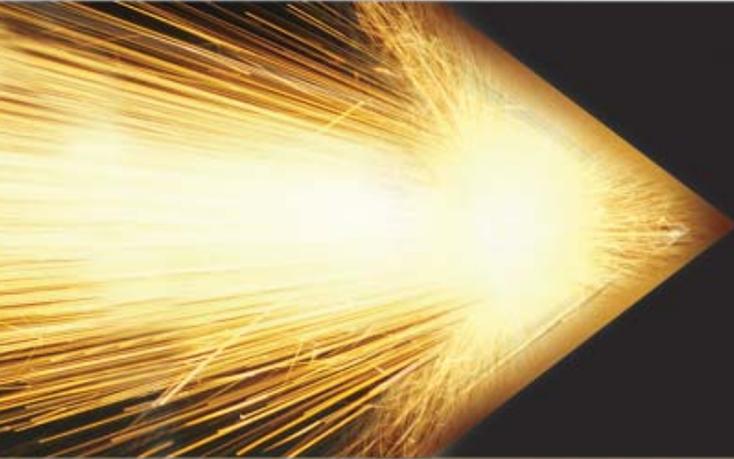




**Fitters Holdings Berhad**  
(149735-M)



Fire Safety Engineering  
Through Innovation  
and Technology

annual report 2004

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high technology



FITTERS

innovation



## MISSION STATEMENT

Fire Safety Engineering  
Through Innovation and  
Technology

**Fitters** strives to lead in the fire protection industry by developing and delivering solutions that best meet customers' needs

For exceptional return on investment

Invaluable fire protection solutions

Towards customer service excellence

Training in technological advancement

Eradication of fire and safety hazards

Reliability and quality assurance

Strive for innovation and technology

## events in the year 2004



### ▲ 30,000 HOMES TO BE EQUIPPED WITH "FITTERS FIRE-X" HAND HELD FIRE EXTINGUISHER

The Safety Shop Sdn Bhd and Group Associated (C&L) Sdn Bhd [GA] have jointly identified Fitters Fire-X, as an essential tool for fire safety and protection for household. In line with this, GA has purchased 30,000 units of Fitters Fire-X Fire Extinguishers to be given free to their customers. Through this exercise, which is also in support of the Ministry of Housing and Local Government's "One Home-One Extinguisher" campaign, 30,000 homes in Malaysia will be equipped with Fitters Fire-X.

To mark this historic occasion, an official signing ceremony was held between The Safety Shop and GA to express the commitment of the companies to create fire safety awareness among the public. Yang Berhormat Datuk Robert Lau, Deputy Minister of Housing and Local Government witnessed the signing ceremony.



### ▲ SPORTS CLUB DAY 2004

"Fitters Sports Club Day" was held on Sunday, 10 October 2004 at Desa Water Park. The fun-filled event began at 8.30 a.m. with members gathering at the park with their family members.

En. Mohammad Nizar, Chairman of Fitters Holdings Berhad was present to officiate the event. The event was seen as a good opportunity for the staff to mingle around and get closer to their fellow colleagues.

The Chairman expressed his appreciation to the Sport Club for their good job in organising the event.



### ▲ HANDING OVER OF VOLUNTEER FIRE RESPONSE VEHICLE

Fitters Holdings Berhad handed over a "Volunteer Fire Response" vehicle to the Fire and Rescue Department of Malaysia (BOMBA) at the IFE exhibition held at the PWTC last year.

The handing over ceremony was held as part of the IFE Inaugural launch. Dato' Richard Wong, the Managing Director of Fitters Holdings Berhad, handed over the mock key of the vehicle to the Minister of Housing and Local Government Datuk Seri Ong Ka Ting who received the vehicle on behalf of Bomba.



### ▲ OUR PARTICIPATION IN IFE INTERNATIONAL BRANCH MEET 2004 CONFERENCE AND EXHIBITION

Fitters participated in the inaugural Institution of Fire Engineers (IFE) International Branch Meet 2004 Conference and Exhibition held at Putra World Trade Centre (PWTC) on 5<sup>th</sup>-6<sup>th</sup> October 2004.

The event was officially opened by the Minister of Housing and Local Government Datuk Seri Ong Ka Ting. At the Fitters booth, the Minister was accompanied and briefed by Dato' Richard Wong, the Managing Director.



### ▲ SPORTS CLUB BOWLING TOURNAMENT 2004

A bowling tournament was held for the members of the Fitters Sports Club on Friday, 17 December 2004 at the Bukit Kiara Sports Club.

The competition was participated by 40 members made-up of 10 teams. 'Boo Boo' team won the competition with 931 pinfalls. Ms Low Soo Liang was crowned the Best Female Player with 273 pinfalls while En. Mustapa Arifin scored 278 pinfalls as the Best Male Player.



### ◀ KUWAIT FIRE SERVICE DIRECTORATE DEPUTY DG VISITS FITTERS

The Deputy Director General for Fire Prevention Affair of Kuwait Fire Service Directorate, Brigadier Yousef Al-Ansari recently visited Fitters Holdings Berhad. Mr. KK Fong, briefed him on the businesses and activities of the group.

