shares of RM0.50 each			
	Name of Director	Direct Interest	%	Indirect Interest	%
1	Lim Ah Hock	35,750,800	41.63	*200,800	0.23
2	Lim Pay Chuan	23,041,700	26.83	*200,800	0.23
3	Ibrahim Bin Talib	2,131,600	2.48	-	-
4	Tan Puay Seng	100,000	0.12	-	-
5	Detlef Raddatz	-	-	-	-

Note:

* Deemed interested pursuant to Section 6A of the Companies Act, 1965 by virtue of his substantial shareholdings in VESTECH Projects Sdn. Bhd.

THIRTY LARGEST REGISTERED HOLDERS

	Name	No. of Shares	%
1	Lim Ah Hock	35,750,800	41.63
2	Lim Pay Chuan	18,533,700	21.58
3	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lim Pay Chuan	4,508,000	5.25
4	Ibrahim Bin Talib	2,131,600	2.48
5	SBB Nominees (Tempatan) Sdn. Bhd. Lembaga Tabung Haji (CAFM)	1,459,400	1.70
6	Lim Hon Seng	1,035,300	1.21
7	Chang Mei Lun	897,000	1.04
8	Hee Chiew Har	838,100	0.98
9	HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Bhd for OSK-UOB Small Cap Opportunity Unit Trust (3548)	690,000	0.80
10	Teoh Tuan Hooi	676,100	0.79
11	Han Fatt Juan	658,300	0.77
12	Yong Kwee Yee	648,400	0.76
13	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad for Eastspring Investments Small-cap Fund	629,600	0.73
14	Ng Tiang Yong	626,500	0.73
15	Tan Pu Hooi	600,000	0.70
16	Soh Wai Har	572,300	0.67
17	Kumpulan Liva Sdn. Bhd.	568,900	0.66

THIRTY LARGEST REGISTERED HOLDERS (CONT'D)

	Name	No. of Shares	%
18	Lim Pay Chin	543,100	0.63
19	Tan Pu Hooi	536,500	0.62
20	Wong Ah Kum	517,000	0.60
21	Yee Wai Yin	480,700	0.56
22	Lim Chin Hwa	450,000	0.52
23	Citigroup Nominees (Tempatan) Sdn. Bhd. Bank Negara Malaysia Medical Fund Account (CIMB Principal)	447,100	0.52
24	Lok Wai Lay	387,900	0.45
25	SBB Nominees (Tempatan) Sdn. Bhd. Universiti Malaya (CAFM)	376,500	0.44
26	CIMB Group Nominees (Tempatan) Sdn. Bhd. CPIAM for MAA Takaful Shariah Balanced Fund	352,500	0.41
27	Chong Mei Mee	309,600	0.36
28	Teh Bee Choo	308,000	0.36
29	Perunding CPM Services Sdn. Bhd.	300,000	0.35
30	Chai Moi See	282,300	0.33

LIST OF PROPERTIES

Registered and Beneficial Owner	Property Address/ Title Detials	Description and Existing Use	Category of Land Use/ Tenure of Property	Land Area/ Gross Built-up Area	Net Carrying Amount @ 31 Dec 2012
Fornix Sdn Bhd	No. 26 Jalan Utarid U5/14, Seksyen U5 40150 Shah Alam Selangor Darul Ehsan Malaysia Lot No. 69874 Title No. PN 11423 Mukim of Sungai Buloh District of Petaling Selangor Darul Ehsan	Single-storey detached factory with an annexed three-storey office building (office) and other ancillary buildings, currently being used as our Group's corporate office, factory and warehouse	Industry/ Leasehold of 99 years, expiring on 10 Jan 2102	4,027.0 square meters / 2,896.7 square meters	RM6,937,202

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Second Annual General Meeting of the Company will be held at the Zamrud Room, Ground Floor, The Saujana Hotel Kuala Lumpur, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan on Thursday, 27 June 2013 at 10:00 a.m. to transact the following business:-

AGENDA

1 To receive the Audited Financial Statements for the financial year ended 31 December 2012 together with the Reports of the Directors and the Auditors thereon. **[Please refer to Explanatory Note (i)]**

2 To approve a single tier final dividend of 2.0 sen per share for the financial year ended 31 December 2012 **Ordinary Resolution 1**

3 To approve the payment of Directors' fees of RM105,000/- for the financial year ended 31 December 2012. **Ordinary Resolution 2**

4 To re-elect the following Directors who retire in accordance with Article 95 of the Company's Articles of Association and being eligible, offer themselves for re-election:

(a) Mr. Lim Ah Hock **Ordinary Resolution 3**

(b) Mr. Lim Pay Chuan **Ordinary Resolution 4**

5 To re-appoint Messrs. SJ Grant Thornton as the Company's Auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration. **Ordinary Resolution 5**

