



Your
ONE-STOP
Engineering Solution

ANNUAL REPORT
2012



To continuously acquire latest technologies in design and development by keeping abreast with global developments for the advancement of Microelectronics Components ("MEC") and benefits of our customers.



- To provide one-stop engineering solution to our customers, from the design and development of MEC to the complete design, fabrication and assembly of toolings for the manufacturing of these MEC.
- To continuously enhance our Research and Development ("R&D") capabilities to enable us to offer quality MEC to our customers at competitive pricing.
- To continuously strengthen the core competencies of the Group through on-going improvement on the employees' skills and knowledge.



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CORPORATE INFORMATION

Board of Directors

Dato' Tan King Seng (*Executive Chairman/ Managing Director*)
Ooi Yeok Hock (*Executive Director*)
Tan Chin Hong (*Executive Director*)
Cheah Choon Ghee (*Executive Director*)
Khor Thean Lee (*Executive Director*)
Loh Chye Teik (*Senior Independent Non-Executive Director*)
Teoh Yee Shien (*Independent Non-Executive Director*)
Dato' Dr. Loh Hock Hun (*Independent Non-Executive Director*)

Audit Committee

Loh Chye Teik (*Chairman*)
Teoh Yee Shien
Dato' Dr. Loh Hock Hun

Nomination Committee

Loh Chye Teik (*Chairman*)
Teoh Yee Shien
Dato' Dr. Loh Hock Hun

Remuneration Committee

Loh Chye Teik (*Chairman*)
Teoh Yee Shien
Ooi Yeok Hock

Company Secretaries

Chee Wai Hong (MIA 17181)
Foo Li Ling (MAICSA 7019557)

Registered Office

51-13-A Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang
Tel : 04-228 9700
Fax : 04-227 9800

Management Office

15-1-21 Bayan Point
Medan Kampung Relau
11900 Penang
Tel : 04-646 5121
Fax : 04-645 7326
Email : corpinfo@jhm.net.my
Website : www.jhm.net.my

Auditors

Grant Thornton
Chartered Accountants
51-8-A Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Pulau Pinang
Tel : 04-228 7828
Fax : 04-227 9828

Share Registrar

Agriteum Share Registration
Services Sdn. Bhd.
2nd Floor Wisma Penang Garden
42 Jalan Sultan Ahmad Shah
10050 Penang
Tel : 04-228 2321
Fax : 04-227 2391

Principal Bankers

Hong Leong Bank Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad

Solicitors

Zaid Ibrahim & Co.

Stock Exchange Listing

ACE Market of Bursa Malaysia Securities Berhad
Stock Name : JHM
Stock Code : 0127

GROUP STRUCTURE OF JHM GROUP



100%
**Morrissey
Technology
Sdn. Bhd. (525307-W)**
Designing and
manufacturing of
precision microelectronic
components

60%
**Mach Assembly
Techniques
Sdn. Bhd. (1043859-M)***
Dormant

100%
**Jingheng Electronic
Precision
Technology
Sdn. Bhd. (557981-X)**
Original design
manufacturer ('ODM')
of High Brightness Light
Emitting Diodes ("LED")
components

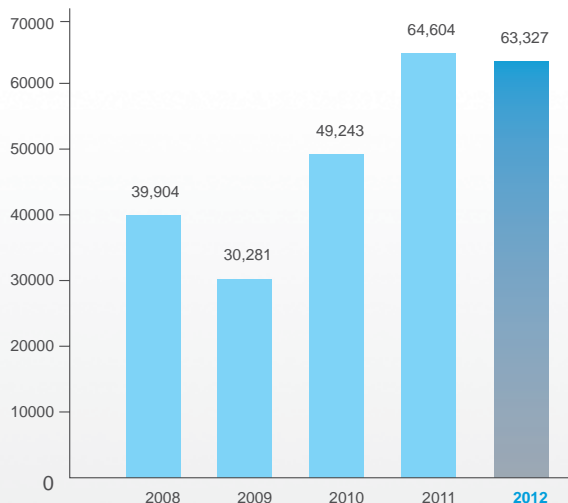
Note:

* Incorporated in Malaysia under the Companies Act, 1965 on 24 April 2013.

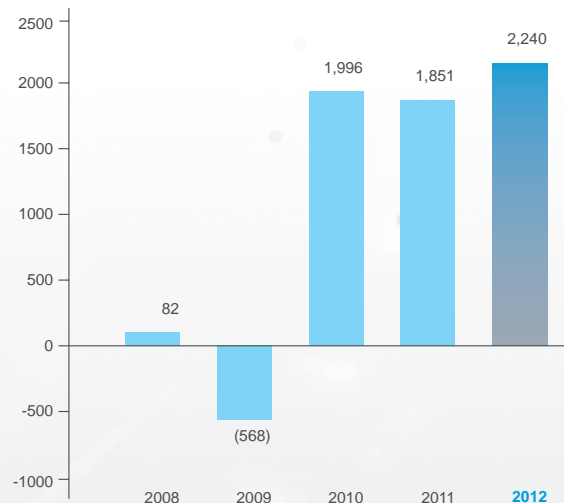
5 YEAR'S FINANCIAL HIGHLIGHTS

Year Ended 31 December	Audited				
	2008 (RM'000)	2009 (RM'000)	2010 (RM'000)	2011 (RM'000)	2012 (RM'000)
Revenue	39,904	30,281	49,243	64,604	63,327
Profit/(Loss) for the period	82	(568)	1,996	1,851	2,240
Gross Earning/(Loss) per share (sen)	0.22	(0.44)	2.05	1.36	2.26
Net Earning/(Loss) per share (sen)	0.07	(0.46)	1.62	1.51	1.82

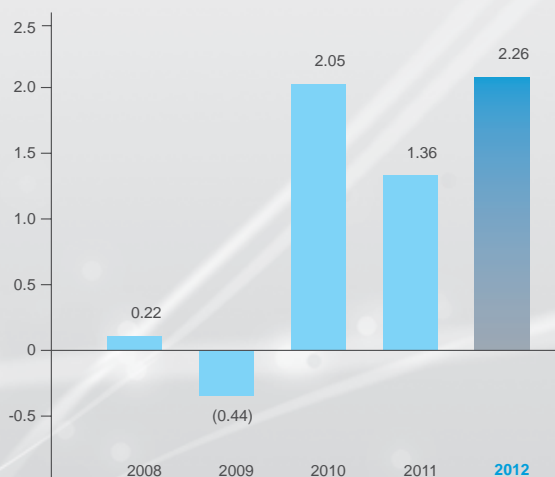
Revenue
RM'000



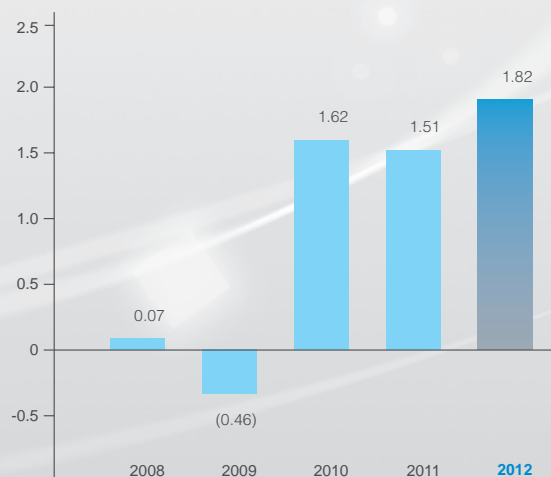
Profit/(Loss) for the period
RM'000



Gross Earning/(Loss) per share
Sen



Net Earning/(Loss) per share
Sen



DIRECTORS' PROFILE

Dato' Tan King Seng, aged 57, a Malaysian

Dato' Tan King Seng, aged 57, a Malaysian, is our Executive Chairman and Managing Director and was appointed to the Board on 13 April 2006. He graduated with a Bachelor of Science Degree in Mechanical Engineering from National Cheng Kung University of Taiwan in 1983. Dato' Tan started his career as an engineer with Intel Technology Sdn. Bhd. in 1984, and thereafter in Hewlett Packard Sdn. Bhd. in 1989. Prior to starting his own business in 1995, he was a Senior Production Engineer in charge of Optoelectronic Production in Hewlett Packard Sdn. Bhd.

Ooi Yeok Hock, aged 50, a Malaysian,

Ooi Yeok Hock, aged 50, a Malaysian, is our Executive Director and was appointed to the Board on 13 April 2006. He serves as a member of the Remuneration Committee.

He is currently in charge of the R&D and Engineering Department of Morrissey Technology Sdn. Bhd. ("Morrissey"). He graduated with a Bachelor of Engineering Degree majoring in Mechanical Engineering from University of Strathclyde, United Kingdom in 1986 and subsequently obtained a Diploma in Electrical Engineering from City & Guilds (C&G), United Kingdom in 1990. Mr. Ooi started his career as a Senior Process Engineer with Northern Telecom Sdn. Bhd. in 1987. He left Northern Telecom Sdn. Bhd. in 1995 and joined Allied Stamping Corporation Sdn. Bhd. as its Operation and Engineering Manager responsible for the company's plant operation and engineering, a position which he held until 2000. Prior to joining Morrissey in 2001, he has more than 15 years of experience in engineering and production of MEC from multinational corporations in the United States of America, China and Malaysia.

Tan Chin Hong, aged 45, a Malaysian,

Tan Chin Hong, aged 45, a Malaysian, is our Executive Director and was appointed to the Board on 13 April 2006. Mr. Tan started his career as a Machining Technician with Mifa Engineering Sdn. Bhd. in 1989. He joined Brusia Engineering Sdn. Bhd. as a Production Supervisor in 1992 and was promoted to Production Manager in 1994. He left Brusia Engineering Sdn. Bhd. in 1999 and joined Forward Matrix Sdn. Bhd. as the General Manager in charge of Factory Operation, a position which he held until July 2001. Prior to joining Morrissey in September 2001 as its Plant Manager, he has 10 years working experience in design and fabrication of tools and dies and 5 years working experience in production.

Cheah Choon Ghee, aged 50, a Malaysian,

Cheah Choon Ghee, aged 50, a Malaysian, is our Executive Director and was appointed to the Board on 11 December 2007. Prior to his appointment to the Board, he is the Senior Administration Manager of our Group. He graduated with a Diploma in Electronic Engineering from Tunku Abdul Rahman College in 1984. Mr. Cheah started his career as an Assistant Engineer with National Semiconductor Sdn. Bhd. in 1985. He left National Semiconductor Sdn. Bhd. in 1989 and joined Cintronic Marketing Sdn. Bhd. as its Administrator Manager in charge of the company's operation until 1995. In 1996, Mr. Cheah joined Allied Stamping Corporation Sdn. Bhd. as its Sales Director overseeing the company's business and later left in year 2000. Currently, Mr. Cheah is in charge of the entire administration department of the JHM Group.

He is a director and shareholder of Noble Matters Sdn. Bhd., which is a major shareholder of the Company.

Khor Thean Lee, aged 54, a Malaysian,

Khor Thean Lee, aged 54, a Malaysian, is our Executive Director and was appointed to the Board on 08 June 2012. He is currently the Senior Director overseeing the overall business and operations function in Morrissey Technology Sdn. Bhd. Mr. Khor graduated with an Advanced Diploma in Business Administration from Association of Business Executive (UK) in 1993 and subsequently furthered his tertiary education with a Master of Business Administration from Heriot-Watt University (UK) in 1995 and a Master in Economics from Universiti Putra Malaysia in 1998. Mr. Khor started his career with Hitachi Semiconductor in Penang and served for 6 years in the Quality Control/Quality Assurance function. For the larger part of his next career, Mr. Khor was with Hewlett-Packard/Agilent Technologies in Penang involving mainly in LED/Optoelectronics manufacturing for almost 15 years. He has also worked in an LCD company, Varitronix in Penang for 7 years and just prior to joining Morrissey in May 2011, Mr. Khor served as a General Manager/Director function in EKO Metal Industries for 4 years, a precision die-casting and sheet metal company.

DIRECTORS' PROFILE (CONT'D)

Loh Chye Teik, aged 54, a Malaysian,

Loh Chye Teik, aged 54, a Malaysian, is our Senior Independent Non-Executive Director and was appointed to the Board on 13 April 2006. He serves as the Chairman of Audit Committee, Remuneration Committee and Nomination Committee. He graduated from University of Malaya, Kuala Lumpur with a Bachelor of Accounting (Honours) in 1984.

He is presently the Managing Partner of PKF Chartered Accountants and Managing Director of Interresources Tax Advisory Sdn. Bhd.. He is a member of both the Malaysian Institute of Accountants and the Malaysian Institute of Taxation. Mr. Loh started his career as an auditor in a Chartered Accountants firm in Penang in 1985 and proceeded to set up his own accountancy and audit firm in 1994, known as Tan & Loh Chartered Accountants, and held the position of the Managing Partner.

Teoh Yee Shien, aged 46, a Malaysian,

Teoh Yee Shien, aged 46, a Malaysian, is our Independent Non-Executive Director and was appointed to the Board on 13 April 2006. She serves as a member of Audit Committee, Remuneration Committee and Nomination Committee. She graduated with a Bachelor of Accounting from Universiti Utara Malaysia in 1991 and is a member of the Malaysian Institute of Accountants. She started her career in the audit division of Pricewaterhouse Coopers prior to joining Leader Universal Holdings Berhad as the Corporate Planning and Investment Manager for seven (7) years. She joined Prinsiptek Corporation Berhad in year 2003 as the Group Financial Controller. She leads Prinsiptek Corporation Berhad Group's accounts and finance team, legal department and corporate affairs department. She is actively involving in the Prinsiptek Corporation Berhad Group's operations and corporate planning.

Dato' Dr. Loh Hock Hun, aged 68, a Malaysian,

Dato' Dr. Loh Hock Hun, aged 68, a Malaysian, is our Independent Non-Executive Director and was appointed to the Board on 11 December 2007. He serves as a member of the Audit Committee and Nomination Committee.

He graduated with a Doctor of Medicine from Kaohsiung Medical University in Taiwan in 1974. Upon his return to Malaysia, Dato' Dr. Loh was employed by the General Hospital of Penang until 1980 where he entered into a partnership to open a clinic until 1999. In 1995, he became a State Assemblyman in the State Legislative Assembly of Penang, a position he held until February 2008. For the period from 1999 to 2004, Dato' Dr. Loh served his term as an Executive Councilor of the Penang State Government. In addition, in August 2004, Dato' Dr. Loh was appointed as a Chairman of the Penang Port Commission, a position he held until the end of 2008.

Notes:

1. Save for Mr. Tan Chin Hong who is the nephew of Dato' Tan King Seng, there are no other family relationships or associations amongst the directors or major shareholders of the Company.
2. All the Directors do not have any conflict of interest with the Company and they also had not been convicted of any offence within the past ten (10) years, other than traffic offences, if any.
3. The Directors' shareholdings are as disclosed in page 71 of this Annual Report.

Directors' Directorships and Substantial Shareholdings in Other Public Companies

None of our Directors hold or have held any directorships in other public companies, save for Mr. Loh Chye Teik, who is currently an Independent Non-Executive Director of Olympia Industries Berhad and Ivory Properties Group Berhad, companies listed on the Main Market of Bursa Malaysia Securities Berhad.

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

Thank you for your continuous support and confidence in us. On behalf of the Board of Directors of JHM Consolidation Berhad, I am pleased to present the Annual Report and Audited Financial Statements of the Group and the Company for the Financial Year Ended 31 December 2012(FY2012).

Industry Trends And Development

Despite indicators of improving demand in the industry we are operating, the business environment remains competitive and challenging. Malaysian economy is expected to remain on a steady growth path, with an expansion of 5-6 percent in 2013. However, potential re-emergence of instability in the economy of Eurozone and slower growth in Malaysia's major trading partners could affect our economy.

Financial Performance

During FY2012, the Group generated revenue of RM63.33 million from its operations, which represent a slight reduction of 1.98% over the preceding year of RM64.60 million. However, on a positive note, the Group recorded a profit before taxation of RM2.78 million in FY2012 represents an increase of 65.97% compared to preceding year of RM1.67 million. Basic earnings per share for FY2012 therefore increased to 1.82 sen from 1.51 sen a year earlier.