Brigadier Yousef (second from left) during his visit to Bomba

## company profile

Fitters Holdings Berhad, an investment holding company, commenced its operations in 1970s. The company was initially a small family concern under the partnership of Fitters International. Over the years the company has established itself as a "one-stop" fire protection specialist. Now, the Fitters Group is recognised as a leading local manufacturer and fire safety consultant and carries out specialised installation of fire fighting equipment and systems. Besides being focused on fire fighting and safety, Fitters is embarking into areas of home and motor vehicle fire safety.

Fitters Group of companies is divided into three (3) main divisions:

### MANUFACTURING AND TRADING

Fitters Manufacturing and Trading division is made up of a group of companies involved in manufacturing and trading of safety and fire fighting equipment to meet the fire fighting needs of industrial, commercial, petrochemical, marine, housing and automotive sectors.

We specialise in manufacturing of fire doors, fire extinguishers, safety apparels, access floors and automotive parts.

We are also involved in trading of foam systems, carbon dioxide extinguishing system, control and industrial valves, fire sprinklers and ancillary equipment, building materials, smoke ventilation system, smoke blinds and smoke curtains.

### CONTRACTING

Fitters Contracting division is involved in mechanical and electrical, oil and gas and general fire fighting installations. Our capabilities include carrying out projects on a design and built concept (turnkey) and operating "off-site" pipe fabrication facility.

Our companies are providing complete engineering solutions and committed to good engineering practices. We do play a vital role in meeting the M&E requirements for various prestigious projects.

The companies are made up of a team of designers and engineers with vast experience and expertise in their respective fields. This ensures the quality and reliability of our M&E services. We provide prompt and quality service that is beneficial to the customers by maximising the efficiency and reliability of fire fighting equipment and systems.

Besides that, we also provide one-stop turnkey contracting solutions for data centers, computer rooms and other mission critical facilities. Our turnkey solutions include design, supply, install, test & commission, maintain and monitor for total systems integration or standalone component systems.

### SERVICES

Provides after sales and warranty service back-up to the Contracting division including contractual and on-call services. Ensures that all the customers are provided with the highest level of service. It provides preventive maintenance, routine checks and remedial maintenance.

This division also provides Computerised Fire Alarm Monitoring System (CMS). Currently there are fifty-three (53) CMS stations, commissioned and operational throughout the country, with thirteen (13) being concentrated in Klang Valley alone.

## PROJECT REFERENCES

Fitters Group of companies has an excellent track record of successfully designing and implementing many fire protection projects. Among Fitters Group's achievements in fire protection design and contract works are:

- 1 KLIA
- 2 KL Sentral
- 3 Hilton Hotel
- 4 Ministry of Agriculture - Putrajaya
- 5 Ministry of Finance - Putrajaya
- 6 Menara TM
- 7 Apartment - Precint 8, Putrajaya



## financial and corporate calender

Financial year ended	31 December 2004
<b>Announcement of Results</b>	
First quarter	24 May 2004
Second quarter	23 August 2004
Third quarter	23 November 2004
Fourth quarter	24 February 2005
<b>Eighteenth Annual General Meeting</b>	
	28 June 2004
<b>First And Final Dividend</b>	
Notice of Book closure	1 June 2004
Entitlement date	2 July 2004
Payment date	2 August 2004
<b>Corporate Exercise:</b>	
Proposed Special Issue of 3,401,000 ordinary Shares of RM1.00 each to comply with the Foreign Investment Committee ('FIC') requirement vide FIC letter dated 17 January 2000.	Received an extension of time from FIC to 31 December 2005
Securities Commission granted approval	7 June 2004
<b>Extraordinary General Meeting:</b>	
Acquisition of a 502 acre freehold land held under Geran No. 5668, Lot 451 located at Mukim of Ulu Telom, District of Cameron Highland, Pahang for cash consideration of RM30 million	9 December 2004
<b>Other major corporate announcements:</b>	
Received Shareholder's Mandate for Recurrent Related Party Transactions of a Revenue or Trading nature	28 June 2004
Change of Joint Company Secretary, Pn. Nuruluyun Binti Abdul Jabar succeeded Mr. Ng Yim Kong who has retired	23 August 2004

## corporate information

**BOARD OF DIRECTORS**

En. Mohammad Nizar Bin Idris \*\*  
Chairman

Dato' Wong Swee Yee  
Managing Director

Tan Sri Datuk Paduka Dr. Hajjah Saleha  
Binti Haji Mohamed Ali \*

Mr. Wong Cheek Lung \*

Mr. Kong Sin Seng \*\*

En. Mohamad Jamil Bin Mohd Yusof \*\*

En. Zahedi Bin Haji Mohd Zain  
Alternate Director to Tan Sri Datuk Paduka  
Dr. Hajjah Saleha Binti Haji Mohamed Ali