AS SPECIAL BUSINESS

To consider and, if thought fit, with or without any modification, to pass the following resolutions as Ordinary Resolutions:-

6 AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT 1965 **Ordinary Resolution 6**

"THAT, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, if applicable, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time to such persons and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this Resolution does not exceed 10% of the total issued capital of the Company for the time being; AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad; AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

7 PROPOSED SHAREHOLDERS' RATIFICATION FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' RATIFICATION") **Ordinary Resolution 7**

"THAT all the recurrent related party transactions of a revenue or trading nature entered into by the Company and/or its subsidiaries from 30 May 2012, being the date of listing of the Company until the date of the Second Annual General Meeting of the Company as set out in Part A Section 1.4 of the Circular to Shareholders dated 5 June 2013, which were necessary for its day-to-day operations and carried out in the ordinary course of business on terms which were not more favourable to the Related Parties than those generally available to the public and were not detrimental to the minority shareholders of the Company, be and are hereby approved and ratified;

AND THAT all the actions taken and the execution of all necessary documents by the Directors of the Company as considered expedient or deemed fit in the interest of the Company, be and are hereby approved and ratified."

8 PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE") **Ordinary Resolution 8**

"THAT approval be and is hereby given to PESTECH International Berhad Group ("the Group") to enter into and to give effect to specified recurrent related party transactions of a revenue or trading nature with the Related Parties as set out in Part A Section 1.4 of the Circular to Shareholders dated 5 June 2013, which are necessary for its day-to-day operations, to be entered into by the Group on the basis that this transaction is entered into on terms which are not more favourable to the Related Party involved than generally available to the public and are not detrimental to the minority shareholders of the Company;

THAT the Proposed Shareholders' Mandate is subject to annual renewal. In this respect, any authority conferred by the Proposed Shareholders' Mandate, shall only continue to be in force until:-

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which the Proposed Shareholders' Mandate was passed, at which time it will lapse, unless by resolution passed at the general meeting, the authority is renewed; or

(b) the expiration of the period within which the AGM after that date is required to be held pursuant to Section 143(1) of the Companies Act 1965 ("the Act") (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(c) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is the earlier;

AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the Proposed Shareholders' Mandate."

9 PROPOSED SHARE BUY-BACK OF UP TO 10% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF PESTECH INTERNATIONAL BERHAD ("PROPOSED SHARE BUY-BACK AUTHORITY")

Ordinary Resolution 9

"THAT subject always to the Companies Act 1965 ("the Act"), the provisions of the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), and the approvals of all relevant governmental and/or regulatory authorities, the Company be authorised, to the extent permitted by the law, to buy back such amount of ordinary shares of RM0.50 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors deem fit and expedient in the interest of the Company provided that:-

i) the aggregate number of shares bought-back does not exceed 10% of the total issued and paid-up share capital of the Company at any point in time;

ii) the maximum amount of funds to be allocated for the share buy-back shall not exceed the aggregate of the retained profits and/or share premium of the Company based on the audited financial statements for the financial year ended 31 December 2012 of RM5,142,701/- and RM5,696,808/- respectively; and

iii) The shares purchased are to be treated in either of the following manner:-

(a) cancel the purchased ordinary shares; or
(b) retain the purchased ordinary shares as treasury shares for distribution as dividend to shareholders and/or resell on the market of Bursa Securities; or
(c) retain part of the purchased ordinary shares as treasury shares and cancel the remainder;

THAT the authority conferred by this resolution shall commence upon the passing of this resolution until:-

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

ii) the expiration of the period within which the next AGM after that date is required by law to be held; or

iii) revoked or varied by ordinary resolution passed by shareholders of the Company in general meeting,

whichever occurs first;

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act, 1991, and the entering into of all agreements, arrangements and guarantees with any party or parties) to implement, finalise and give full effect to the Proposed Share Buy-Back Authority with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with full power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the shares bought-back) in accordance with the Act, the provisions of the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Securities, and all other relevant governmental and/or regulatory authorities."

10 To transact any other ordinary business of which due notice shall have been given.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN THAT a single tier final dividend of 2.0 sen per share for the financial year ended 31 December 2012 will be payable on 7 August 2013 to depositors who are registered in the Record of Depositors at the close of business on 23 July 2013, if approved by members at the coming forth Annual General Meeting on 27 June 2013.

A Depositor shall qualify for entitlement only in respect of:-

(a) Shares transferred into the Depositor's Securities Account before 4:00 p.m. on 23 July 2013 in respect of ordinary transfers; and

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

By Order of the Board

TEH BEE CHOO (MIA 7562)
CHUA SIEW CHUAN (MAICSA 0777689)
YAU JYE YEE (MAICSA 7059233)
Company Secretaries

Kuala Lumpur
5 June 2013

NOTES:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 20 June 2013 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.

2. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Sections 149(1)(a) and (b) of the Companies Act 1965 shall not apply to the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

3. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under Seal or under the hand of an officer or attorney duly authorised. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

4. A member of the Company may not appoint more than two (2) proxies to attend the same meeting, except where Paragraphs (5) and (6) below apply. Where a member appoints two (2) proxies to attend and vote at the same meeting, such appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.

5. 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 shares of the Company standing to the credit of the said Securities Account.

6. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

7. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office of the Share Registrar, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.

8. Explanatory Notes on Ordinary and Special Business

   (i) Item 1 of the Agenda
   This Agenda item is meant for discussion only, as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

   (ii) Ordinary Resolution 6 – Authority to Issue Shares
   The proposed resolution, if passed, would provide flexibility to the Directors to undertake fund raising activities, including but not limited to placement of shares for the funding of the Company's future investment projects, working capital and/or acquisitions, by the issuance of shares in the Company to such persons at any time as the Directors may deem fit, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next Annual General Meeting of the Company.

   The Company did not seek for a mandate to empower the Directors of the Company pursuant to Section 132D of the Companies Act 1965 to issue and allot shares at the last Annual General Meeting held on 2 May 2012.

(iii) Ordinary Resolution 7 – Proposed Shareholders' Ratification
The proposed resolution seeks to obtain shareholders' approval for the ratification of the Recurrent Related Party Transactions of a revenue or trading nature entered into from the date of listing on 30 May 2012 to the forthcoming Annual General Meeting of the Company.

Please refer to the Circular to Shareholders dated 5 June 2013 for further information.

(iv) Ordinary Resolution 8 – Proposed Shareholders' Mandate

The proposed resolution, if passed, will allow the Group to enter into Recurrent Related Party Transactions of a revenue or trading nature pursuant to the provisions of Bursa Malaysia Securities Berhad Main Market Listing Requirements.

Please refer to the Circular to Shareholders dated 5 June 2013 for further information.

(v) Ordinary Resolution 9 – Proposed Share Buy-Back Authority

The proposed resolution, if passed, will allow the Company to purchase its own shares up to 10% of the total issued and paid-up capital of the Company by utilising the funds allocated which shall not exceed the retained profit and/or share premium account of the Company.

Please refer to the Circular to Shareholders dated 5 June 2013 for further information.

PESTECH INTERNATIONAL BERHAD (948035-U)
(Incorporated in Malaysia)

CDS Account No.

Number of ordinary shares

FORM OF PROXY

I/We ______________________________ NRIC No./Passport No./Company No. ________________ of ______________________________

______________________________ being a member/members of Pestech International Berhad hereby appoint :-

Full Name (in Block)	NRIC/ Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

*and/or *delete if not applicable

Full Name (in Block)	NRIC/ Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Second Annual General Meeting of the Company to be held at the Zamrud Room, Ground Floor, The Saujana Hotel Kuala Lumpur, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan on Thursday, 27 June 2013 at 10:00 a.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below :

Item	Age nda	Resolution	For	Against
1	To receive the Audited Financial Statements for the financial year ended 31 December 2012 together with the Reports of the Directors and the Auditors thereon.			
		Resolution	For	Against
2	To approve a single tier final dividend of 2.0 sen per share for the financial year ended 31 December 2012	1		
3	To approve the payment of Directors' fees of RM105,000/- for the financial year ended 31 December 2012.	2		
4	To re-elect Mr. Lim Ah Hock who retires in accordance with Article 95 of the Company's Articles of Association and being eligible, offers himself for re-election.	3		
5	To re-elect Mr. Lim Pay Chuan who retires in accordance with Article 95 of the Company's Articles of Association and being eligible, offers himself for re-election.	4		
6	To re-appoint Messrs. SJ Grant Thornton as the Company's Auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration.	5		
Special Business				
7	Authority to Issue Shares pursuant to Section 132D of the Companies Act 1965	6		
8	Proposed Shareholders' Ratification	7		
9	Proposed Shareholders' Mandate	8		
10	Proposed Share Buy-Back Authority	9		

Please indicate with an "X" in the appropriate spaces how you wish your proxy to vote. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he/she thinks fit or, at his/her discretion, abstain from voting.

Dated this day _____of___________ 2013

____
*Signature/Common Seal of Shareholder
* Delete if not applicable

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AFFIX
STAMP

Securities Services (Holdings) Sdn. Bhd.
Pestech International Berhad (948035-U)
at Level 7, Menara Milenium,
Jalan Damanlela, Pusat Bandar Damansara,
Damansara Heights, 50490
Kuala Lumpur

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