Revenue from LED Application and Customisation was the Group's major contributor for FY2012 and is expected continue to be the main driver of the Group's revenue in the coming year. Improvement in operating results for the FY2012 was mainly attributed from higher demand in higher profit margin product mix.

Dividend

No dividend was declared for the financial year.

Corporate Development

The Company does not have new corporate exercise during the financial year.

Prospects

The Group attained a year of strong growth in net profit for FY2012 despite operating in a tough business environment and the Group expects this to continue as it has the right management team in place to drive each business segment of the Group. The Group will continue to implement cost cutting measures and monitor the dynamics and developments of the market in order to remain operationally flexible and competitive to meet changing market conditions. The Board remains cautiously optimistic on the prospects of the Group in 2013 as the recovery of the global economy remains uncertain and escalating production costs and effects arising from the implementation of minimum wage rate. To minimise these impact, the Group will continue to explore feasible investment opportunities which will bring synergy and profitability to the Group.

Appreciation

Our commendable performance in FY2012 would not been possible without the dedication and focused efforts of our management team and employees. For this, the Board would like to record our gratitude for their contributions.

I would also like to offer my heartfelt thanks to our valued shareholders, suppliers, financiers, business associates for their unwavering commitment, support and confidence to our Group.

To our diligent Board members, I wish to extend my appreciation for their sacrifice, support, guidance and advice in ensuring that we are moving ahead in the right direction.

Dato' Tan King Seng
Executive Chairman/Managing Director

CORPORATE GOVERNANCE STATEMENT

The Board of Directors ("the Board") is committed to ensure that a high standard of corporate governance is practiced throughout the Company and its subsidiaries ("the Group") in discharging its responsibilities with integrity, transparency and professionalism to protect and enhance shareholders' value and the financial position of the Group. The Board has always been vigilant of the fiduciary duties entrusted upon the Board as a principle guide in discharging its duties.

The Board is pleased to report on the application of the principles of the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") and the extent of compliance with the Recommendations of the MCCG 2012 as required under MCCG 2012 during the financial year ended 31 December 2012 (FY2012).

A. BOARD OF DIRECTORS

Composition and Balance

The Company is led and managed by a well-balanced Board which consists of members with wide range of business, technical and financial background. The Board is entrusted with the proper stewardship of the Company's resources for the best interest of its shareholders and also to steer the Group towards achieving the maximum economic value. The members of the Board, who have extensive experience and expertise in a wide range of related and unrelated industries, have been selected based on their skills, knowledge and their ability to add strength to the leadership. The business and financial experience of each member of the Board has inevitably contributed to the success in steering the Group toward sustaining its financial performance.

The Board is made up of eight (8) members as follows:

- Five (5) Executive Directors
- Three (3) Independent Non-Executive Directors.

This is in compliance with the one-third requirement for Independent Directors to be appointed to the Board under ACE Market Listing Requirements ("AMLR"). The tenure of all our Independent Non-Executive Directors do not exceed a cumulative term of nine (9) years as recommended by the MCCG 2012. The Nomination Committee and the Board had reviewed and assessed its Independent Directors after FY2012 and is satisfied with the level of independence demonstrated by the present Independent Directors. The profiles of the Directors are presented on pages 5 to 6 of this Annual Report.

There is a clear division of authority between the Executive Chairman/Managing Director and Executive Directors, to ensure a balance of power and authority. The Independent Non-Executive Directors are independent from Management and have no relationships that could interfere with the exercise of their independent judgement. They play a key role in providing unbiased and independent views, advice and contributing their knowledge and experience toward the formulation of policies and in the decision making process. As such, the Board is of the opinion that the position of the Executive Chairman and the position of the Managing Director need not be separated as this is in the best interest of the Group. The Board takes cognisance of the Chairman being an executive position but is of the view that there are sufficient experiences and Independent Non-Executive Directors on the Board to provide assurance that there is adequate check and balance.

All decisions of the Board are made based on majority decision and no individual Board member can make any decision on behalf of the Board, unless duly authorised by the Board. As such, no individual or a group of individuals dominate the decision-making process.

Mr. Loh Chye Teik is the designated Senior Independent Non-Executive Director to whom concerns relating to the Company may be conveyed by shareholders or stakeholders.

Board Responsibilities

The Board recognises its duties and responsibilities as detailed in the Board Charter as expectations how they discharge their duties and this Charter shall also be used as a guide to assess their own performance.

The Board assumes the following principal functions and responsibilities:-

- a) Review, approve and monitor the overall strategies and direction of the Group;
- b) Identify the principal risks and implementing appropriate system to manage such risks;
- c) Oversee and evaluate the conduct and performance of the Group's business;
- d) Review the adequacy of the Group's internal control policy;
- e) Ensure that appropriate plans are in place in respect of the succession plan of the Group.

Clear functions of the Board and Management

To ensure the effective discharge its function and responsibilities, the Board had established a Board Charter which clearly set out the relevant matters reserved for the Board's approval, as well as those is delegated to the Board committees and Managing Director.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Clear functions of the Board and Management (cont'd)

Key matters reserved for Board's decision include, inter alia, the following:-

- a) Approval of business strategy and group operational plan and annual budget;
- b) Acquisition and disposal of assets of the Company or its subsidiaries that are material in nature;
- c) Approval of investment or divestment in a company / business / property / undertaking;
- d) Approval of investment or divestment of a capital project which represents a significant diversification from the existing business activities;
- e) Any other significant business direction;
- f) Corporate proposal on fund raising.

Appointment to the Board

The Board has established the Nomination Committee for the purpose of making recommendations on suitable candidates for appointment to the Board and for assessing Directors on an ongoing basis. Candidates recommended must be approved and appointed by the Board. The Nomination Committee is responsible for recommending the right candidates with the required skills, experience and attributes to the Board for appointment.

Further details on the Nomination Committee are set out on page 11 of this Annual Report.

Re-election of Directors

In accordance with the Company's Articles of Association, one-third (1/3) of the Directors including the Managing Director shall retire by rotation from office at each Annual General Meeting ("AGM") and they shall be eligible for re-election at the AGM. The Directors to retire shall be the Directors who have been longest in office since their appointment or last re-election. In addition, all Directors including the Managing Director shall be subject to retirement by rotation at least once every three (3) years.

Directors who are standing for re-election at the Eighth AGM of the Company to be held on 31 May 2013 are as per detailed set out in the Notice of the Eighth AGM.

Board Meetings

The Board is to meet at least four times a year with additional meetings convened as and when necessary. Besides Board meetings, the Board also exercises control on matters that require Board's approval through Directors' Circular Resolutions. Among others, key matters such as approval of annual and quarterly results, financial statements, major acquisitions and disposals, major capital expenditure, risk management policies are discussed and decided by the Board.

During the financial year, the Board met four (4) times. The Board is satisfied with the time commitment given by the Directors of the Company in discharging their duties for FY2012 as evidenced by the attendance record of the Directors at the Board Meeting. The details of attendance of the Directors during FY2012 are as follows:

Name of Directors	Number of Meetings Attended	Percentage of Attendance
Dato' Tan King Seng	4/4	100%
Ooi Yeok Hock	3/4	75%
Tan Chin Hong	4/4	100%
Loh Chye Teik	4/4	100%
Teoh Yee Shien	4/4	100%
Dato' Dr. Loh Hock Hun	4/4	100%
Cheah Choon Ghee	4/4	100%
Khor Thean Lee (appointed on 08.06.2012)	2/2	100%

The Company Secretary ensures there is a quorum for all meetings and that such meetings are convened in accordance with the relevant Terms of Reference. The minutes prepared by the Company Secretary memorialise the proceedings of all meetings including pertinent issues, the substance of inquiries and responses, members' suggestions and the decision made. This reflects the fulfillment of the Board's fiduciary duties and the significant oversight role performed by the respective Board Committees.

Code of Ethics

The Directors observed the code in accordance with the Company Directors' Code of Ethics established by the Companies Commission of Malaysia.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Board Charter

The Board has adopted a charter to provide a reference for directors in relation to the Board's role, duties and responsibilities, division of responsibilities between the Board, the Board Committees, the Chairman and Managing Director. The Board Charter is subject to review periodically in order to ensure consistency with the Board's strategic intent and relevant standards of corporate governance.

Sustainability

The Group recognises the importance of sustainability and its increasing impact to the business and is committed to the goal of developing a sustainable future.

The Group is committed to providing a safe workplace for its employees and conducting its business in a way that is environmentally safe and sound. The sustainability activities are set out in the Statement on Corporate Social Responsibility.

Board Gender Diversity Policy

Corporate Governance Blueprint 2011 stated that the Board should ensure women participation on board to reach 30% by 2016. The Company does not have a policy on boardroom diversity, including gender diversity. The Company will provide equal opportunity to candidates with merit. Nonetheless, the Board will give consideration to the gender diversity objectives. Currently, the Board has one woman member out of eight members.

Internal Corporate Disclosure Policies and Procedures

Along with good corporate governance practices, the Company is committed to provide to investors and the public with comprehensive, accurate and material information on a timely basis.

In line with this commitment and in order to enhance transparency and accountability, the Board has adopted an Internal Corporate Disclosure Policies and Procedures to facilitate the handling and disclosure of material information in a timely and accurate manner.

Directors' Training

The Directors are encouraged to attend continuous education programmes such as seminars and conferences. This is to keep themselves abreast with the latest development in statutory laws, regulations and best practices, where appropriate, in line with the changing business environment and the need to be cognizant of commercial opportunities and risks as well as to be adequately equipped to execute judicious decision making.

All members of the Board have attended and successfully completed the Mandatory Accreditation Programme as required by the Bursa Securities.

Name of Directors	No. of days	Mode of Training	Title
Dato' Tan King Seng	One day	Seminar	Preparing for Transition from "FRS Framework" to "MFRS Framework"
	Half-day	Conference	Shared Services & Outsourcing Conference 2012
Ooi Yeok Hock	One day	Training	Statistical Process Control Training
Tan Chin Hong	One day	Seminar	The Transfer Pricing Seminar 2012
Loh Chye Teik	Two days	Conference	SSM National Conference 2012
	One day	Seminar	Seminar Percukaian Kebangsaan 2012
	Two days	Conference	National Tax Conference 2012
	Two days	Conference	MIA Conference 2012
Teoh Yee Shien	One day	Seminar	LHDM-MEF Seminar on Taxation for Employers 2012: Towards Knowledgeable Employers"
	One day	Seminar	Tax Planning on Budget 2013 with PU Order 2011 to 2012 and Public Rulings
	One day	Training	Bursa Malaysia Sustainability Training For Directors & Practitioners
	Half-day	Conference	Managing Corporate Risk and Achieving Internal Control Through Statutory Compliance
Dato' Dr. Loh Hock Hun	Two days	Training	Public Practice Programme
Cheah Choon Ghee	Half-day	Conference	Shared Services & Outsourcing Conference 2012
Khor Thean Lee	One day	Seminar	Maximising On Capital Expenditure

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Directors' Training (cont'd)

In addition to the above training attended, the Directors also received updates from time to time from Company Secretary on the amendments to the Listing Requirements, Companies Act, 1965 as well as Malaysian Code on Corporate Governance.

Supply of Information

In order to carry out their duties effectively and diligently, all the Directors have been granted unrestricted access to all information pertaining to the Group's business and affairs as well advice and services of the Company Secretaries in order to assist them in their decision-making. Where necessary, the Directors may engage independent professionals, at the Group's expense, to advise them on specialised issues for the purpose of decision-making.

Formal notices, agendas, paper and reports are supplied to the Board in a timely manner prior to the Board meetings. The Board is supplied with all necessary information to enable it to effectively discharge its duties and responsibilities.

Minutes of the previous Board Meeting are circulated in advance to the Board for review and confirmation at each Board Meeting. Matters requiring further actions and updates arising from previous meeting are identified to ensure all outstanding issues are sufficiently addressed and followed through and all further information is provided for decision making. The proceedings and resolutions passed at the each Board Meeting are minuted and kept in the statutory minutes book.

Committees of the Board

The Board, in discharging its fiduciary duties, is assisted by the following Board Committees which have been set up for specific functions. The term of reference for each committee have been approved by the Board and comply with the best practices recommended by the Code:

- Audit Committee
- Nomination Committee
- Remuneration Committee

Audit Committee

The terms of reference of the Company's Audit Committee and its activities during the financial year are set out under the Audit Committee Report on pages 17 to 20 of this Annual Report.

Nomination Committee

The Nomination Committee currently comprises the following members:

Name of Directors	Designation
Loh Chye Teik (Chairman)	Senior Independent Non-Executive Director
Teoh Yee Shien	Independent Non-Executive Director
Dato' Dr. Loh Hock Hun	Independent Non-Executive Director

The Committee consists entirely of Non-Executive Directors, where all its members are independent.

The Nomination Committee is responsible for nominating the right candidates with the required skills, experience and attributes for recommendation to and appointment by the Board. The Nomination Committee also recommends to the Board to fill the seats on the board committees. A familiarisation programme, including visits to the Group's business and operations premises and meetings with Senior Management will be arranged for new Directors to facilitate their understanding of the Group.

During the financial year, the Committee has reviewed and recommended to the Board on the nomination of Mr. Khor Thean Lee as Executive Director of the Company. The Committee has also assessed the effectiveness of the Board, the committees of the board and the contribution of each individual director, including Independent Non-Executive Directors and principal officer as well as reviewing re-election of the retiring Directors of the Company. The Nomination Committee has also reviewed and assessed the Independent Directors after FY2012. The Nomination Committee meets at least once a year and as and when necessary and may make decisions by way of circular resolutions.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Remuneration Committee

The Remuneration Committee comprises the following members:

Name of Directors	Designation
Loh Chye Teik (Chairman)	Senior Independent Non-Executive Director
Teoh Yee Shien	Independent Non-Executive Director
Ooi Yeok Hock	Executive Director

The Committee consists majority of Non-Executive Directors, where two (2) out of the three (3) members are Independent Non-Executive Directors. The Committee is responsible for recommending to the Board the appropriate remuneration of the Executive Directors in all forms to commensurate with the respective contributions of the Executive Directors. The Executive Directors are to abstain from deliberation and voting on the decision in respect of their own remuneration packages.

The remuneration of the Non-Executive Directors is a matter for the Board as a whole and the Director concerned is required to abstain from deliberation and voting on decisions relating to his/her own remuneration. Directors' fees are subject to shareholders' approval at the forthcoming AGM.

B. DIRECTORS' REMUNERATION

The objective of the Company's policy on Directors' remuneration is to attract and retain the appropriate Directors of the caliber to run the Group successfully. In general, the remuneration is structured so as to link rewards to corporate and individual performance, as in the case of the Executive Directors and senior management. As for the Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken individually by the Director concerned.

The aggregate remuneration of the Company's Directors derived from the Group for the financial year under review is as follows:

	Executive Directors RM	Non-Executive Directors RM	Total RM
Salary, bonus and EPF	1,197,004	-	1,197,004
Fee	-	72,000	72,000
Benefits-in-kind	40,800	-	40,800
Allowance	126,744	6,000	132,744
Total	1,364,548	78,000	1,442,548

The number of the Company's Directors whose total remunerations derived from the Group during the financial year under review that fall within the following bands is as follows:

Range of Remuneration	Number of Executive Directors	Number of Non-Executive Directors
RM50,000 and below	-	3
RM50,001 – RM100,000	-	-
RM100,001 – RM150,000	-	-
RM150,001 – RM200,000	2	-
RM200,001 – RM250,000	-	-
RM250,001 – RM300,000	2	-
RM300,001 – RM350,000	-	-
RM350,001 – RM400,000	-	-
RM400,001 – RM450,000	-	-
RM450,001 – RM500,000	1	-
Total	5	3

CORPORATE GOVERNANCE STATEMENT (CONT'D)

C. SHAREHOLDERS

Dialogue between Company and Investors

The Group acknowledges the importance of timely dissemination of information to shareholders and accordingly, ensures that they are well informed of any major developments of the Group. Such information is communicated through:

- Announcements and corporate disclosure to Bursa Malaysia Securities Berhad that are available on the website www.bursamalaysia.com;
- Company website at www.jhm.net.my provides corporate information on the Group;
- Annual Report of the Company.