Mr. Wong Swee Seong  
Alternate Director to Mr. Wong Cheek Lung

\* Non-Independent and  
Non-Executive Director

\*\* Independent Non-Executive Director

**COMPANY SECRETARIES**

Pn. Nuruluyun Binti Abdul Jabar  
(MIA 9113)

Ms. Kung Whooi Ning  
(MIA 8537)

**REGISTRAR**

Symphony Share Registrars Sdn Bhd  
Level 26 Menara Multi Purpose  
Capital Square  
No. 8 Jalan Munshi Abdullah  
50100 Kuala Lumpur  
Tel : 03 2721 2222  
Fax : 03 2721 2530

**HEAD OFFICE &  
REGISTERED OFFICE**

Bangunan Fitters  
Lot 2221  
Kampung Jaya Industrial Area  
47000 Sungai Buloh  
Selangor Darul Ehsan  
Tel : 03 6157 6199  
Fax : 03 6157 6145

**Manufacturing & Trading**

Contact Person:  
Mr. Fong Kum Kuan  
Tel : 03 6157 6266  
Fax : 03 6157 6146

**Contracting**

Contact Person:  
Mr. Leo Ong Tong Ing  
Tel : 03 6156 0103  
Fax : 03 6156 0102

**Computerised Fire Alarm  
Monitoring System**

Contact Person:  
En. Anuar Yusof  
Tel : 03 6157 6199  
Fax : 03 6157 6153

**Maintenance Services**

Contact Person:  
Ms. Linda Chang Chuey Peng  
Tel : 03 6156 0103  
Fax : 03 6156 0201

**REGIONAL OFFICES**

**Northern:**  
66 Lintang Angsana  
Bandar Baru Ayer Itam  
11500 Pulau Pinang

Contact Person:  
Mr. Tee Joo Seng  
Tel : 04 8290 734  
Fax : 04 8290 731

**Central:**  
13 & 13A Jalan Dato' Haji Megat Khas,  
Taman Bandaraya Utama  
31400 Ipoh

Contact Person:  
Mr. David Tiong  
Tel : 05 5477 622  
Fax : 05 5477 623

**Southern:**  
12 & 12A Jalan Sagu 5  
Taman Daya  
81100 Johor Bahru

Contact Person:  
Mr. Steven Yong  
Tel : 07 3559 585  
Fax : 07 3559 610

**Sarawak:**

Lot 286, 2<sup>nd</sup> Floor  
Section 49 Westwood  
Jalan Tabuan  
93100 Kuching

Contact Person:  
Mr. George Lee  
Tel : 082 250 221  
Fax : 082 256 221

**Singapore**

83 Genting Lane #06-01  
Singapore 349568

Contact Person:  
Mr. Pernod Sim  
Tel : 02 6744 1171  
Fax : 02 6741 4173

**AUDITORS**

**Ernst & Young**  
Level 23A Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
50490 Kuala Lumpur

**PRINCIPAL BANKERS**

Am Bank Berhad  
Alliance Bank Malaysia Berhad  
Alliance Merchant Bank Berhad  
Malayan Banking Berhad  
Southern Bank Berhad  
United Overseas Bank (M) Berhad

**SOLICITORS**

Manjit Singh Sachdev, Mohammad  
Radzi & Partners  
Ong Ban Chai & Co.  
Soon Gan Dion & Partners  
Nasir, Kenzin & Tan  
Jin & Co.

**WEBSITE**

<http://www.fittersgroup.com>

**STOCK EXCHANGE LISTING**

**Second Board of  
Bursa Malaysia Securities Berhad**

Stock Short Name : Fitters  
Stock Code : 9318

## *Dear Shareholders*

*On behalf of my colleagues on the Board of Fitters Holdings Berhad, I am, pleased to present the Annual Report and the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2004.*

### FINANCIAL REVIEW

Fitters has performed well for 2004. I am pleased to report that it has recorded a 20.0% increase in Profit before Tax to RM9.3 million (2003: RM7.8 million) and a corresponding 12.3% increase in Profit after Tax to RM7.1 million (2003: RM6.3 million). This was mainly due to an overall increased profitability from the trading and manufacturing division, recovery of bad debts and effective cost control of the whole group.

The Taxation for the Group is RM2.2 million compared to RM1.4 million in 2003. However, the effective tax rate on the Group's profit for 2004 is at 20.0% as compared to preceding year of 22.8%. This was due to utilisation of unabsorbed tax losses of certain subsidiaries in the Group.

The Group recorded a lower Revenue of RM85.5 million (2003: RM115.5 million), a reduction of 25.9% (2003: 28.8% increase) due to lower recognition of completed contracts by the contracting division for the current year. This division is mainly affected by a contraction in the construction industry in the economy, namely the civil engineering sector, with fewer infrastructure projects following the completion of many privatised projects in the recent years as well as lower Government spending on new large infrastructure projects.

Nonetheless, Fitters managed to rein in an applaudable performance in its profits amidst adversity in its contracting division. The improvement is an indication of the underlying strength of the Company and the employees' commitment and resourcefulness to deliver value to shareholders.

### DIVIDEND

The Board of Directors is pleased to propose a first and final dividend of four (4) sen gross per ordinary share of RM1.00 each less Malaysian Income Tax at 28%, amounting to RM1,193,809.77 for the financial year ended 31 December 2004. The proposed first and final dividend is subject to your approval at the 19<sup>th</sup> Annual General Meeting.

### CORPORATE AND BUSINESS DEVELOPMENT

The Company proposed to issue 3,401,000 new ordinary shares to suitable Bumiputra investors to comply with the Foreign Investment Committee ("FIC") requirement, vide their letter dated 17 January 2000. The FIC has extended the completion date to 31 December 2005.

The voluntarily winding-up one of its subsidiary, Fitters-BES JV Sdn Bhd, a joint venture set up initially to supply and install raised access flooring system in the Petronas Twin Towers, came to a closure with the final members' meeting held on the 23 February 2005.

The Board has also approved a further voluntary winding-up of four (4) more of its dormant subsidiaries, Pyrodor Sdn Bhd, Fitters (Penang) Sdn Bhd, Fitters Manufacturing Sdn Bhd and Fimatic Engineering Services (S) Sdn Bhd, with the appointment of a Liquidator on 26 January 2005. The objective of this exercise is to streamline the Group's business activities and to reduce the number of dormant companies to save costs.

## chairman's statement

On 31 May 2004, and approved at a shareholders meeting on 9 December 2004, the Company acquired 502 acres of Land in Bertam Valley, Cameron Highland for RM30 million. The Company proposed an integrated agricultural development in following the Government's call for private sector involvement in the agricultural sector, which has been announced as the third engine of growth for the economy. This is also in line with the Company's initiative to look at new business opportunities, a departure from its traditional core business. The project is expected to come on stream in the second half of 2005 when all approvals have been obtained and contribute positively to the Group's earnings in 2006.

As you are aware, the Company has on 18 May 2005, announced, a proposed bonus issue of up to 14,950,909 new ordinary shares of RM1.00 each on the basis of one bonus share for every three existing shares of RM1.00 each held in the Company, after the issuance of the special bumiputra shares in compliance with the FIC requirement. Upon the completion of the proposed bonus issue, the Company proposed a renounceable rights issue of warrants at an indicative issue price of RM0.05 per warrant on the basis of one warrant for every two existing ordinary shares of RM1.00 each held in the Company.

#### ECONOMIC TRENDS AND DEVELOPMENT

For 2005, global economic growth is expected to remain firm at 4% (2004: 4.8%) while world trade is expected to expand by 5.8% (2004: 8.8%). In 2003 the Malaysian economy expanded 5.3%, exceeded the forecast of 4.5%. The growth rate for 2004, registered at 7.1%, the highest since the year 2000. The economy benefited from stronger external and domestic demand, notwithstanding some moderation in global growth in the second half of the year. The economy has remained resilient with the private sector being the main driving force for domestic expansion.

Given these positive developments, the prospect for the Malaysian economy for 2005 is projected to be in the region of 5% to 6%. This assessment is based on the assumption of sustained external demand conditions, modest downturn in the electronics cycle, relatively favourable prices for crude palm oil as well as improved intra-regional trade. The real GDP growth will be mainly private sector driven as the Government remains committed to optimising expenditure to strengthen its fiscal position. Economic growth is expected to be supported by expansion in all sectors except construction sector which would continue to experience contraction, estimated to be 1.0%.

*(source : Bank Negara Annual Report 2004 dated 23 March 2005).*

#### FUTURE OUTLOOK

Fitters will continue to ride with the positive economic outlook and take advantage of the opportunities that will be created. The Company will continue to look at new opportunities whilst continuing to strengthen its core business activities in manufacturing, trading and services in the fire safety and prevention industry with a closer scrutiny of cost, availability of suitable and profitable contract works.

The outlook given by Bank Negara projected difficulties in the year for the construction industry. The performance of fire fighting and prevention industry has been linked to the performance of the construction industry, mainly construction of commercial and industrial buildings. In view of this, the Company has expanded its contracting operations to encompass a wider area under the ambit of mechanical and electrical engineering works.

The Board and Management are confident that the various measures and policies implemented within the Group will continue to improve its operations in the coming year.

#### ACKNOWLEDGEMENT

Finally, on behalf of the Board, I would like to thank all the employees of the Group for their continuing dedication, commitment and contribution in this very competitive environment.

I would also wish to express the Board's appreciation to our shareholders for their confidence and commitment and to our customers, principals, suppliers, contractors, business associates, financiers and all the various Government Departments and Authorities for their continuing support and confidence in Fitters.

Finally, I would like to thank my fellow members of the Board for their continuous support in making this Company a success.