AGM

The AGM is the principal forum for dialogue with all shareholders and the Board encourages shareholders to attend and participate in the AGM. Shareholders are provided with an opportunity to enquire about the Group's activities and prospects as well as to communicate their expectations and concerns. Shareholders are also encouraged to participate in the question and answer session.

A copy of the Annual Report and the notice of the AGM are sent to all shareholders at least 21 days before the AGM. The notice of AGM is also published in a nationally circulated daily newspaper. The Board is available to respond to shareholder questions during the meeting. Where appropriate, the Board will undertake to provide written answers to any questions that cannot be readily answered at the meeting.

Each item of special business included in the notice of the meeting will be accompanied by a full explanation of the effects of the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting.

Shareholders are also informed of and invited to attend any Extraordinary General Meetings through circulars and notices of meetings.

D. ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the Annual Report and quarterly announcement of interim financial results to the shareholders, the Board aims to provide and present a balanced and understandable assessment of the Group's financial performance and prospects.

The Board is assisted by the Audit Committee to oversee the Group's financial reporting process in ensuring accuracy and adequacy of information by reviewing and recommending for adoption of information for disclosure.

The statement of Board of Directors' responsibility for preparing the annual audited financial statements pursuant to Rule 15.26 of the AMLR is set out on page 21 of this Annual Report.

Internal Control

The Group's Statement On Risk Management And Internal Control is set out on pages 15 to 16.

Relationship with the Auditors

The Board through Audit Committee, maintains a close and formal as well as a transparent arrangement and relationship with the external auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia.

The role of the Audit Committee in relation to the External Auditors may be found in the Audit Committee Report set out on pages 17 to 20 of this Annual Report.

Statement of Compliance with Corporate Governance

The Company is committed to achieving high standards of corporate governance throughout the Group and to the highest level of integrity and ethical standards in all its business dealings. The Board considers that it has complied substantially with the principles and recommendations as stipulated in the MCCG 2012 throughout FY2012.

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



STATEMENT ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Group is driven by the belief that in pursuit of any business objective, we need to strike a balance between profitability and contributions to the social welfare of employees, community and environmental responsibilities.

During the year under review, our Group continued to carry out diverse range of CSR activities that are reflective of the Group intention of giving back to society.

Employees

We strongly believe that human capital is the most important value to an organisation. In retaining the best talents, we continually provide our employees with education and training. Employee Training and Development which is carried out internally and externally aimed at equipping our employees with skills and knowledge related to projects and tasks handled by them so that these may be executed to meet customers' needs and expectation. In recognition of their services and create amiable workplace for its employees, the Group organised several events throughout the year such as buffet dinner during Labour Day, annual dinner, team building & recreational activities for the employees.

Environment

As part of our corporate social responsibility agenda, the Group ensured strictly on going compliance with the environmental laws governing plant operations, maintenance in areas relating to environmental standards, emission standards and noise level management. This is in line with our manufacturing factories being certified as an ISO 14001 organization holder by an international body.

On-going programmes initiated among its staff on awareness of recycling of waste materials and continuous improvements in our manufacturing process create a greener environment.

Community

An internship programme offered by the Group to a number of undergraduates stand as a platform for the Group to return to the community for a better generation.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(A) INTRODUCTION

The Board of Directors is pleased to provide the following internal control statement of the Group. This statement has been prepared in accordance with the Statement on Risk Management and Internal Control: Guidance for Directors of Listed Issuers issued by the Institute of Internal Auditors Malaysia and as adopted by Bursa Malaysia Securities Berhad.

(B) BOARD RESPONSIBILITY

The Board acknowledges its responsibility for the adequacy and effectiveness of the Group's risk management and internal control system. The Board recognises that to achieve its business objectives and sustain success, it is vital that the risk management and internal control processes of the Group are effective.

However, because the risk management and internal control system is designed to mitigate, rather than eliminate, the risk of failure in achieving the business objectives Group, it provides reasonable but not absolute assurance against material misstatement of financial information or losses, contingencies, fraud or any irregularities.

(C) RISK MANAGEMENT FRAMEWORK

The Group has engaged an independent professional firm to assist the Board in establishing a risk management framework for the Group. Through the framework, risks relevant to the Group were identified and quantified. The quantified risks have been compiled into the risk profiles of the various operating units in the Group.

Since then, major business risks and their possible impact and likelihood of crystallization have been evaluated on an ongoing basis by the key executives and senior management. Key risks affecting the Group are deliberated at Board meetings.

(D) KEY ELEMENTS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The risk management and internal control processes are embedded within the operations of the Group.

The key elements of controls in place are as follows:

- Giving authority to the Board Committee members to investigate and report on any areas of improvement for the betterment of the Group;
- Performing in-depth study on major variances and deliberating irregularities in the Board meetings and Audit Committee meetings so as to identify the causes of the problems and formulate solutions to resolve them;
- Delegating necessary authority to the Managing Director in order for him to play a major role as the link between the Board and Senior Management in implementing the Board's expectation of effective system of internal control and managing the Group's various operations;
- Maintaining an organisational chart which sets out each individual's responsibility, authority and reporting lines;
- Keeping the Management informed on the development of action plan for enhancing system of internal control and allowing various management personnel to have access to important information for better decision-making;
- Making frequent on-site visits to the business and operations premises by Senior Management personnel so as to acquire a first-hand view on various operational matters and addressing the issues accordingly;
- Monitoring key commercial, operational and financial risks through reviewing the system of internal control and other operational structures so as to ensure that reasonable assurance on the effectiveness and efficiency of the same will mitigate the various risks faced by the Group to an appropriate level acceptable to the Board; and
- Systematic and regular audit on the compliance of ISO 14001, ISO 9001 and TS 16949 by external quality assurance auditors.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

(E) INTERNAL AUDIT FUNCTION

To ensure the system of risk management and internal control is functioning effectively, the Group has outsourced the internal audit function to an external consultant and the Board relies on their independence and expertise to provide it with much assurance about the state of internal controls of the Group. The internal auditors report directly to the Audit Committee.

The internal audit function adopts a risk-based approach in carrying out its internal audit works. Based on the risk profile of the Group, the internal audit function prepares its audit plan by focusing on areas of high risk. During the course of carrying out their reviews, full cooperation and unrestricted access to all information was given in order to discharge their duties.

During the financial year, the internal auditors carried out reviews on the following areas to assess the adequacy and effectiveness of internal controls:

- Payroll
- Human resource management
- Safety and health
- Quality assurance

The internal auditors have identified some weaknesses in the internal control and these together with improvement recommendations have been reported to the Audit Committee. However, none of the weaknesses have resulted in material losses, contingencies or uncertainties to the Group.

The fees paid to the internal auditors in respect of the internal audit functions of the Group for the financial year amounted to RM15,707.

(F) CONCLUSION

The Board has received assurance from the Managing Director and the Finance Manager that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

Overall, the Board and Management are satisfied that the process of identifying, evaluating and managing significant risks that may affect achievement of the Group's business objectives are in place. There are continuing efforts to strengthen the internal control environment taking into consideration the recommendations from the internal auditors.

This statement is made in accordance with the resolution of the Board dated 22 April 2013 and has been reviewed by the External Auditors.

AUDIT COMMITTEE REPORT

Formation

The Audit Committee (the "Committee") was formed by the Board of Directors on 14 April 2006.

Members

The Committee currently consists of the following members:

1. Loh Chye Teik - Chairman
(Senior Independent Non-Executive Director)
2. Teoh Yee Shien - Member
(Independent Non-Executive Director)
3. Dato' Dr. Loh Hock Hun - Member
(Independent Non-Executive Director)

Meetings And Attendance

During the financial year under review, the Committee held four (4) meetings with all the members of the Committee attendance as follows:

Name of Committee Members	Number of Meetings Attended	Percentage of Attendance
Loh Chye Teik	4/4	100%
Teoh Yee Shien	4/4	100%
Dato' Dr. Loh Hock Hun	4/4	100%

The Audit Committee meetings were attended by the Committee members and Senior Management. The Company Secretary acted as Secretary at the meetings to record and maintains minutes for the proceedings of the meetings.

Terms Of Reference

The Terms of Reference of the Audit Committee are as follows:

1. Membership

The Board should establish an audit committee of at least three directors, a majority of whom must be independent Non-Executive Directors with written terms of reference which deal clearly with its authority and duties. All members of the Committee should be Non-Executive Directors of the Company and all members of the Committee should be financially literate. At least one member of the Committee:

- must be member of the Malaysian Institute of Accountants; or
- if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years of working experience and
 - he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
 - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedules of the Accountants Act, 1967; or
 - fulfills such other requirements as prescribed or approved by the Exchange.

The members of the Committee shall elect the Chairman from among their number who shall be an Independent Non-Executive Director. An alternate director shall not be a member of the Audit Committee.

If a Member of the Committee for any reason ceases to be a Member of the Committee with the result that the number of Member is reduced below (3), the Board shall within three (3) months of that event, appoint such number of new Member as may be required to make up the minimum number of three (3) Members.

AUDIT COMMITTEE REPORT (CONT'D)

2. Attendance At Meetings

The finance director, representatives of the Internal Auditor and representatives of the external auditors will be invited to some of the Audit Committee meetings. Other board members and employees may attend any particular audit committee meeting only at the Audit committee's invitation, specific to the relevant meeting. At least twice a year, the Committee shall meet with external auditors without the presence of the Executive Directors. The Company Secretary shall be the secretary of the Committee.

3. Frequency At Meetings

Meetings will be held not less than four times a year. Additional meetings may be held at the discretion of the Committee or at the request of external auditors. The external auditors may request a meeting if they consider that one is necessary. The quorum for any meeting shall be two and the majority members of the Committee present must be Independent Non-Executive Directors.

The Chairman of the Audit Committee should engage on a continuous basis with senior management, such as the Chairman, the chief executive officer, the finance director, the head of the internal audit and the external auditors in order to be kept informed of matters affecting the Company.

4. Retirement And Resignation

In the event of any vacancy in an audit committee resulting from resignation or for any other reason that the number of the audit committee members is reduced to below three, a listed company must fill the vacancy within 3 months.

5. Authority

The Committee is authorised by the Board to investigate any activity within its terms of reference, the resources it needs to do so and full access to information pertaining to the Company. The Committee should have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity and be able to obtain external professional advice and to invite outsiders with relevant experience to attend, if necessary. The Committee should be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the listed company, whenever deemed necessary. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

6. Duties And Responsibilities

The duties and responsibilities of the Committee shall include:

- a) to consider the appointment/nomination/suitability of the external auditors, their audit fees and any question of their resignation or dismissal and to recommend to the Board.
- b) to discuss with the external auditors before the audit commences, the nature and scope of their audit, their evaluation of the system of internal accounting controls and to ensure co-ordination where more than one audit firm is involved.
- c) to discuss problems and reservations arising from the interim and final audits, and any matters the external auditors may wish to discuss (in the absence of management where necessary).
- d) to keep under review the effectiveness of internal control system and, in particular, review external auditors' management letter and management's response.
- e) to do the following, in relation to the internal audit function:
 - review the adequacy of the scope, functions, competency and resources of the internal audit functions, and to ensure that it has the necessary authority to carry out its work;
 - review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
 - review any appraisal or assessment of the performance of members of the internal audit function;
 - approve any appointment or termination of senior members of the internal audit function; and
 - take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

AUDIT COMMITTEE REPORT (CONT'D)

- f) to review the quarterly results and year-end financial statements of the Company and the Group, prior to the approval by the Board, whilst ensuring that they are prepared in a timely and accurate manner, focusing particularly on:
- public announcements of results and dividend payment;
 - any changes in or implementation of major accounting policies and practices;
 - major judgmental areas;
 - significant adjustments resulting from the audit;
 - the going-concern assumption;
 - compliance with accounting standards;
 - compliance with Bursa Securities and legal requirements; and
 - significant and unusual events.
- g) to consider/review any related party transactions and conflict of interest situation that may arise within the Company or Group, including any transaction, procedure or course of conduct that raises questions of management integrity.
- h) to consider the major findings of internal investigations and management's response and ensure co-ordination between the internal and external auditors.
- i) to review and verify the allocation of share options granted to employees pursuant to the Employees share option scheme, transactions, procedure or course of conduct that raises questions of management integrity.
- j) to review with the external auditor, his audit report.
- k) to review with the external auditor the assistance given by the employees of the Company.
- l) to review with the Board of Directors of the Company whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment.
- m) to consider/carry out such other functions and consider other topics, as may be agreed upon by the Board.

7. Reporting Procedures

The Company Secretary shall circulate the minutes of meetings of the Committee to all members of the Board.

Summary Of Activities

In discharging its functions and duties, during the financial year the Committee has considered, reviewed, approved and discussed the following:

- the audited financial statements for the financial year ended 31 December 2011;
- the financial results for the quarters ended 31 December 2011, 31 March 2012, 30 June 2012 and 30 September 2012;
- the external audit plan with external auditors;
- audit reports prepared by the Internal Auditors, considered their material findings and assess the Management's responses and actions thereto;
- the nature and scope of audit plan for the financial year ended 31 December 2012 before the commencement of audit together with the External Auditors;
- the results and issues arising from External Auditors' audit on the financial year end statements and their resolutions of such issues highlighted in their report to the Committee together with the External Auditors;
- related party transactions and report the same to the Board;
- recommendation on the re-appointment of External Auditors and their fees; and
- dialogue session with External Auditors, without the presence of Executive Directors and Management.



AUDIT COMMITTEE REPORT (CONT'D)

Employees Share Option Scheme

The Company had on 17 May 2006 and 15 June 2006 obtained approvals from the Securities Commission and the shareholders respectively to establish an Employee Share Option Scheme ("ESOS") with duration of five years from 1 August 2006. The Board had extended the ESOS for another five years until 31 July 2016.

During the financial year, no allocation of share options was made by the Company pursuant to the ESOS and no share options were exercised under the ESOS.

Further details on the ESOS are set out on pages 24, 51 and 52 of this Annual Report.

Internal Audit Function

The Group has appointed an independent professional firm to carry out internal audit function. In order to act independently from the management, the external consultant will report directly to the Audit Committee and assists the Board in monitoring and reviewing the effectiveness of the risk management, internal control and corporate governance process within the Group.

The independent internal audit function and activities were carried out according to the internal audit plan presented by the external consultant. The internal audit plan is derived based on a risk-based assessment of all units and operations of the Group. The internal audit reports highlight any deficiencies or findings which are discussed with the management and relevant action plans agreed and to be implemented. Significant findings are presented in the Audit Committee Meetings for consideration and reporting to the Board. A follow-up audit review is also conducted to determine whether all audit recommendations are effectively implemented.

Further details on the internal audit function and its activities are set out in the Statement On Risk Management And Internal Control on pages 15 to 16 of this Annual Report.

The Board is of the view that there is no significant breakdown or weaknesses in the systems of internal controls of the Group that may result in material losses incurred by the Group for the financial year ended 31 December 2012.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE AUDITED FINANCIAL STATEMENTS

This statement is prepared pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad for the ACE Market.

The Directors are required to prepare audited financial statements that give a true and fair view of the state of affairs, including the cash flow and results, of the Group and the Company as at the end of each financial year.

In preparing these financial statements, the Directors have considered the following:

- The Group and the Company have used appropriate accounting policies, and are consistently applied;
- That reasonable and prudent judgements and estimates were made; and
- That the approved accounting standards in Malaysia have been applied.

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

The Directors have general responsibility for taking such steps that are reasonably available to them to safeguard the assets of the Group and the Company, and to prevent and detect fraud and other irregularities.

This statement is made in accordance with the resolution passed by the Board Of Directors dated 22 April 2013.



ADDITIONAL COMPLIANCE INFORMATION

Share Buyback

There were no share buyback of the Company's shares during the financial year.

Options Or Convertible Securities

There were no options or convertible securities exercised during the financial year as the Company has not issued any options or convertible securities.