#### MOHAMMAD NIZAR BIN IDRIS

Chairman

Date: 19 May 2005

## profile of the board of directors

**EN. MOHAMMAD NIZAR BIN IDRIS**

*63 years, Malaysian.*

*Bachelor of Law (Honours), AMP (Harvard). A Member of the Malaysian Bar.*

*Chairman. Independent, Non-Executive Director.*

*First appointed to the Board on 21 November 2000.*

*The Chairman of the Board, Nomination and Remuneration Committee.*

He started his career in the Civil Service and the Judicial and Legal Service. Prior to joining the private sector, he was the Senior Federal Counsel responsible for tax and treasury matters. In 1976 he joined the Royal Dutch Shell Group. He worked in Malaysia, The Hague (Netherlands) and London. He was the first non-European to Head the Legal Division of Shell International Petroleum Co. Ltd in London which dealt with the Royal Dutch Shell Group's business, investments and joint ventures for the world. Before retiring from Shell he returned to Malaysia to assume the position of Deputy Chairman and Executive Director of Shell Companies in Malaysia and the Chairman of Shell Chemicals. He retired in 1997.

He has no other Directorship in other public company and neither is there any family relationship with any director and/or substantial shareholder. There is no conflict of interest with the Company. There are no convictions for any offences within the last 10 years.

Attended all the four Board meetings.

**DATO' WONG SWEE YEE, DSSA**

*48 years, Malaysian.*

*Malaysian Certificate of Education. He is an Associate Member of Harvard Business School Alumni Club of Malaysia and a member of the Institute of Fire Engineers.*

*He was appointed to the Board since incorporation of the Company on 18 January 1986.*

*Managing Director. Executive, Non-Independent Director. Chairman of the Executive Committee, member of the Audit Committee, Remuneration Committee, Risk Management Committee and ESOS Option Committee.*

He has been in the fire safety and prevention industry since 1979. As the founder, he has been instrumental in building up Fitters Group. His entrepreneurial skills and foresight has led the Company to move into both upstream and downstream activities in the fire fighting industry. He has also contributed greatly to the fire safety industry by bringing into Malaysia state-of-the-art technology and he is instrumental in setting up a comprehensive network of distributorship rights for specialised fire fighting equipment and systems for Fitters.

He has no other Directorship in other public company. Mr. Wong Cheek Lung, his father, is also a member of the Board. Mr. Wong Swee Seong, the Alternate Director to Mr. Wong Cheek Lung, is his brother. Save for recurrent related party transactions noted in the Annual Report, there is no conflict of interest with the Company. There are no convictions for any offences within the last 10 years.

Attended all the four Board meetings.

## profile of the board of directors

**TAN SRI DATUK PADUKA DR. HAJJAH SALEHA BINTI HAJI MOHAMED ALI, PSM, DPMS, AMN, PJK, JP**

*82 years, Malaysian.*

*Diploma in Social Science & Economics from London School of Economics, University of London. She is a fellow of the Faculty of Building, England and Institute of Management Consultants Malaysia. She was awarded the Doctorate, Honoris Causa from the University of Southern Queensland, Australia in 1997.*

*First appointed to the Board on 26 January 1994.*

*Non-Independent and Non-Executive Director.*

She served as a teacher between 1940 and 1942, 1945 and 1946. She also served as the state welfare officer from 1949 to 1952 for Selangor and 1952 to 1953 for Malacca. She has served in many public, social and welfare organisation including Selangor Legislative Council where she was a member from 1950 to 1952. She was with the Selangor Public Service Commission between 1960 and 1970 and is a member of the National Council of Religious Affairs Malaysia since 1974.

She is currently a member of the National Welfare Council, Malaysia and also president of the Spastic Children's Association of Selangor and Federal Territory. In addition she is currently the president of the Institute of Management Consultants, Malaysia; trustee of Sunway College Sdn Bhd; executive chairman of Help Institute; chairman of the Association of Promotion for the Higher Education in Malaysia (APHEM) and chairman of Sek Men Swasta Saleha, Genting Highland. She is also an advisor with the Asian Strategy and Leadership Institute, Malaysia (ASLI) and the president of Malaysian Centre Rehabilitation - MCR and committee member of the UN board.

She sits on the board of Leong Hup Holdings Berhad, Hirotako Holdings Berhad, Malaysia Land Development Co. Berhad and Lam Soon Berhad. En. Zahedi Bin Haji Mohd Zain, her alternate director, is her son. Save for recurrent related party transactions noted in the annual report, there is no conflict of interest with the company. There are no convictions for any offences within the last 10 years.

She attended three of the board meetings. The other board meeting was attended by her alternate, En. Zahedi Bin Haji Mohd Zain.

**MR. WONG CHEEK LUNG**

*82 years, Malaysian.*

*Attended Chinese school.*

*He was appointed to the Board since incorporation of the Company on 18 January 1986.*

*Non-Independent and Non-Executive Director.*

He was in the Government Service for 28 years. He has been in the fire safety and prevention industry since 1979 when he first set up Fitters.

He has no other Directorship in other public company. He is the father of Dato' Wong Swee Yee and Mr. Wong Swee Seong, his Alternate Director. Save for recurrent related party transactions noted in the Annual Report, there is no conflict of interest with the Company. There are no convictions for any offences within the last 10 years.

Attended two of the Board meetings. The other board meetings was attended by his alternate Mr. Wong Swee Seong.

## profile of the board of directors

**MR. KONG SIN SENG**

*49 years, Malaysian.*

*Holds a Bachelor of Accounting (Hons) from the University of Kent, England. He is a member of the Institute of Chartered Accountants in England & Wales.*

*First appointed to the Board on 22 December 2001.*

*Independent, Non-executive Director.*

*Chairman of the Audit Committee and Risk Management Committee and is a Member of the Nomination Committee and ESOS Option Committee.*

He started his career as an articled clerk with Reeves & Neylan, Chartered Accountants in the United Kingdom from 1978 to 1982 and subsequently joint Price Waterhouse (now known as PriceWaterhouseCoopers) in 1983. He then joined Promet Berhad as Group Financial Executive in 1983 and United Detergent Industries as Financial Controller in 1986. In 1987 he was attached to Promet Petroleum Ltd in Jakarta and subsequently with the Dharmala Group, Indonesia in 1989 as Group Financial Controller. He subsequently became the Managing Director of Heavy Equipment Division and the Director of Financial Services Division. He joined FACB Berhad as the Chief Financial Officer in 1995 and in 1997 was the PA to the Chief Executive Officer of MBF Capital Berhad and as Senior Vice President in MBF Finance Berhad. Since 2000 he became the Chief Executive Officer of Goldwealth Capital Sdn Bhd.

He is also on the Board of Widetec Berhad since September 2004. He has no other Directorship in other public company. He has no family relationship with any director and/or substantial shareholder. There is no conflict of interest with the Company. There are no convictions for any offences within the last 10 years.

Attended all the four Board meetings.

**EN. MOHAMAD JAMIL BIN MOHD YUSOF**

*62 years, Malaysian.*

*Bachelor of Science in Electrical Engineering from the University of Strathclyde and a Diploma in Radio Engineering from Technical College, Kuala Lumpur.*

*First appointed to the Board on 15 September 1997.*

*Independent Non-executive Director.*

*Member of the Audit Committee, Nomination Committee and Remuneration Committee.*

He started his career with Radio TV Malaysia (RTM) as a Technical Assistant and later became a Regional Engineer and a Project Engineer. During his tenure with RTM from 1963 to 1974, he was involved in operations and maintenance of Radio/TV equipment and later in establishing new broadcasting stations. He then joined Chubb Malaysia Sdn Bhd as a Manager in Electronics Division. In 1982, he was appointed as Deputy Managing Director and subsequently became the Managing Director. In 1994, he joined G-Five Security Consultancy Sdn Bhd as its Managing Director.

He has no other Directorship in other public company. There is no family relationship with any director and/or substantial shareholder. He has no conflict of interest with the Company and there are no convictions for any offences within the last 10 years.

Attended three of the Board meetings.

## profile of the board of directors

**EN. ZAHEDI BIN HAJI MOHD ZAIN**

*50 years, Malaysian.*

*Bachelor of Science Hons. (Applied Science) from Brighton Polytechnic, United Kingdom.*

On 22 December 2001, he was appointed as the Alternate Director to Tan Sri Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohd Ali. He was previously a member of the Board of Directors from 26 January 1994 to 22 December 2001. Member of the Executive Committee and Risk Management Committee and ESOS Option Committee.

He started his career as a production engineer with Petronas in 1981. In 1985 he joined Perusahaan Dapat Sdn Bhd (now known as Autoliv Hirotako Safety Sdn Bhd) as an Executive Director, a position which he still holds.

He is also a Director of Hirotako Holdings Berhad since 1994. He has no other Directorships in other public company. His mother, Tan Sri Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohamed Ali is also a member of the Board. Save for recurrent related party transactions noted in the Annual Report, there is no conflict of interest. There are no convictions for any offences within the last 10 years.

As the Alternate Director to Tan Sri Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohamed Ali, he has attended one Board meeting in her absence and three Board meetings in her presence.

**MR. WONG SWEE SEONG**

*41 years, Malaysian.*

*Bachelor of Science in Business Administration in Material and Operation Management, and a Post Graduate in International Business from Portland State University, USA. He has an Executive MBA in Human Resource Development from MIM - Hull University United Kingdom. He is also a graduate of Harvard Business School Malaysia.*