American Depositary Receipts ("ADR") And Global Depositary Receipts ("GDR")

The Company did not sponsor any ADR and GDR during the financial year.

Imposition Of Sanctions And/Or Penalties

There were no public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies during the financial year under review.

Non-audit Fees Paid to External Auditors

During the financial year ended 31 December 2012, no non-audit fees were paid to the external auditors other than the taxation fees amounting to RM8,500 paid to a company in which certain partners of the audit firm are shareholders and directors.

Profit Estimate, Forecast Or Projection

The Company did not issue or announce any profit estimate, forecast or projection to the public for the financial year.

Profit Guarantee

During the financial year, the Company did not receive any profit guarantee from any parties.

Material Contracts Or Loans

There were no material contracts or loans entered into by the Company and its subsidiaries involving Directors' and major shareholders either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

Recurrent Related Party Transactions of a Revenue Or Trading Nature

The Company does not have any recurrent related party transactions of a revenue or trading nature during the financial year.

Variation In Result

There were no material variations between the audited results for the financial year ended 31 December 2012 over the unaudited results released for the financial quarter ended 31 December 2012.

Utilisation of Proceeds

During the financial year, there were no proceed raised by the Company from any corporate exercise.

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

For The Financial Year Ended 31 December 2012

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

Principal Activities

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are shown in Note 4 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

Results

	Group RM	Company RM
Profit/(Loss) after taxation for the year	2,239,759	(172,401)

In the opinion of the directors, the results of the operations of the Group and of the Company for the financial year ended 31 December 2012 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Dividends

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

The directors do not recommend any dividend payment for the financial year.

Reserves And Provisions

There were no material transfers to or from reserves or provisions during the financial year.

Share Capital And Debenture

During the financial year, the Company did not issue any share or debenture and did not grant any option to anyone to take up unissued shares of the Company.

Employee Share Option Scheme ("ESOS")

The Company's ESOS was approved by the Securities Commission ("SC") and the members on 17 May 2006 and 15 June 2006 respectively and would be in force for a duration of five years from 1 August 2006 until 31 July 2011. The directors have extended the ESOS for five years until 31 July 2016.

As at the end of the reporting period, no options were granted.

The salient features of the ESOS are disclosed in the notes to the financial statements.

Directors

The directors who served since the date of the last report are as follows :

- Dato' Tan King Seng
- Ooi Yeok Hock
- Tan Chin Hong
- Cheah Choon Ghee
- Loh Chye Teik
- Teoh Yee Shien
- Dato' Dr. Loh Hock Hun
- Khor Thean Lee (appointed on 8.6.12)

DIRECTORS' REPORT (CONT'D)

For The Financial Year Ended 31 December 2012

Directors' Interests In Shares

According to the Register of Directors' Shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year are as follows :

	Number of ordinary shares of RM0.10 each			Balance at 31.12.12
	Balance at 1.1.12	Bought	Sold	
The Company				
Direct interest :				
Dato' Tan King Seng	42,707,379	-	-	42,707,379
Ooi Yeok Hock	5,522,538	-	-	5,522,538
Tan Chin Hong	3,105,496	-	-	3,105,496
Cheah Choon Ghee	3,207,500	-	-	3,207,500
Deemed interest:				
Dato' Tan King Seng	3,143,495	-	-	3,143,495
Cheah Choon Ghee	30,445,863	-	-	30,445,863

By virtue of his shareholdings in the shares of the Company, **Dato' Tan King Seng** and **Mr. Cheah Choon Ghee** are also deemed interested in all the subsidiaries, to the extent that it has interests.

Directors' Benefits

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

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

Other Statutory Information

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps :

- to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts, and
- to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected to realise.

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

- that would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the Group and of the Company inadequate to any substantial extent, and
- that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, and

DIRECTORS' REPORT (CONT'D)

For The Financial Year Ended 31 December 2012

(iii) that would render any amount stated in the financial statements of the Group and of the Company misleading, and

(iv) which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

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

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

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

Auditors

The auditors, **Grant Thornton**, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors :

Dato' Tan King Seng

Ooi Yeok Hock

Penang,

Date : 19 April 2013

DIRECTORS' STATEMENT

We, **Dato' Tan King Seng** and **Ooi Yeok Hock**, being two of the directors of **JHM Consolidation Berhad** state that in the opinion of the directors, the financial statements set out on pages 30 to 68 are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as 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 supplementary information set out in Note 28 on page 69 has been compiled in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors :

Dato' Tan King Seng

Ooi Yeok Hock

Date : 19 April 2013

Statutory Declaration

I, **Lim Kah Hoon**, the officer primarily responsible for the financial management of **JHM Consolidation Berhad** do solemnly and sincerely declare that the financial statements set out on pages 30 to 68 are to the best of my knowledge and belief, 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 Penang, this 19th)
day of April 2013)

Lim Kah Hoon

Before me,

Goh Suan Bee
No.: P125
Commissioner For Oaths



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JHM CONSOLIDATION BERHAD

Company No. 686148-A (Incorporated In Malaysia)

Report on the Financial Statements

We have audited the financial statements of **JHM Consolidation Berhad**, which comprise the statements of financial position as at **31 December 2012** of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 30 to 68.

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 the 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 misstatements, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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 the 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 at **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 have been properly kept in accordance with the provisions of the Act,
- (b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes, and
- (c) The auditors' reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JHM CONSOLIDATION BERHAD (CONT'D)

Company No. 686148-A (Incorporated In Malaysia)

Other Reporting Responsibilities

The supplementary information set out in Note 28 on page 69 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. The Company adopted Malaysian Financial Reporting Standards on 1 January 2012 with a transition date of 1 January 2011. 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 1 January 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 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.

Grant Thornton
No. AF : 0042
Chartered Accountants

Hooi Kok Mun
No. 2207/01/14 (J)
Chartered Accountant

Date : 19 April 2013

Penang



STATEMENTS OF FINANCIAL POSITION

As At 31 December 2012

		GROUP			COMPANY		
		31.12.12	31.12.11	1.1.11	31.12.12	31.12.11	1.1.11
	NOTE	RM	RM	RM	RM	RM	RM
ASSETS							
Non-current assets							
Property, plant and equipment	3	14,799,724	17,066,973	17,653,857	1,168	1,343	1,518
Investment in subsidiaries	4	-	-	-	6,085,998	6,085,998	6,085,998
Development costs	5	188,597	246,627	740,795	-	-	-
		14,988,321	17,313,600	18,394,652	6,087,166	6,087,341	6,087,516
Current Assets							
Inventories	6	5,362,372	7,081,946	7,969,949	-	-	-
Trade receivables	7	12,758,133	13,962,346	9,614,422	-	-	-
Other receivables, deposits and prepayments	8	1,146,179	560,984	608,087	1,000	1,000	1,000
Amount due from a subsidiary	9	-	-	-	8,721,375	8,921,375	9,061,375
Tax recoverable		299,138	410,115	146,777	-	44,151	44,151
Cash and cash equivalents	10	5,450,167	286,844	1,370,020	92,724	21,924	21,938
		25,015,989	22,302,235	19,709,255	8,815,099	8,988,450	9,128,464
TOTAL ASSETS		40,004,310	39,615,835	38,103,907	14,902,265	15,075,791	15,215,980
EQUITY AND LIABILITIES							
Share capital	11	12,300,000	12,300,000	12,300,000	12,300,000	12,300,000	12,300,000
Share premium		2,953,447	2,953,447	2,953,447	2,953,447	2,953,447	2,953,447
Retained profits/(Accumulated losses)		13,448,527	11,208,768	9,357,364	(377,182)	(204,781)	(56,467)
TOTAL EQUITY		28,701,974	26,462,215	24,610,811	14,876,265	15,048,666	15,196,980
Non-current liabilities							
Finance lease liabilities	12	335,235	309,480	493,031	-	-	-
Deferred tax liabilities	13	288,000	-	155,500	-	-	-
		623,235	309,480	648,531	-	-	-
Current liabilities							
Trade payables	14	9,018,000	9,476,679	8,570,311	-	-	-
Other payables and accruals	15	1,226,580	3,045,524	3,698,986	26,000	27,125	19,000
Finance lease liabilities	12	420,853	321,937	575,268	-	-	-
Provision for taxation		13,668	-	-	-	-	-
		10,679,101	12,844,140	12,844,565	26,000	27,125	19,000
TOTAL LIABILITIES		11,302,336	13,153,620	13,493,096	26,000	27,125	19,000
TOTAL EQUITY AND LIABILITIES		40,004,310	39,615,835	38,103,907	14,902,265	15,075,791	15,215,980

The notes set out on pages 36 to 68 form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

For The Financial Year Ended 31 December 2012

		GROUP		COMPANY	
		2012	2011	2012	2011
	NOTE	RM	RM	RM	RM
Revenue	16	63,326,961	64,603,595	66	65
Cost of sales		(56,273,984)	(58,206,029)	-	-
Gross profit		7,052,977	6,397,566	66	65
Other income		651,653	355,123	-	-
Administrative expenses		(4,869,688)	(5,037,547)	(172,467)	(148,379)
Operating profit/(loss)		2,834,942	1,715,142	(172,401)	(148,314)
Finance cost		(57,648)	(41,795)	-	-
Profit/(Loss) before taxation	17	2,777,294	1,673,347	(172,401)	(148,314)
Taxation	18	(537,535)	178,057	-	-
Net profit/(loss) for the year, representing total comprehensive income/(loss) for the year		2,239,759	1,851,404	(172,401)	(148,314)
Basic earnings per share (sen)	19	1.82	1.51		

The notes set out on pages 36 to 68 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Share Capital RM	Non- distributable Share Premium RM	Distributable Retained Profits RM	Total Equity RM
2012				
Balance at beginning	12,300,000	2,953,447	11,208,768	26,462,215
Total comprehensive income for the year	-	-	2,239,759	2,239,759
Balance at end	12,300,000	2,953,447	13,448,527	28,701,974
2011				
Balance at beginning	12,300,000	2,953,447	9,357,364	24,610,811
Total comprehensive income for the year	-	-	1,851,404	1,851,404
Balance at end	12,300,000	2,953,447	11,208,768	26,462,215

The notes set out on pages 36 to 68 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Share Capital RM	Non- distributable Share Premium RM	Accumulated Losses RM	Total Equity RM
2012				
Balance at beginning	12,300,000	2,953,447	(204,781)	15,048,666
Total comprehensive loss for the year	-	-	(172,401)	(172,401)
Balance at end	12,300,000	2,953,447	(377,182)	14,876,265
2011				
Balance at beginning	12,300,000	2,953,447	(56,467)	15,196,980
Total comprehensive loss for the year	-	-	(148,314)	(148,314)
Balance at end	12,300,000	2,953,447	(204,781)	15,048,666

The notes set out on pages 36 to 68 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 December 2012

	GROUP		COMPANY	
	2012	2011	2012	2011
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before taxation	2,777,294	1,673,347	(172,401)	(148,314)
Adjustments for :				
Amortisation of development costs	58,030	370,529	-	-
Depreciation	3,183,625	3,221,239	175	175
Development costs written off	-	145,573	-	-
Gain on disposal of property, plant and equipment	(79,999)	(115,331)	-	-
Impairment loss on plant and machinery	468,239	-	-	-
Interest expense	57,648	41,795	-	-
Interest income	(501)	(282)	(66)	(65)
Property, plant and equipment written off	-	3	-	-
(Reversal)/Impairment loss on trade receivable	(573,187)	573,187	-	-
Unrealised loss/(gain) on foreign exchange	194,200	(115,946)	-	-
Operating profit/(loss) before working capital changes	6,085,349	5,794,114	(172,292)	(148,204)
Decrease in inventories	1,719,574	888,003	-	-
Decrease/(Increase) in receivables	1,014,781	(4,706,414)	-	-
(Decrease)/Increase in payables	(2,294,399)	201,258	(1,125)	8,125
Cash generated from/(used in) operations	6,525,305	2,176,961	(173,417)	(140,079)
Income tax paid	(195,506)	(240,781)	-	-
Income tax refund	70,616	-	44,151	-
Interest paid	(57,648)	(41,795)	-	-
Interest received	-	-	66	65
Net cash from/(used in) operating activities	6,342,767	1,894,385	(129,200)	(140,014)
CASH FLOWS FROM INVESTING ACTIVITIES				
Development costs incurred	-	(21,934)	-	-
Interest received	501	282	-	-
Proceeds from disposal of property, plant and equipment	80,000	118,000	-	-
*Purchase of property, plant and equipment	(721,211)	(2,480,027)	-	-
Net cash used in investing activities	(640,710)	(2,383,679)	-	-
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of finance lease	(538,734)	(593,882)	-	-
Repayment from subsidiaries	-	-	200,000	140,000
Net cash (used in)/from financing activities	(538,734)	(593,882)	200,000	140,000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS CARRIED FORWARD	5,163,323	(1,083,176)	70,800	(14)

The notes set out on pages 36 to 68 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS (CONT'D)

For The Financial Year Ended 31 December 2012

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS BROUGHT FORWARD	5,163,323	(1,083,176)	70,800	(14)
CASH AND CASH EQUIVALENTS AT BEGINNING	286,844	1,370,020	21,924	21,938
CASH AND CASH EQUIVALENTS AT END	5,450,167	286,844	92,724	21,924
Represented by :				
Short term funds with a licensed financial institution	2,429	2,363	2,429	2,363
Cash and bank balances	5,447,738	284,481	90,295	19,561
	5,450,167	286,844	92,724	21,924
*Purchase of property, plant and equipment				
Total acquisition cost	1,384,616	2,637,027	-	-
Acquired under finance lease	(663,405)	(157,000)	-	-
Total cash acquisition	721,211	2,480,027	-	-

The notes set out on pages 36 to 68 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

1. Corporate Information

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

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are shown in Note 4 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The registered office of the Company is located at 51-13-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang.

The principal place of business of the Company is located at 15-1-21 Bayan Point, Medan Kampung Relau, 11900 Penang.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 19 April 2013.

2. Significant Accounting Policies

2.1 Basis of Preparation

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the accounting policies below and in accordance with applicable Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the Companies Act, 1965 in Malaysia.

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

2.2 First-time Adoption of MFRSs

In the previous financial years, the financial statements of the Group and 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 following accounting policies have been applied in preparing the financial statements of the Group and the Company for the financial year ended 31 December 2012, the comparative information presented in these financial statements for the financial year ended 31 December 2011 and in the preparation of the opening MFRS statement of financial position at 1 January 2011 (the Group's date of transition to MFRSs).

The transition to MFRSs does not have any financial impact to the consolidated statements of financial position of the Group and of the Company as at 1 January 2011 and 31 December 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year ended 31 December 2011 and related disclosures. Therefore, no restatement to the comparative information is required.

2.3 Standards Issued But Not Yet Effective

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

Amendments to MFRS effective 1 July 2012

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2012

2. Significant Accounting Policies (cont'd)

2.3 Standards Issued But Not Yet Effective (cont'd)

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 Standards ("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 Int 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 respectively
Annual Improvements 2009 - 2011 Cycle issued in July 2012	

Amendments to MFRSs effective 1 January 2014

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

MFRSs effective 1 January 2015

MFRS 7	Financial Instruments : 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 (IFRS 9 issued by IASB in October 2010)

The initial application of the above standards is 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 Company is currently examining the financial impact of adopting MFRS 9.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2012

2. Significant Accounting Policies (cont'd)

2.3 Standards Issued But Not Yet Effective (cont'd)

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 a change in accounting policy for the items measured at fair value in the financial statements. The Company is currently examining the financial impact of adopting MFRS 13.

2.4 Significant Accounting Estimates and Judgements

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

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

2.4.1 Judgements made in applying accounting policies

There are no significant areas of critical judgement in applying accounting policies that have any significant effect on the amount recognised in the financial statements.

2.4.2 Key sources of estimation uncertainty

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

(i) Useful lives of depreciable assets

Plant and equipment are depreciated on a straight line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 2 to 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of the plant and equipment. Therefore, future depreciation charges could be revised.

(ii) Impairment of plant and equipment

The Group performs an impairment review as and when there are impairment indicators to ensure that the carrying value of the plant and equipment does not exceed its recoverable amount. The recoverable amount represents the present value of the estimated future cash flows expected to arise from continuing operations. Therefore, in arriving at the recoverable amount, management exercise judgement in estimating the future cash flows, growth rate and discount rate.

(iii) Inventories

The management reviews for damage, slow-moving and obsolete inventories. This review requires judgements and estimates. Possible changes in these estimates could result in revision to the valuation of inventories.

(iv) Impairment of loans and receivables

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2012

2. Significant Accounting Policies (cont'd)

2.5 Subsidiaries and Basis of Consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investment in subsidiaries which is eliminated on consolidation is stated at cost less accumulated impairment losses in the Company's separate financial statements.

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

Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

Acquisition on or after 1 January 2011

For acquisitions on or after 1 January 2011, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Acquisitions before 1 January 2011

As part of its transition to MFRS, the Group elected not to restate those business combinations that occurred before the date of transition to MFRSs, i.e. 1 January 2011. Goodwill arising from acquisitions before 1 January 2011 has been carried forward from the previous FRS framework as at the date of transition.

Acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2012

2. Significant Accounting Policies (cont'd)

2.5 Subsidiaries and Basis of Consolidation (cont'd)

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.

Non-controlling interests

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 doing so causes the non-controlling interests to have a deficit balance.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

2.6 Impairment of Non-Financial Assets

The Group and the Company assess at the end of reporting period whether there is an indication that an asset may be impaired.

For the purpose of impairment testing, recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the profit or loss except for assets that were previously revalued where the revaluation surplus was taken to other comprehensive income. In this case the impairment loss is also recognised in other comprehensive income up to the amount of any previous revaluation surplus.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.7 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulate impairment losses.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2012

2. Significant Accounting Policies (cont'd)

2.7 Property, Plant and Equipment (cont'd)

Property, plant and equipment are depreciated on the straight line method to write off the cost of each asset to its residual value over its estimated useful life, at the following annual rates:

Freehold office lot	2%
Plant and machinery	10% - 50%
Office equipment, furniture and fittings	10% - 20%
Electrical installation	10%
Renovation	10%
Motor vehicles	20%

The residual value, useful life and depreciation method are reviewed at the end of each reporting period 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.

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

2.8 Research and Development Costs

All research costs are expensed as incurred. Expenditure incurred on projects to develop new products is capitalised as development costs and deferred only when the Group can demonstrate the technical feasibility of completing the asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Development costs which do not meet these criteria are expensed as incurred.

Capitalised development costs comprise direct attributable costs incurred for development. Capitalised development costs, considered to have finite useful lives, are stated at cost less accumulated amortisation and any accumulated impairment losses. Development costs are amortised using the straight-line basis over the commercial lives of the underlying products of five years from the commencement of the commercialisation of the products. The amortisation period and method are reviewed at the end of each reporting period to ensure that the expected useful lives of the assets are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of intangible assets.

2.9 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments for the right to use an asset for an agreed period of time.

(i) Finance lease

A finance lease which includes hire purchase arrangement, is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Title may or may not eventually be transferred.

Plant and equipment acquired by way of finance leases are stated at amounts equal to the lower of their fair values and the present value of minimum lease payments at the inception of the leases, less accumulated depreciation and any impairment losses.

In calculating the present value of the minimum lease payments, the discount rate is the interest rate implicit in the lease, if this is determinable; if not, the Group's incremental borrowing rate is used.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2012

2. Significant Accounting Policies (cont'd)

2.9 Leases (cont'd)

(ii) Operating Leases

An operating lease is a lease other than a finance lease.

Operating lease income or operating lease rentals are recognised in profit or loss on a straight line basis over the period of the lease.

2.10 Financial Instruments

2.10.1 Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

2.10.2 Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows :

Financial assets

Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

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.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with the gain or loss recognised in profit or loss.

2.10.3 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2012

2. Significant Accounting Policies (cont'd)

2.10.3 Financial guarantee contracts (cont'd)

Financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

2.10.4 Derecognition

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.

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 expired. 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.

2.11 Impairment of Financial Assets

All financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries) are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

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

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial 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.

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

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

2.12 Cash and Cash Equivalents

Cash comprises cash in hand, cash at bank and demand deposits. Cash equivalents are short term and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, against which bank overdraft balances, if any, are deducted.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2012

2. Significant Accounting Policies (cont'd)

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of raw materials is determined on the first-in, first-out basis.

Cost of work-in-progress and finished goods includes materials, direct labour and attributable production overheads and is determined on the weighted average basis.

Cost of trading goods is determined on a first-in, first-out basis.

Net realisable value represents the estimated selling price less all estimated costs to completion and estimated costs to be incurred in marketing, selling and distribution.

2.14 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

2.15 Income Recognition

Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Interest income is recognised on the accrual basis.

2.16 Employee Benefits

Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the years 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.

Defined contribution plans

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

Share-based compensation

The Company's Employee Share Option Scheme ("ESOS"), an equity-settled, share-based compensation plan, allows the Group's employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained profits.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2012

2.16 Employee Benefits (cont'd)

Share-based compensation (cont'd)

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

2.17 Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided for, using the liability method, on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the end of the reporting period. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

2.18 Foreign Currency Translations

Assets and liabilities in foreign currencies at the end of the reporting period are translated into Ringgit Malaysia at the rates of exchange approximately ruling on that date. Transactions in foreign currencies during the year have been translated into Ringgit Malaysia at the rates of exchange approximately ruling on the transaction dates. All exchange gains or losses are included in profit or loss.

2.19 Share Capital and Share Issuance Expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of 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. Dividends on ordinary shares are accounted for in shareholder's equity as an appropriation of retained profits and recognised as a liability in the period in which they are declared.

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

2.20 Segment Reporting

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

2.21 Contingencies

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2012

3. Property, Plant And Equipment

GROUP	Freehold office lot RM	Plant and machinery RM	Office equipment, furniture and fittings RM	Electrical installation RM	Renovation RM	Motor vehicles RM	Total RM
At cost							
Balance at 1 January 2011	437,389	25,463,799	1,315,817	430,692	1,999,735	1,780,847	31,428,279
Additions	-	1,508,333	346,811	120,178	457,280	204,425	2,637,027
Disposals	-	(1,409,865)	-	-	-	-	(1,409,865)
Written off	-	-	(2,725)	-	-	-	(2,725)
Balance at 31 December 2011	437,389	25,562,267	1,659,903	550,870	2,457,015	1,985,272	32,652,716
Additions	-	1,062,337	226,064	2,125	94,090	-	1,384,616
Disposals	-	-	-	-	-	(115,433)	(115,433)
Balance at 31 December 2012	437,389	26,624,604	1,885,967	552,995	2,551,105	1,869,839	33,921,899

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2012

3. Property, Plant And Equipment (cont'd)

GROUP	Freehold office lot RM	Plant and machinery RM	Office equipment, furniture and fittings RM	Electrical installation RM	Renovation RM	Motor vehicles RM	Total RM
Accumulated depreciation							
Balance at 1 January 2011	36,449	10,758,021	764,642	203,598	986,186	1,025,526	13,774,422
Current charge	8,747	2,503,025	138,627	42,531	193,088	335,221	3,221,239
Disposals	-	(1,407,196)	-	-	-	-	(1,407,196)
Written off	-	-	(2,722)	-	-	-	(2,722)
Balance at 31 December 2011	45,196	11,853,850	900,547	246,129	1,179,274	1,360,747	15,585,743
Current charge	8,747	2,425,951	170,352	49,663	225,864	303,048	3,183,625
Disposals	-	-	-	-	-	(115,432)	(115,432)
Balance at 31 December 2012	53,943	14,279,801	1,070,899	295,792	1,405,138	1,548,363	18,653,936
Accumulated impairment							
Addition/Balance at 31 December 2012	-	468,239	-	-	-	-	468,239
Carrying amount							
Balance at 1 January 2011	400,940	14,705,778	551,175	227,094	1,013,549	755,321	17,653,857
Balance at 31 December 2011	392,193	13,708,417	759,356	304,741	1,277,741	624,525	17,066,973
Balance at 31 December 2012	383,446	11,876,564	815,068	257,203	1,145,967	321,476	14,799,724

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2012

3. Property, Plant And Equipment (cont'd)

GROUP

The carrying amount of property, plant and equipment being acquired under finance lease are as follows :

	31.12.12 RM	31.12.11 RM	1.1.11 RM
Plant and machinery	717,057	1,071,442	1,242,451
Motor vehicles	275,259	563,818	718,366
	992,316	1,635,260	1,960,817

Leased assets are pledged as security for the related finance lease liabilities (Note 12).

COMPANY

Office equipment, furniture and fittings

	31.12.12 RM	31.12.11 RM	1.1.11 RM
At cost			
Balance at beginning/end	1,750	1,750	1,750
Accumulated depreciation			
Balance at beginning	407	232	174
Current charge	175	175	58
Balance at end	582	407	232
Carrying amount	1,168	1,343	1,518

4. Investment In Subsidiaries

	31.12.12 RM	31.12.11 RM	1.1.11 RM
COMPANY			
Unquoted shares, at cost	6,085,998	6,085,998	6,085,998

Details of the subsidiaries which were all incorporated in Malaysia, are as follows :

Name of company	Effective Equity Interest			Principal Activities
	31.12.12	31.12.11	1.1.11	
Morrissey Technology Sdn. Bhd.	100%	100%	100%	Design and manufacturing of precision miniature engineering metal parts and components.
Jingheng Electronic Precision Technology Sdn. Bhd.	100%	100%	100%	Original design manufacturing of semiconductor light emitting diodes components and the related manufacturing activities are outsourced to reliable and reputable third parties.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2012

5. Development Costs

	31.12.12 RM	31.12.11 RM	1.1.11 RM
GROUP			
Development costs			
Balance at beginning	1,923,393	2,047,032	1,960,044
Additions	-	21,934	86,988
Written off	-	(145,573)	-
Balance at end	1,923,393	1,923,393	2,047,032
Accumulated amortisation			
Balance at beginning	(1,676,766)	(1,306,237)	(900,030)
Current charge	(58,030)	(370,529)	(406,207)
Balance at end	(1,734,796)	(1,676,766)	(1,306,237)
	188,597	246,627	740,795

6. Inventories

	31.12.12 RM	31.12.11 RM	1.1.11 RM
GROUP			
At cost :			
Raw materials	1,160,533	1,642,556	1,376,503
Work-in-progress	1,034,886	1,089,140	903,256
Finished goods	1,720,731	2,671,577	3,944,336
Consumables	1,446,222	1,678,673	1,541,318
	5,362,372	7,081,946	7,765,413
At net realisable value :			
Finished goods	-	-	204,536
	5,362,372	7,081,946	7,969,949

The cost of inventories recognised in profit or loss for the financial year amounted to **RM56,273,984** (31.12.11 : RM58,206,029; 1.1.11 : RM45,964,356).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2012

7. Trade Receivables

	31.12.12 RM	31.12.11 RM	1.1.11 RM
GROUP			
Trade receivables	12,758,133	14,535,533	9,614,422
Less : Allowance for impairment			
Balance at beginning	(573,187)	-	-
Current charge	-	(573,187)	-
Reversal	573,187	-	-
Balance at end	-	(573,187)	-
	12,758,133	13,962,346	9,614,422
Analysis by currencies :			
Ringgit Malaysia	10,553,127	9,346,593	4,398,541
US Dollar	2,205,006	4,615,753	5,215,881
	12,758,133	13,962,346	9,614,422

The trade receivables are non-interest bearing and are generally on **30 to 90 days** (31.12.11 : 30 to 90 days; 1.1.11 : 30 to 90 days) credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

8. Other Receivables, Deposits And Prepayments

	GROUP			COMPANY		
	31.12.12 RM	31.12.11 RM	1.1.11 RM	31.12.12 RM	31.12.11 RM	1.1.11 RM
Other receivables	-	63,050	-	-	-	-
Refundable deposits	586,759	399,825	486,812	1,000	1,000	1,000
Non-refundable deposits	486,580	-	38,995	-	-	-
Prepayments	72,840	98,109	82,280	-	-	-
	1,146,179	560,984	608,087	1,000	1,000	1,000
Analysis by currencies:						
Ringgit Malaysia	684,599	560,984	608,087	1,000	1,000	1,000
US Dollar	461,580	-	-	-	-	-
	1,146,179	560,984	608,087	1,000	1,000	1,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2012

9. Amount Due From A Subsidiary

COMPANY

The amount due from a subsidiary is non-trade related, unsecured, non-interest bearing and is repayable on demand.

10. Cash And Cash Equivalents

	GROUP			COMPANY		
	31.12.12 RM	31.12.11 RM	1.1.11 RM	31.12.12 RM	31.12.11 RM	1.1.11 RM
Short term funds with a licensed financial Institution	2,429	2,363	2,298	2,429	2,363	2,298
Cash and bank balances	5,447,738	284,481	1,367,722	90,295	19,561	19,640
	5,450,167	286,844	1,370,020	92,724	21,924	21,938
Analysis by currencies:						
Ringgit Malaysia	4,734,895	272,425	943,512	92,724	21,924	21,938
US Dollar	715,272	13,401	424,949	-	-	-
Others	-	1,018	1,559	-	-	-
	5,450,167	286,844	1,370,020	92,724	21,924	21,938

Short term funds represent investments with redeemable period of **less than 31 days** (31.12.11 : less than 31 days ; 1.1.11 : less than 31 days). The effective interest rate of short term funds at the end of the reporting period is **2.84%** (31.12.11 : 3.12%; 1.1.11 : 3.00%) per annum.

11. Share Capital

	Number of ordinary shares of RM0.10 each			Amount		
	31.12.12	31.12.11	1.1.11	31.12.12 RM	31.12.11 RM	1.1.11 RM
Authorised	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000
Issued and fully paid	123,000,000	123,000,000	123,000,000	123,000,000	123,000,000	123,000,000

Employee Share Option Scheme ("ESOS")

The Company's ESOS was approved by the Securities Commission ("SC") and the members on 17 May 2006 and 15 June 2006 respectively and would be in force for a duration of five years from 1 August 2006 until 31 July 2011. The directors have extended the ESOS for five years until 31 July 2016.

As at the end of the reporting period, no options were granted.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2012

11. Share Capital (cont'd)

The salient features of the ESOS are as follows :

- (i) the aggregate number of options offered under the ESOS shall not exceed twenty per centum (20%) of the issued and paid-up share capital of the Company at any point in time during the duration of the ESOS or such additional number that may be permitted by the relevant authorities during the duration of the ESOS,
- (ii) an employee (including Executive Directors) shall be eligible to participate in the ESOS if the employee is at least eighteen (18) years of age on the date of offer; employed full time by and on the payroll of any company in the Group and must have been employed for a continuous period of at least two (2) years for executive employee and at least three (3) years for non-executive employee and his employment must have been confirmed on the date of offer,
- (iii) not more than fifty per centum (50%) of the shares available under the ESOS should be allocated, in aggregate, to directors and senior management of the Group. In addition, not more than ten per centum (10%) of the shares available under the ESOS should be allocated to any individual director or employee who, either singly or collectively through his/her associates, holds twenty per centum (20%) or more in the issued and paid-up share capital of the Company,
- (iv) the price at which the grantee is entitled to subscribe for each new share shall be the higher of a price which is at a discount of not more than ten per centum (10%) from the weighted average market price of the shares as shown in the daily official list issued by the Bursa Malaysia Securities Berhad for the five (5) market days immediately preceding the date of offer and the par value of the shares, or such adjustments in accordance with any prevailing guidelines issued by the Securities Commission or any other relevant authorities as amended from time to time,
- (v) the new shares to be issued and allotted upon any exercise of the option will upon allotment and issuance rank pari passu in all respect with the then existing issued shares except that the shares so issued will not be entitled for any dividend, rights, allotments or other distribution declared, made or paid to shareholders unless the shares so allotted have been credited into the relevant securities accounts maintained by the Bursa Malaysia Depository Sdn. Bhd. before the entitlement date and will be subject to all the provisions of the Articles of Association of the Company relating to the transfer, transmission and otherwise, and
- (vi) the ESOS shall come into force for a period of five (5) years from the date of confirmation by the adviser of the Company to the Securities Commission. The Company may, if the Board of Directors and the ESOS Committee deem fit, extend the ESOS for another five (5) years.