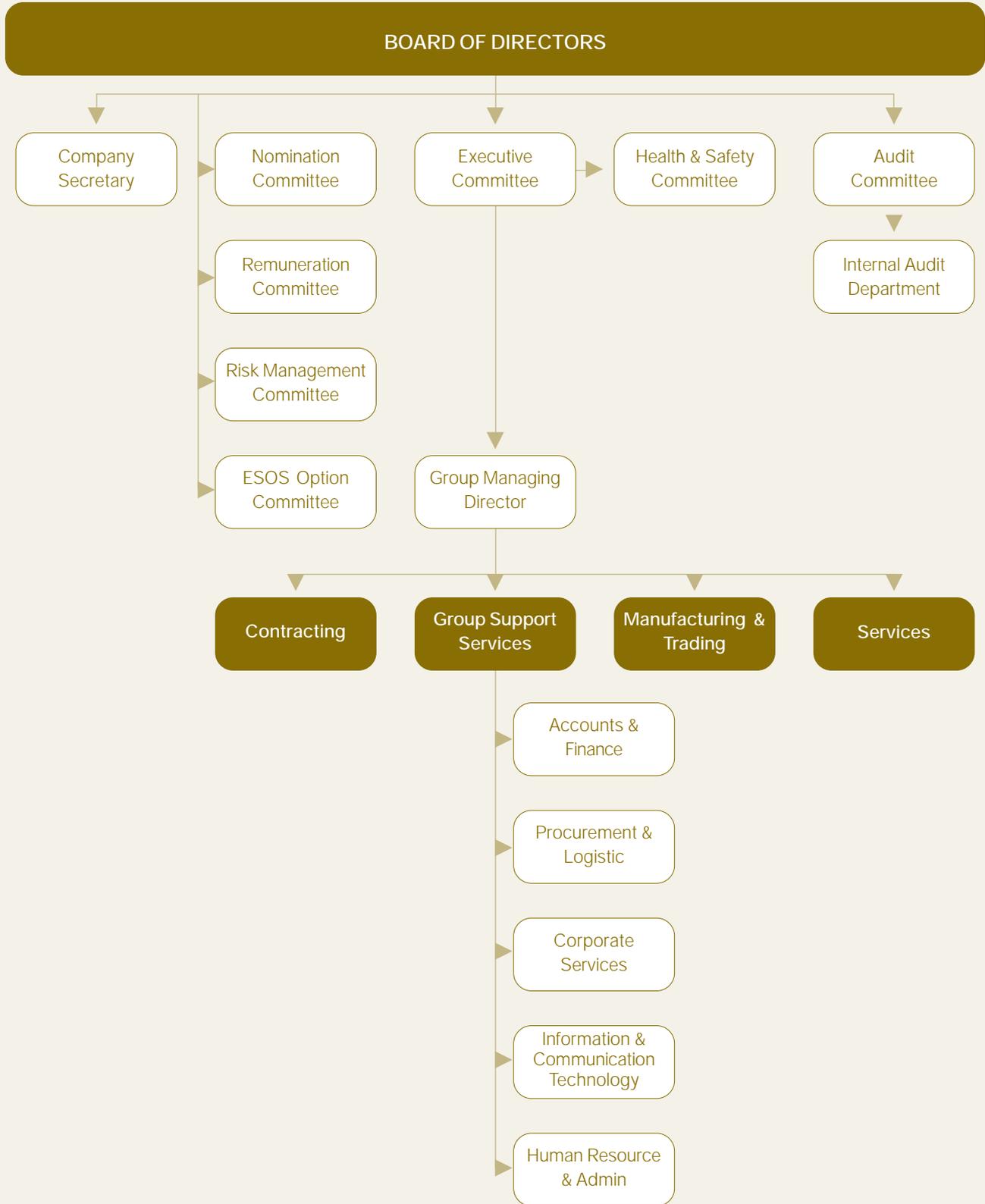
On 22 December 2001, he was appointed as Alternate Director to Mr. Wong Cheek Lung. He was previously a member of the Board of Directors from 26 January 1994 to 22 December 2001. Senior Manager - Business Development. Secretary to the Remuneration Committee.

He has a vast experience in training and development of the marketing and project team. He had been previously involved in the implementation of policies and strategies within the Fitters Group.

He has no other Directorship in other public company. His father, Mr. Wong Cheek Lung and his brother, Dato' Wong Swee Yee are on the Board. Save for recurrent related party transactions noted in the Annual Report, there is no conflict of interest with the Company. There are no convictions for any offences within the last 10 years.

As the Alternate Director to Mr. Wong Cheek Lung, he has attended two meetings in his absence and two meetings in his presence.

group organisation chart



## group operations

## CONTRACTING

- ◆ FITTERS ENGINEERING SERVICES SDN BHD
- ◆ FITTERS-MPS SDN BHD

## MANUFACTURING &amp; TRADING

- ◆ ARMATRADE SDN BHD
- ◆ FITTERS SDN BHD
- ◆ FITTERS BUILDING SERVICES SDN BHD
- ◆ FITTERS FIRE TECHNOLOGY SDN BHD
- ◆ FITTERS MARKETING SDN BHD
- ◆ MODULAR FLOOR SYSTEMS (M) SDN BHD
- ◆ PYRO-TECH SYSTEMS SDN BHD
- ◆ THE SAFETY SHOP SDN BHD

## SERVICES

- ◆ FITTERS MAINTENANCE SERVICES SDN BHD
- ◆ MASTER PYROSERVE SDN BHD

## REGIONAL REPRESENTATIVES

## NORTHERN

- ◆ FITTERS SDN BHD (PENANG BRANCH)