12. Finance Lease Liabilities

	31.12.12 RM	31.12.11 RM	1.1.11 RM
GROUP			
Non-current liabilities :			
Finance lease liabilities Minimum payments :			
Within one year	450,590	344,916	611,411
More than one year and less than two years	298,513	217,774	309,432
More than two years and less than five years	49,162	105,336	204,840
	798,265	668,026	1,125,683
Future finance charges	(42,177)	(36,609)	(57,384)
Carrying amount at end	756,088	631,417	1,068,299
Amount due within one year under current liabilities	(420,853)	(321,937)	(575,268)
	335,235	309,480	493,031
Current liabilities	420,853	321,937	575,268

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2012

12. Finance Lease Liabilities (cont'd)

A summary of the effective interest rates of finance lease as at the end of the reporting period is as follow :

	Average effective interest rate per annum (%)	Total RM	Within one year RM	More than one year and less than two years RM	More than two years and less than five years RM
31.12.12					
Finance lease liabilities	2.23 to 4.92	756,088	420,853	287,600	47,635
31.12.11					
Finance lease liabilities	2.23 to 4.92	631,417	321,937	209,126	100,354
1.1.11					
Finance lease liabilities	2.23 to 4.00	1,068,299	575,268	292,676	200,355

13. Deferred Tax Liabilities

	31.12.12 RM	31.12.11 RM	1.1.11 RM
GROUP			
Balance at beginning	-	155,500	217,000
Transfer from/(to) profit or loss	288,000	(175,500)	(60,900)
	288,000	(20,000)	156,100
Under/(Over) provision in prior year	-	20,000	(600)
Balance at end	288,000	-	155,500

The temporary differences on which deferred tax liabilities have been provided for are in respect of the excess of capital allowances over depreciation on property, plant and equipment.

14. Trade Payables

	31.12.12 RM	31.12.11 RM	1.1.11 RM
GROUP			
Analysis by currencies :			
Ringgit Malaysia	3,927,447	2,480,884	986,278
US Dollar	5,016,318	6,358,871	6,522,366
Singapore Dollar	43,786	18,302	776,651
Japanese Yen	4,303	618,622	285,016
Taiwan New Dollar	26,146	-	-
	9,018,000	9,476,679	8,570,311

The trade payables' credit terms range from **30 to 90 days** (31.12.11 : 30 to 90 days; 1.1.11 : 30 to 90 days).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2012

15. Other Payables And Accruals

	GROUP			COMPANY		
	31.12.12 RM	31.12.11 RM	1.1.11 RM	31.12.12 RM	31.12.11 RM	1.1.11 RM
Other payables	396,726	2,454,754	3,376,028	-	-	-
Accruals	829,854	590,770	322,958	26,000	27,125	19,000
	1,226,580	3,045,524	3,698,986	26,000	27,125	19,000

Analysis by currencies :

Ringgit Malaysia	1,222,143	1,280,370	1,010,521	26,000	27,125	19,000
Swiss Franc	-	1,075,124	2,125,339	-	-	-
Singapore Dollar	4,437	690,030	478,688	-	-	-
US Dollar	-	-	66,379	-	-	-
Japanese Yen	-	-	18,059	-	-	-
	1,226,580	3,045,524	3,698,986	26,000	27,125	19,000

16. Revenue

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Invoiced value of goods sold less returns and discounts	63,326,895	64,603,530	-	-
Interest income	66	65	66	65
	63,326,961	64,603,595	66	65

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2012

17. Profit/(Loss) Before Taxation

This is arrived at :

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
After charging :				
Amortisation of development costs	58,030	370,529	-	-
Audit fee - current year	32,000	38,000	12,000	5,000
- (over)/under provision in prior year	(5,000)	3,000	(1,000)	4,000
Depreciation	3,183,625	3,221,239	175	175
Development costs written off	-	145,573	-	-
Directors' allowance for non-executive directors	6,000	6,000	6,000	6,000
Directors' fee for non-executive directors	72,000	54,000	72,000	54,000
Impairment loss on plant and machinery	468,239	-	-	-
Interest expense - finance lease	57,648	41,795	-	-
Property, plant and equipment written off	-	3	-	-
Realised loss on foreign exchange	-	33,235	-	-
(Reversal)/Impairment loss on a trade receivable	(573,187)	573,187	-	-
Rental of premises	436,010	361,360	-	-
Rental of machinery	3,850	3,790	-	-
*Staff costs	8,923,393	7,169,839	-	-
Unrealised loss on foreign exchange	194,200	-	-	-
And crediting :				
Gain on disposal of property, plant and equipment	79,999	115,331	-	-
Interest income	501	282	66	65
Realised gain on foreign exchange	482,320	64,527	-	-
Unrealised gain on foreign exchange	-	115,946	-	-
*Staff costs				
- Salaries, allowance, bonus and wages	8,146,650	6,543,017	-	-
- EPF	701,703	557,195	-	-
- SOCSO	75,040	69,627	-	-
	8,923,393	7,169,839	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2012

17. Profit/(Loss) Before Taxation (cont'd)

Directors' emoluments

Included in the staff costs of the Group and of the Company are directors' emoluments as shown below :

	GROUP		COMPANY	
Directors of the Company	2012 RM	2011 RM	2012 RM	2011 RM
Executive Directors :				
- Salary, allowance and bonus	569,176	458,675	-	-
- EPF	68,340	43,164	-	-
	637,516	501,839	-	-
Benefits-in-kind	32,000	34,500	-	-
	669,516	536,339	-	-

18. Taxation

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Malaysian income tax: Based on results for the year				
- Current tax	(244,000)	-	-	-
- Deferred tax relating to the origination and reversal of temporary differences	(288,000)	175,500	-	-
	(532,000)	175,500	-	-
(Under)/Over provision in prior year				
- Current tax	(5,535)	22,557	-	-
- Deferred tax	-	(20,000)	-	-
	(5,535)	2,557	-	-
	(537,535)	178,057	-	-

The reconciliation of tax expense of the Group and of the Company is as follows :

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Profit/(Loss) before taxation	2,777,294	1,673,347	(172,401)	(148,314)
Income tax at Malaysian statutory tax rate of 25%	(694,323)	(418,337)	43,100	37,709
Income not subject to tax	88,988	39,757	-	-
Expenses not deductible for tax purposes	(296,750)	(213,742)	(43,100)	(37,079)
Utilisation of unabsorbed capital allowances	129,294	740,275	-	-
Utilisation of unabsorbed reinvestment allowance	538,635	-	-	-
Deferred tax not recognised	(328,951)	(152,881)	-	-
Current year reinvestment allowance	31,107	180,428	-	-
Balance carried forward	(532,000)	175,500	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2012

18. Taxation (cont'd)

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Balance brought forward	(532,000)	175,500	-	-
(Under)/Over provision in prior year	(5,535)	2,557	-	-
	(537,535)	178,057	-	-

GROUP

The net deferred tax (assets)/liabilities which have not been recognised are represented by temporary differences arising from :

	2012 RM	2011 RM
Excess of capital allowances over depreciation of property, plant and equipment	16,782	2,191,941
Unabsorbed tax losses	(242,666)	(260,445)
Unabsorbed capital allowances	-	(111,515)
Unabsorbed reinvestment allowance	-	(2,384,843)
	(225,884)	(564,862)

The amount and future availability of unabsorbed tax losses, capital allowances and reinvestment allowance for which the related tax effects have not been accounted for at the end of the reporting period is estimated at **RM970,000** (2011 : RM1,041,000), **RM Nil** (2011 : RM446,000) and **RM7,484,000** (2011 : RM9,539,000) respectively.

19. Earnings Per Share

Basic earnings per share

The basic earnings per share of the Group is calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares in issue during the financial year as follows :

	2012	2011
Profit for the year (RM)	2,239,759	1,851,404
Weighted average number of ordinary shares of RM0.10 each	123,000,000	123,000,000
Basic earnings per share (sen)	1.82	1.51

There is no diluted earnings per share as the Company does not have any convertible financial instruments as at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2012

20. Capital Commitment

	31.12.12 RM	31.12.11 RM	1.1.11 RM
GROUP			
Authorised but not provided for :			
- Property, plant and equipment	3,869,162	131,586	50,800

21. Contingent Liabilities (Unsecured)

	31.12.12 RM	31.12.11 RM	1.1.11 RM
COMPANY			
Corporate guarantee extended to financial institutions for credit facilities granted to its subsidiaries			
- Limit	1,463,405	800,000	2,220,896
- Utilisation as at the end of the reporting period	543,925	259,425	718,358

The corporate guarantees do not have a determinable effect on the terms of the credit facilities due to the financial institutions require parent guarantee as a pre-condition for approving the credit facilities granted to the subsidiaries. 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 the corporate guarantee to be recognised in the financial statements.

22. Related Party Disclosures

The remuneration of directors and other members of key management during the financial year is as follows :

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Salaries and other short-term employee benefits	1,442,548	1,030,982	78,000	60,000

Key management personnel are those persons including directors having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company, directly or indirectly.

23. Operating Segment

Operating segment is presented in respect of the Group's business segments. The primary format and business segments are based on the Group's management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2012

23. Operating Segment (cont'd)

Business Segments

The Group comprises the following main business segments:

- (i) Electronic products Manufacturing and assembling of component related to High Brightness Light Emitting Diode ('HB LED'), Direct Current ('DC') micromotor components, fine pitch connector pins and other electronic components and products.
- (ii) Investment holding Investment holding.

By business segments

2012

	Electronic products RM	Investment holding RM	Elimination RM	Note	Total RM
Revenue					
External customers/ Total revenue	63,326,895	66	-	A	63,326,961
Results					
Segment results	3,006,908	(172,467)	-		2,834,441
Interest income	435	66	-		501
Interest expense	(57,648)	-	-		(57,648)
Profit/(Loss) before taxation	2,949,695	(172,401)	-		2,777,294
Taxation	(537,535)	-	-		(537,535)
Net profit/(loss) for the year, representing total comprehensive income/(loss) for the year	2,412,160	(172,401)	-		2,239,759
Assets					
Segment assets	34,252,837	14,809,541	(14,807,373)		34,255,005
Tax recoverable	299,138	-	-		299,138
Cash and cash equivalents	5,357,443	92,724	-		5,450,167
Total assets	39,909,418	14,902,265	(14,807,373)		40,004,310
Liabilities					
Segment liabilities	18,939,955	26,000	(8,721,375)		10,244,580
Finance lease liabilities	756,088	-	-		756,088
Provision for taxation	13,668	-	-		13,668
Deferred tax liabilities	288,000	-	-		288,000
Total liabilities	19,997,711	26,000	(8,721,375)		11,302,336
Other segment information					
Capital expenditure	1,384,616	-	-	B	1,384,616
Depreciation and amortisation	3,241,480	175	-		3,241,655
Non-cash expense other than depreciation and amortisation	9,253	-	-	C	9,253

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2012

23. Operating Segment (cont'd)

2011

	Electronic products RM	Investment holding RM	Elimination RM	Note	Total RM
Revenue					
External customers/ Total revenue	64,603,530	65	-	A	64,603,595
Results					
Segment results	1,863,239	(148,379)	-		1,714,860
Interest income	217	65	-		282
Interest expense	(41,795)	-	-		(41,795)
Profit/(Loss) before taxation	1,821,661	(148,314)	-		1,673,347
Taxation	178,057	-	-		178,057
Net profit/(loss) for the year, representing total comprehensive income/(loss) for the year	1,999,718	(148,314)	-		1,851,404
Assets					
Segment assets	39,466,533	15,009,716	(15,557,373)		38,918,876
Tax recoverable	365,964	44,151	-		410,115
Cash and cash equivalents	264,920	21,924	-		286,844
Total assets	40,097,417	15,075,791	(15,557,373)		39,615,835
Liabilities					
Segment liabilities	21,966,453	27,125	(9,471,375)		12,522,203
Finance lease liabilities	631,417	-	-		631,417
Total liabilities	22,597,870	27,125	(9,471,375)		13,153,620
Other segment information					
Capital expenditure	2,658,961	-	-	B	2,658,961
Depreciation and amortisation	3,591,593	175	-		3,591,768
Non-cash expense other than depreciation and amortisation	487,486	-	-	C	487,486

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2012

23. Operating Segment (cont'd)

Notes to segment information :

A. Inter-segment revenue are eliminated on consolidation.

B. Additions to non-current assets consist of :

	2012 RM	2011 RM
Property, plant and equipment	1,384,616	2,637,027
Development costs	-	21,934
	1,384,616	2,658,961

C. Other material non-cash expenses/(income) consist of the following items :

	2012 RM	2011 RM
Development costs written off	-	145,573
Gain on disposal of property, plant and equipment	(79,999)	(115,331)
Impairment loss on plant and machinery	468,239	-
Property, plant and equipment written off	-	3
(Reversal)/Impairment loss on a trade receivable	(573,187)	573,187
Unrealised loss/(gain) on foreign exchange	194,200	(115,946)
	9,253	487,486

Geographical Segments

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

	Revenue		Non-current assets	
	2012 RM	2011 RM	2012 RM	2011 RM
Malaysia	59,644,008	56,716,875	14,806,264	16,348,685
People's Republic of China	311,316	5,378,276	182,057	964,915
Thailand	-	(6,018)	-	-
United States of America	3,081,169	2,492,989	-	-
Singapore	290,468	21,473	-	-
	63,326,961	64,603,595	14,988,321	17,313,600

Information about major customers

Total revenue from major customers which individually contributed more than 10% of the Group revenue amounted to **RM53,629,280** (2011 : RM48,619,565).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2012

24. Categories Of Financial Instruments

The table below provides an analysis of financial instruments categorised as loans and receivables ("L&R") and financial liabilities measured at amortised cost ("FL").

	Carrying amount RM	L&R RM	FL RM
GROUP			
31.12.12			
Financial assets			
Trade receivables (Note 7)	12,758,133	12,758,133	-
Refundable deposits (Note 8)	586,759	586,759	-
Cash and cash equivalents (Note 10)	5,450,167	5,450,167	-
	18,795,059	18,795,059	-
Financial liabilities			
Finance lease liabilities (Note 12)	756,088	-	756,088
Trade payables (Note 14)	9,018,000	-	9,018,000
Other payables and accruals (Note 15)	1,226,580	-	1,226,580
	11,000,668	-	11,000,668
31.12.11			
Financial assets			
Trade receivables (Note 7)	13,962,346	13,962,346	-
Other receivables and refundable deposits (Note 8)	462,875	462,875	-
Cash and cash equivalents (Note 10)	286,844	286,844	-
	14,712,065	14,712,065	-
Financial liabilities			
Finance lease liabilities (Note 12)	631,417	-	631,417
Trade payables (Note 14)	9,476,679	-	9,476,679
Other payables and accruals (Note 15)	3,045,524	-	3,045,524
	13,153,620	-	13,153,620
1.1.11			
Financial assets			
Trade receivables (Note 7)	9,614,422	9,614,422	-
Refundable deposits (Note 8)	486,812	486,812	-
Cash and cash equivalents (Note 10)	1,370,020	1,370,020	-
	11,471,254	11,471,254	-
Financial liabilities			
Finance lease liabilities (Note 12)	1,068,299	-	1,068,299
Trade payables (Note 14)	8,570,311	-	8,570,311
Other payables and accruals (Note 15)	3,698,986	-	3,698,986
	13,337,596	-	13,337,596

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2012

24. Categories Of Financial Instruments (cont'd)

	Carrying amount RM	L&R RM	FL RM
COMPANY			
31.12.12			
Financial assets			
Sundry deposit (Note 8)	1,000	1,000	-
Amount due from a subsidiary (Note 9)	8,721,375	8,721,375	-
Cash and cash equivalents (Note 10)	92,724	92,724	-
	8,815,099	8,815,099	-
Financial liabilities			
Accruals (Note 15)	26,000	-	26,000
31.12.11			
Financial assets			
Sundry deposit (Note 8)	1,000	1,000	-
Amount due from a subsidiary (Note 9)	8,921,375	8,921,375	-
Cash and cash equivalents (Note 10)	21,924	21,924	-
	8,944,299	8,944,299	-
Financial liabilities			
Accruals (Note 15)	27,125	-	27,125
1.1.11			
Financial assets			
Sundry deposit (Note 8)	1,000	1,000	-
Amount due from a subsidiary (Note 9)	9,061,375	9,061,375	-
Cash and cash equivalents (Note 10)	21,938	21,938	-
	9,084,313	9,084,313	-
Financial liabilities			
Accruals (Note 15)	19,000	-	19,000

25. Financial Risk Management

The Group and the Company are exposed to a variety of financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and foreign currency risk. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative activities.

25.1 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's exposure to credit risk arises principally from its trade receivables while the Company's exposure to credit risk arises principally from advances and financial guarantees given to its subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2012

25. Financial Risk Management (cont'd)

25.1 Credit risk (cont'd)

25.1.1 Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group extends to customers credit terms ranging from 30 to 90 days. In deciding whether credit shall be extended, the Group will take into consideration factors such as the relationship with the customer, its payment history and credit worthiness. The Group subjects new customers to credit verification procedures. In addition, receivables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statement of the financial position.

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

	Gross RM	Allowance for impairment RM	Net RM
31.12.12			
Not due	7,951,274	-	7,951,274
1 to 30 days past due	3,291,520	-	3,291,520
31 to 60 days past due	338,444	-	338,444
61 to 90 days past due	256,318	-	256,318
Past due more than 90 days	920,577	-	920,577
	4,806,859	-	4,806,859
	12,758,133	-	12,758,133
31.12.11			
Not past due	5,666,605	-	5,666,605
1 to 30 days past due	4,908,720	-	4,908,720
31 to 60 days past due	902,001	-	902,001
61 to 90 days past due	29,206	-	29,206
Past due more than 90 days	3,029,001	(573,187)	2,455,814
	8,868,928	(573,187)	8,295,741
	14,535,533	(573,187)	13,962,346
1.1.11			
Not past due	7,690,099	-	7,690,099
1 to 30 days past due	1,608,096	-	1,608,096
31 to 60 days past due	299,947	-	299,947
61 to 90 days past due	3,780	-	3,780
Past due more than 90 days	12,500	-	12,500
	1,924,323	-	1,924,323
	9,614,422	-	9,614,422

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2012

25. Financial Risk Management (cont'd)

25.1 Credit risk (cont'd)

25.1.1 Trade receivables (cont'd)

In the previous financial year, a major customer of a subsidiary owing RM3,979,833 opted to settle out-of-court by issuing a current cheque of RM397,983 and nine (9) post dated cheques for RM397,983 each. All the cheques were honoured. As for the balance of the past due account, the management is of the view that these past due amounts will be collected in due course and therefore no impairment is required.

As at the end of the reporting period, the Group has significant exposure of credit risk on 2 major customers (31.12.11 : 3 major customers; 1.1.11 : 3 major customers) which represent 78% (31.12.11 : 87%; 1.1.11 : 78%) of the total amount of trade receivables.

25.1.2 Intercompany balances

The Company provides advances to its subsidiary and monitors the results of the subsidiary regularly.

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

As at the end of the reporting period, there was no indication that the advances to its subsidiary are not recoverable. The Company does not specifically monitor the ageing of the advances to its subsidiary.

25.1.3 Financial guarantees

The Company provides unsecured financial guarantees to banks in respect of finance leases granted to its subsidiaries.

The Company monitors on an ongoing basis the results of the companies and repayments made by them.

The maximum exposure to credit risk is as disclosed in Note 12, representing the outstanding finance lease liabilities of the subsidiaries at the end of the reporting period.

As at the end of the reporting period, there was no indication that the subsidiaries would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

25.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash and cash equivalents to meet its working capital requirements.

The table below summarises the maturity profile of the Group's financial liabilities as at the reporting date based on the undiscounted contractual payments :

	Carrying amount RM	Contractual cash flows RM	Within one year RM	More than one year and less than two years RM	More than two years and less than five years RM
GROUP					
31.12.12					
Finance lease liabilities	756,088	798,265	450,590	298,513	49,162
Trade and other payables	10,244,580	10,244,580	10,244,580	-	-
	11,000,668	11,042,845	10,695,170	298,513	49,162

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2012

25. Financial Risk Management (cont'd)

25.2 Liquidity risk (cont'd)

	Carrying amount RM	Contractual cash flows RM	Within one year RM	More than one year and less than two years RM	More than two years and less than five years RM
31.12.11					
Finance lease liabilities	631,417	668,026	344,916	217,774	105,336
Trade and other payables	12,522,203	12,522,203	12,522,203	-	-
	13,153,620	13,190,229	12,867,119	217,774	105,336
1.1.11					
Finance lease liabilities	1,068,299	1,125,683	611,411	309,432	204,840
Trade and other payables	12,269,297	12,269,297	12,269,297	-	-
	13,337,596	13,394,980	12,880,708	309,432	204,840

25.3 Interest rate risk

The exposure to interest rate risk is minimal as the Group has minimal bank borrowings.

The interest rate profile of the Group's interest-bearing financial instruments based on the carrying amount as at the end of the reporting period is as follows :

	31.12.12 RM	31.12.11 RM	1.1.11 RM
GROUP			
Fixed rate instruments			
Financial liabilities	756,088	631,417	1,068,299

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2012

25. Financial Risk Management (cont'd)

25.4 Foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in currencies other than the functional currency of the Group. The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes. The currencies giving rise to this risk are primarily US Dollar ("USD"), Singapore Dollar ("SGD"), Japanese Yen ("JPY") and Swiss Franc ("CHF").

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

	Denominated in				
	USD RM	SGD RM	JPY RM	CHF RM	Others RM
GROUP					
31.12.12					
Trade receivables	2,205,006	-	-	-	-
Cash and bank balances	715,272	-	-	-	-
Trade payables	(5,016,318)	(43,786)	(4,303)	-	(26,146)
Other payables	-	(4,437)	-	-	-
Net exposure	(2,096,040)	(48,223)	(4,303)	-	(26,146)
31.12.11					
Trade receivables	4,615,753	-	-	-	-
Cash and bank balances	13,401	-	1,018	-	-
Trade payables	(6,358,871)	(18,302)	(618,622)	-	-
Other payables	-	(690,030)	-	(1,075,124)	-
Net exposure	(1,729,717)	(708,332)	(617,604)	(1,075,124)	-
1.1.11					
Trade receivables	5,215,881	-	-	-	-
Cash and bank balances	424,949	-	1,324	-	235
Trade payables	(6,522,366)	(776,651)	(285,016)	-	-
Other payables	(66,379)	(478,688)	(18,059)	(2,125,339)	-
Net exposure	(947,915)	(1,255,339)	(301,751)	(2,125,339)	235

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2012

25. Financial Risk Management (cont'd)

25.4 Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currencies exchange rates (against Ringgit Malaysia), with all other variables held constant, of the Company's profit before taxation. A 10% strengthening of the RM against the following currencies at the end of the reporting period would have increased profit before taxation by the amount shown below and a corresponding decrease would have an equal but opposite effect.

	31.12.12 RM	31.12.11 RM	1.1.11 RM
USD	209,604	172,972	94,792
SGD	4,822	70,833	125,534
JPY	430	61,760	30,175
CHF	-	107,512	212,534
Others	2,615	-	(24)
Increase in Group's profit before taxation	217,471	413,077	463,011

25.5 Capital management

The primary objective of the Group's capital management policy is to maintain a strong capital base to support its businesses and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions or expansion of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting the amount of dividends to be paid to shareholders or sell assets to reduce debts.

26. Fair Value Of Financial Instruments

Group And Company

The carrying amounts of the financial assets and financial liabilities of the Group and of the Company as at the end of the reporting period approximate their fair values due to their short-term nature.

Company

No disclosure of fair value is made for advances to its subsidiaries, as it is not practicable to determine its fair value with sufficient reliability since the balance is repayable on demand.

27. Event After The Reporting Period

On 18 February 2013, Morrissey Technology Sdn. Bhd., a wholly-owned subsidiary of the Company has entered into an Sale and Purchase Agreement with Oxford Prestige Sdn. Bhd. to purchase a property for a total cash consideration of RM2,969,868.

28. Supplementary Information Disclosed Pursuant To Bursa Malaysia Securities Berhad Listing Requirements

Bursa Malaysia Securities Berhad has, on 25 March 2010 and 20 December 2010, issued directives requiring all listed corporations to disclose the breakdown of retained 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 breakdown of retained profits/(accumulated losses) as at the end of the reporting period has been prepared by the Directors 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 :

	GROUP			COMPANY		
	31.12.12 RM	31.12.11 RM	1.1.11 RM	31.12.12 RM	31.12.11 RM	1.1.11 RM
Total retained profits/ (accumulated losses) of the Company and its subsidiaries :						
- Realised	18,428,325	16,210,712	14,381,354	(377,182)	(204,781)	(56,467)
- Unrealised	(93,800)	(115,946)	(137,992)	-	-	-
	18,334,525	16,094,766	14,243,362	(377,182)	(204,781)	(56,467)
Less : Consolidation adjustments	(4,885,998)	(4,885,998)	(4,885,998)	-	-	-
	13,448,527	11,208,768	9,357,364	(377,182)	(204,781)	(56,467)

LIST OF PROPERTY

Title /Location	Date of aquisition	Description	Built-up Area	Existing Use	Tenure	Approximate Age of Building	Carrying Amount as at 31/12/2012 RM
15-1-20 & 15-1-21, Bayan Point, Medan Kampung Relau, 11900 Penang	18.09.2006	Office Lot	2,132 sq. ft.	Sales and administration office	Freehold	14 years	383,446

ANALYSIS OF SHAREHOLDINGS

As at 15 April 2013

Authorised Share Capital	:	RM25,000,000.00
Issued and fully paid-up Share Capital	:	RM12,300,000.00
Class of Shares	:	Ordinary shares of RM0.10 each
Voting Rights	:	On a show of hands, 1 vote
	:	On a poll, 1 vote for 1 ordinary share

LIST OF SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

Name	Number of Shares Held			
	Direct	%	Deemed	%
Dato' Tan King Seng	42,707,379	34.721	3,143,495*	2.556
Noble Matters Sdn. Bhd.	30,445,863	24.753	-	-
Cheah Choon Ghee	3,207,500	2.608	30,445,863#	24.753
Ong Hock Seong	7,650	0.006	30,445,863#	24.753

Note :

* Deemed interested by virtue of his shareholdings of not less than 15% in First Share Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965

Deemed interested by virtue of his shareholdings of not less than 15% in Noble Matters Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965

DIRECTORS' SHAREHOLDINGS IN THE COMPANY

Name	Number of Shares Held			
	Direct	%	Deemed	%
Dato' Tan King Seng	42,707,379	34.721	3,143,495*	2.556
Ooi Yeok Hock	5,522,538	4.490	-	-
Tan Chin Hong	3,105,496	2.525	-	-
Loh Chye Teik	-	-	-	-
Teoh Yee Shien	-	-	-	-
Dato' Dr. Loh Hock Hun	-	-	-	-
Cheah Choon Ghee	3,207,500	2.608	30,445,863#	24.753
Khor Thean Lee	-	-	-	-

Note :

* Deemed interested by virtue of his shareholdings of not less than 15% in First Share Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965

Deemed interested by virtue of his shareholdings of not less than 15% in Noble Matters Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders	% of Shareholders	Number of Shares	% of Shares
Less than 100 shares	15	1.293	679	0.001
100 to 1,000 shares	635	54.741	125,400	0.102
1,001 to 10,000 shares	215	18.535	985,950	0.802
10,001 to 100,000 shares	218	18.793	8,338,600	6.779
100,001 to less than 5% of issued shares	75	6.466	40,396,129	32.842
5% and above of issued shares	2	0.172	73,153,242	59.474
Total	1,160	100.00	123,000,000	100.00

ANALYSIS OF SHAREHOLDINGS (CONT'D)

As at 15 April 2013

LIST OF THIRTY LARGEST SHAREHOLDERS

	Name	No. of Shares Held	%
1.	NOBLE MATTERS SDN.BHD.	19,910,034	16.187
2.	TAN KING SENG	11,250,000	9.146
3.	TAN KING SENG	11,250,000	9.146
4.	TAN KING SENG	11,250,000	9.146
5.	NOBLE MATTERS SDN.BHD.	10,535,829	8.566
6.	TAN KING SENG	8,957,379	7.282
7.	LIM LENG NA	3,391,700	2.757
8.	CHEAH CHOON GHEE	3,207,500	2.608
9.	TAN CHIN HONG	3,105,496	2.525
10.	MALACCA EQUITY NOMINEES (TEMPATAN) SDN. BHD. <i>EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD (EPF)</i>	2,909,600	2.366
11.	LPI PRECISION INDUSTRY (M) SDN. BHD.	2,674,000	2.174
12.	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR OOI YEOK HOCK (LPN)</i>	2,623,938	2.133
13.	FIRST SHARE SDN. BHD.	1,660,100	1.350
14.	FIRST SHARE SDN. BHD.	1,483,395	1.206
15.	TAN SHYAN CHERT	858,600	0.698
16.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. <i>SAW KONG BENG</i>	817,700	0.665
17.	TAN SHYAN CHERT	787,900	0.641
18.	HLIB NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR TAN HWANG KIAT (CCTS)</i>	767,600	0.624
19.	CHEOK SWEE BENG	750,150	0.610
20.	TAM LEY CHIAN	747,450	0.608
21.	DAH HUEY SHUANG	610,800	0.497
22.	TAN KIM SING	600,000	0.488
23.	CHOI SIEW LIAN	548,700	0.446
24.	OOI ENG TEIK	540,200	0.439
25.	LIM POH FONG	413,000	0.336
26.	TAN HUA LEE	410,900	0.334
27.	WONG FOCK WAH	410,300	0.334
28.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR MURUGA VADIVALE</i>	405,000	0.329
29.	OW HIANG KEE	378,000	0.307
30.	LIM SAM CHIN	375,000	0.305

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eighth Annual General Meeting of the Company will be held at Merbah Room, Hotel Equatorial, No. 1, Jalan Bukit Jambul, Bayan Lepas, 11900 Penang on Friday, 31 May 2013 at 11.00 a.m. for the following purposes:

AGENDA

As Ordinary Business:

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2012 together with the Reports of the Directors and Auditors thereon. **Resolution 1**
2. To approve the payment of Directors' fees of RM72,000-00 for the financial year ending 31 December 2013. **Resolution 2**
3. To re-elect Mr Tan Chin Hong who retires in accordance with Article 129 of the Company's Articles of Association. **Resolution 3**
4. To re-elect Dato' Dr. Loh Hock Hun who retires in accordance with Article 129 of the Company's Articles of Association. **Resolution 4**
5. To re-elect Mr. Khor Thean Lee who retires in accordance with Article 134 of the Company's Articles of Association. **Resolution 5**
6. To re-appoint Messrs. Grant Thornton as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Resolution 6**

As Special Business :

7. To consider and if thought fit, to pass with or without modifications the following resolutions :
 - (i) **ORDINARY RESOLUTION
AUTHORITY TO ISSUE SHARES**

"That subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental and regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company at any time and upon such terms and conditions 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 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 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."

Resolution 6
 - (ii) **SPECIAL RESOLUTION
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY**

"That the amendments to the Articles of Association of the Company contained in Appendix I be and are hereby approved."

Resolution 7
8. To transact any other business for which due notices shall have been given in accordance with the Companies Act, 1965.

By Order of the Board,

CHEE WAI HONG (MIA 17181)
FOO LI LING (MAICSA 7019557)
Company Secretaries

Penang

Date : 9 May 2013

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Notes :

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. The proxy form must be duly completed and deposited at the Registered Office of the Company, 51-13-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.
3. A member shall be entitled to appoint more than two (2) proxies to attend and vote at the same meeting.
4. Where a member appoints two (2) proxies or more, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.
6. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
7. Where a member of the Company is an exempt authorised nominee as defined under the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
8. Details of the Directors standing for re-election can be found in the Directors' profile on pages 5 to 6 of the Annual Report.

Explanatory Note on Ordinary Business

Resolution 1 – Payment of Directors' fees

Resolution 1 is to facilitate payment of Directors' fees on current financial year basis, calculated based on the number of scheduled Board and Committee meetings for 2013 and assuming that all Non-Executive Directors will hold office until the end of the financial year. In the event the Directors' fees proposed is insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next Annual General Meeting for additional fees to meet the shortfall.

Explanatory Note on Special Business

Resolution 6 – Authority to issue shares pursuant to Section 132D of the Companies Act, 1965

The proposed Ordinary Resolution 6, if passed, is primarily to renew the mandate to give authority to the Board of Directors to issue and allot shares in the Company up to an amount not exceeding 10% of the total issued capital of the Company for the time being, at anytime in their absolute discretion without convening a general meeting. This authority, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next Annual General Meeting.

As at the date of this Notice, the Company has not issued any new shares pursuant to Section 132D of the Companies Act, 1965 under the general authority which was approved at the Seventh Annual General Meeting held on 28 May 2012 and which will lapse at the conclusion of the Eighth Annual General Meeting to be held on 31 May 2013. A renewal of this authority is being sought at the Eighth Annual General Meeting under proposed Resolution 6.

This authority if granted will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital, acquisition(s) and/or settlement of banking facility(ies).

Resolution 7 – Proposed Amendments to the Articles of Association

The Special Resolution proposed under item 7(ii) above, if passed, will give authority for the Company to amend its Articles of Association to be in line with the recent amendments to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Rule 8.29(2) of the Listing Requirements of Bursa Malaysia Securities Berhad)

As at date of this notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election) at this forthcoming Annual General Meeting.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

The existing Articles of Association of the Company is proposed to be amended in order to be in line with the Listing Requirements (for which the proposed amendments are highlighted in bold and the portion struck through are text deleted) as follows:

Article No.	Existing Articles	Amended Articles
To amend the definition of Article 2	<p>‘Approved Market Place’ : means a stock exchange which is specified to be an approved market place pursuant to an exemption order made under Section 62A of The Central Depositories Act.</p> <p>‘The Exchange’ : Bursa Malaysia Securities Berhad for MESDAQ Market and shall include any other stock exchanges upon which the Company’s shares may for the time being be listed</p> <p>‘MESDAQ Market’ : The MESDAQ Market of the Bursa Securities</p>	<p><i>Deleted.</i></p> <p>‘The Exchange’ : Bursa Malaysia Securities Berhad for ACE MESDAQ Market and shall include any other stock exchanges upon which the Company’s shares may for the time being be listed</p> <p>ACE MESDAQ Market’ : The ACE MESDAQ Market of Bursa Securities</p>
2	New definition	<p>“Exempt Authorised Nominee”</p> <p>An exempt authorised nominee refers to an authorised nominee defined under The Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of The Central Depositories Act.</p>
2	New definition	<p>“Dividend Reinvestment Scheme”</p> <p>Dividend Reinvestment Scheme means a scheme which enables members to reinvest cash dividend into new shares.</p>
2	New definition	<p>“Share Issuance Scheme”</p> <p>Share Issuance Scheme means a scheme involving a new issuance of shares to the employees.</p>
To amend Article 16(2)	<p>Restrictions on issue</p> <p>no Director shall participate in an issue of shares to employees unless Members in general meeting have approved the specific allotment to such Director;</p>	<p>Restriction on issue</p> <p>no Director shall participate in an issue of shares or options to employees and any participation in Share Issuance Scheme unless the Members in general meeting have approved the specific allotment to such Director;</p>
To amend Article 50(2)	<p>Closure of register</p> <p>give notice of such intended closure to the Bursa Securities at least 12 clear Market Days before the intended date of such closure including in such notice, such date, the reason for such closure and the address of the share registry at which documents will be accepted for registration;</p>	<p>Closure of register</p> <p>give notice of such intended closure to the Bursa Securities at least 10 +2 clear Market Days before the intended date of such closure including in such notice, such date, the reason for such closure and the address of the share registry at which documents will be accepted for registration;</p>

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY (CONT'D)

Article No.	Existing Articles	Amended Articles
To amend Article 57	<p>Transmission</p> <p>(1) Where:</p> <p>(a) the securities of the Company are listed on an Approved Market Place; and</p> <p>(b) the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) (No.2) Act 1998, as the case may be, under the Rules in respect of such securities,</p> <p>the Company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the Approved Market Place ('Foreign Register'), to the register of holders maintained by the registrar of the Company in Malaysia ('Malaysian Register') subject to the following conditions:</p> <p>(i) there shall be no change in the ownership of such securities; and</p> <p>(ii) the transmission shall be executed by causing such securities to be credited directly into the Securities Account of such securities holder.</p> <p>(2) For the avoidance of doubt, the Company where it fulfils the requirements of paragraphs (a) and (b) of Article 57(1) shall not allow any transmission of securities from the Malaysian Register into the Foreign Register</p>	<p>Transmission</p> <p>(1) Where:</p> <p>(a) the securities of the Company are listed on another stock exchange an Approved Market Place; and</p> <p>(b) the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) (No.2) Act 1998, as the case may be, under the Rules in respect of such securities</p> <p>the Company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the other stock exchange Approved Market Place ('Foreign Register'), to the register of holders maintained by the registrar of the Company in Malaysia ('Malaysian Register') and vice versa subject to the following conditions:</p> <p>(i) there shall be no change in the ownership of such securities; and</p> <p>(ii) the transmission shall be executed by causing such securities to be credited directly into the Securities Account of such securities holder.</p> <p>(2) For the avoidance of doubt, the Company where it fulfils the requirements of paragraphs (a) and (b) of Article 57(1) shall not allow any transmission of securities from the Malaysian Register into the Foreign Register</p>
To add Article 82A	New Article	<p>Right of proxy to speak</p> <p>A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the members to speak at the meeting.</p>
To amend Article 103	<p>Appointment of proxies</p> <p>A Member may appoint more than 2 proxies to attend on the same occasion. A proxy need not be a Member and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. If a Member appoints 2 or more proxies, the appointments shall be invalid unless he specifies the proportions of his holding to be represented by each proxy. Where a Member is an authorised nominee as defined under the Central Depositories Act, it may appoint at least 1 proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.</p>	<p>Appointment of proxies</p> <p>A Member may appoint more than 2 proxies to attend on the same occasion. A proxy need not be a Member. There shall be no restriction as to the qualification of the proxy and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. If a Member appoints 2 or more proxies, the appointments shall be invalid unless he specifies the proportions of his holding to be represented by each proxy. Where a Member is an authorised nominee as defined under the Central Depositories Act, it may appoint at least 1 proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.</p>

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY (CONT'D)

Article No.	Existing Articles	Amended Articles
To add Article 103A	New Article	<p>Exempt Authorised Nominee</p> <p>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 shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.</p>
To add Article 165A	New Article	<p>Dividend Reinvestment Scheme</p> <p>Subject to the approval being obtained from the members of the Company and the Listing Requirements, the Company may issue shares pursuant to a Dividend Reinvestment Scheme to all its members who are entitled to dividend in accordance with the provisions of the Act and any rules, regulations and guidelines there under or issued by the Exchange and any other relevant authorities in respect of thereof.</p>
To add Article 169	<p>Payment of dividends etc</p> <p>(1) Any dividend, interest or other moneys payable in cash in respect of a share may be paid by way of telegraphic transfer or electronic transfer or remittance to such account as designated by such holder or the person entitled to such payment ("eDividend"), direct debit, bank transfer, cheque or dividend warrant or via any other mode or manner as may be prescribed by the Act, Listing Requirements of Bursa Securities and any other relevant authority for the time being in force.</p> <p>(2) In the event that a member has not provided his bank account details to the Depository, any dividend, interest or other moneys payable in cash in respect of a share may be paid by cheque, bank draft, dividend warrant or postal order (in the case of a cheque, bank draft, dividend warrant or postal order for such payment) sent:</p> <p>(a) by post, by courier or by hand to the registered address of the person entitled as appearing in the Record of Depositors; or</p> <p>(b) by post, by courier or by hand to the registered address of the person becoming entitled to the share by reason of the death, bankruptcy or mental disorder of the holder or by operation of law or if such address has not been supplied, to such address to which such cheque or warrant might have been posted if the death, bankruptcy, mental disorder or operation of law had not occurred; or</p>	<p>Payment of dividends etc</p> <p>(1) All cash distribution Any dividend, interest or other moneys payable in cash in respect of a share may be paid by way of telegraphic transfer or electronic transfer or remittance to such account as designated by such holder or the person entitled to such payment ("eDividend"), direct debit, bank transfer, cheque or dividend warrant or via any other mode or manner as may be prescribed by the Act, Listing Requirements of Bursa Securities and any other relevant authority for the time being in force.</p> <p>(2) In the event that a member has not provided his bank account details to the Depository, all cash distribution any dividend, interest or other moneys payable in cash in respect of a share may be paid by cheque, bank draft, dividend warrant or postal order (in the case of a cheque, bank draft, dividend warrant or postal order for such payment) sent:</p> <p>(a) by post, by courier or by hand to the registered address of the person entitled as appearing in the Record of Depositors; or</p> <p>(b) by post, by courier or by hand to the registered address of the person becoming entitled to the share by reason of the death, bankruptcy or mental disorder of the holder or by operation of law or if such address has not been supplied, to such address to which such cheque or warrant might have been posted if the death, bankruptcy, mental disorder or operation of law had not occurred; or</p>

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY (CONT'D)

Article No.	Existing Articles	Amended Articles
To add Article 169 (cont'd)	<p>(c) by post, by courier or by hand to such address as the person entitled may direct in writing but the Company shall be entitled to send such cheque or dividend warrant to such other address or by such other means stated in Articles 169(2)(a) to 169(2)(c) notwithstanding such direction.</p> <p>(3) Every cheque or warrant or telegraphic transfer or electronics transfer or remittance may be made payable:</p> <p>(a) to the order of the person entitled; or</p> <p>(b) to the order of the person entitled by reason of the death, bankruptcy or mental disorder of the holder or by operation of law; or</p> <p>(c) to the order of such other person as the person entitled may in writing direct or direct to be sent to,</p> <p>but nothing in Article 169(3) shall prevent such cheque or warrant or telegraphic transfer or electronics transfer or remittance from being made payable in such other manner as the Company would be entitled to in respect of such cheque or warrant or telegraphic transfer or electronics transfer or remittance including (without limitation), in the case of the death of the holder of the share in respect of which the dividend or other moneys to be paid by the cheque or warrant or telegraphic transfer or electronics transfer or remittance are payable making such cheque or warrant or telegraphic transfer or electronics transfer or remittance payable to the estate of such holder if the Company thinks appropriate. Such cheque or warrant or telegraphic transfer or electronics transfer or remittance shall be a good discharge to the Company. The Company shall not be responsible for any loss of any such cheque or warrant or telegraphic transfer or electronics transfer or remittance (whether in the post, while being delivered by courier or by hand, after delivery to the relevant address or person or otherwise). The Company shall not be responsible for any inaccurate details supplied by the members or any errors, delay or power or electronic failure encountered during or in the course of transmission of data or payment or for any loss of any such eDividend, cheque, bank draft, dividend warrant or postal order (whether in the bank account transfer, post, while being delivered by courier or by hand, after bank account transferring and/or delivering to the relevant address or person or otherwise). No unpaid or unclaimed dividend or interest shall bear interest as against the Company.</p>	<p>(c) by post, by courier or by hand to such address as the person entitled may direct in writing but the Company shall be entitled to send such cheque or dividend warrant to such other address or by such other means stated in Articles 169(2)(a) to 169(2)(c) notwithstanding such direction.</p> <p>(3) Every cheque or warrant or telegraphic transfer or electronics transfer or remittance may be made payable:</p> <p>(a) to the order of the person entitled; or</p> <p>(b) to the order of the person entitled by reason of the death, bankruptcy or mental disorder of the holder or by operation of law; or</p> <p>(c) to the order of such other person as the person entitled may in writing direct or direct to be sent to,</p> <p>but nothing in Article 169(3) shall prevent such cheque or warrant or telegraphic transfer or electronics transfer or remittance from being made payable in such other manner as the Company would be entitled to in respect of such cheque or warrant or telegraphic transfer or electronics transfer or remittance including (without limitation), in the case of the death of the holder of the share in respect of which the cash distribution dividend or other moneys to be paid by the cheque or warrant or telegraphic transfer or electronics transfer or remittance are payable making such cheque or warrant or telegraphic transfer or electronics transfer or remittance payable to the estate of such holder if the Company thinks appropriate. Such cheque or warrant or telegraphic transfer or electronics transfer or remittance shall be a good discharge to the Company. The Company shall not be responsible for any loss of any such cheque or warrant or telegraphic transfer or electronics transfer or remittance (whether in the post, while being delivered by courier or by hand, after delivery to the relevant address or person or otherwise). The Company shall not be responsible for any inaccurate details supplied by the members or any errors, delay or power or electronic failure encountered during or in the course of transmission of data or payment or for any loss of any such cash distribution eDividend cheque, bank draft, dividend warrant or postal order (whether in the bank account transfer, post, while being delivered by courier or by hand, after bank account transferring and/or delivering to the relevant address or person or otherwise). No unpaid or unclaimed dividend, or interest or any cash distribution shall bear interest as against the Company.</p>

PROXY FORM

*I / We _____ of _____
(Full Name in Block Letters)
_____ being a *Member / Members of JHM
(Full Address)
Consolidation Berhad, hereby appoint * the Chairman of the meeting or _____
(Full Name in Block Letters)
of _____
(Full Address)
or failing him/ her, _____ of _____
(Full Name in Block Letters)
_____ as *my / our proxy / proxies to
(Full Address)

attend and vote for *me/ us and on *my/ our behalf at the Eighth Annual General Meeting of the Company to be held at Merbah Room, Hotel Equatorial, No. 1, Jalan Bukit Jambul, Bayan Lepas, 11900 Penang on Friday, 31 May 2013 at 11.00 a.m. and at every adjournment thereof to vote as indicated below :

AGENDA

To receive the Audited Financial Statements for the year ended 31 December 2012 together with the Reports of the Directors and Auditors thereon

Resolutions		For	Against
1.	Approval of payment of Directors' fees for the financial year ending 31 December 2013		
2.	Re-election of Mr Tan Chin Hong as Director		
3.	Re-election of Dato' Dr. Loh Hock Hun as Director		
4.	Re-election of Mr Khor Thean Lee as Director		
5.	Re-appointment of Messrs. Grant Thornton as Auditors and to authorise the Directors to fix the Auditors' remuneration		
6.	Authority under Section 132D of the Companies Act, 1965 for the Directors to issue shares		
7.	Proposed Amendments to the Articles of Association of the Company		

Please indicate with an "X" in the spaces provided above as to how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.

The proportion of *my/our holding to be represented by *my/our proxies are as follows:

First named Proxy _____ %
Second named Proxy _____ %
_____ 100%

In the case of a vote taken by a show of hands, the First Proxy shall vote on *my/our behalf.

No. of shares held

As witness my hand this day of , 2013.

Signature of Member (s)/ Common Seal

* Strike out whichever is not desired

Notes :

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. The proxy form must be duly completed and deposited at the Registered Office of the Company, 51-13-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.
3. A member shall be entitled to appoint more than two (2) proxies to attend and vote at the same meeting.
4. Where a member appoints two (2) proxies or more, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.
6. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
7. Where a member of the Company is an exempt authorised nominee as defined under the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.

PLEASE FOLD ACROSS THE LINES AND CLOSE

Postage

THE COMPANY SECRETARIES
JHM CONSOLIDATION BERHAD (686148-A)
51-13-A Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Pulau Pinang

PLEASE FOLD ACROSS THE LINES AND CLOSE



JHM CONSOLIDATION BERHAD

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