## CENTRAL

- ◆ FITTERS SDN BHD (IPOH BRANCH)

## SOUTHERN

- ◆ FITTERS ENGINEERING SERVICES (JOHOR) SDN BHD

## SARAWAK

- ◆ FITTERS (SARAWAK) SDN BHD

## OVERSEAS REPRESENTATIVES

## SINGAPORE

- ◆ FITTERS (S) PTE LTD

## UNITED KINGDOM

- ◆ TITAN ACCESS FLOORS LIMITED

*Note : Dormant companies are not listed above*

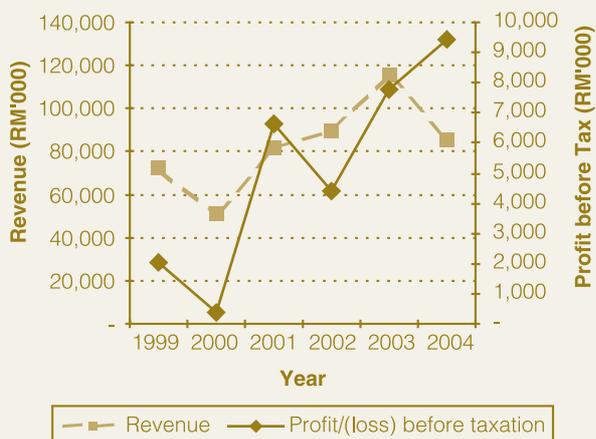
## group financial highlights

as at 31 December 2004 and for the preceding 5 years

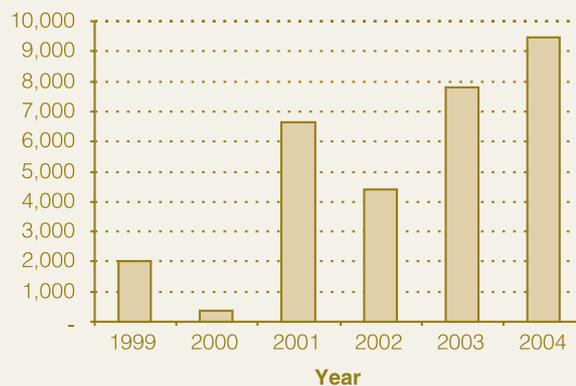
RM'000	1999	2000	2001	2002	2003	2004
Revenue	72,372	50,830	81,448	89,669	115,463	85,528
Profit/(loss) before taxation	2,017	376	6,658	4,415	7,782	9,340
Taxation	(78)	8	(820)	(1,627)	(1,438)	(2,215)
Profit after taxation	1,939	384	5,838	2,789	6,344	7,125
Minority interests	(926)	(288)	101	87	(45)	(85)
Profit/(loss) for the financial year	1,013	96	5,939	2,876	6,299	7,040
Share Capital	19,964	19,964	25,122	37,684	41,452	41,452
Distributable Reserves	11,012	11,109	17,048	7,362	13,119	18,965
Non-Distributable Reserves	2,565	2,658	5,552	5,406	5,292	5,331
Shareholders' Fund	33,541	3,731	47,722	50,452	59,863	65,748
Fixed Assets	20,164	18,903	19,007	19,994	16,655	14,960
Investments	140	391	1,691	1,663	1,871	5,534
Deferred Expenditure	12	-	-	-	-	-
Development Property	-	158	170	172	172	2,003
Current Assets	56,113	50,445	61,358	65,780	65,445	89,244
Total Assets	76,429	69,897	82,226	87,608	84,143	111,741
Banks Borrowings	33,552	29,181	25,412	27,670	17,403	39,594
Net Tangible Assets	17,460	17,662	31,968	35,755	44,867	50,752
Weighted Average Share capital	19,964	19,964	25,122	37,684	39,624	41,452
NTA per share (sen)	87.46	88.47	127.25	94.88	108.24	122.44
Earnings per share (sen)	5.07	0.48	23.64	7.63	15.90	16.98
Return on Shareholders' Fund (%)	3.11	0.29	17.61	6.03	12.49	11.76

group financial highlights

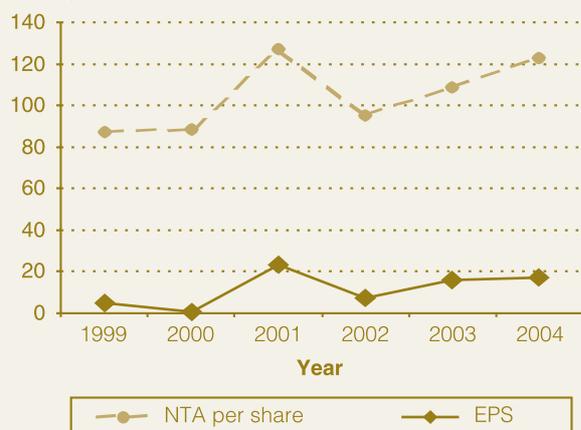
Revenue and Profit before Tax (RM'000)



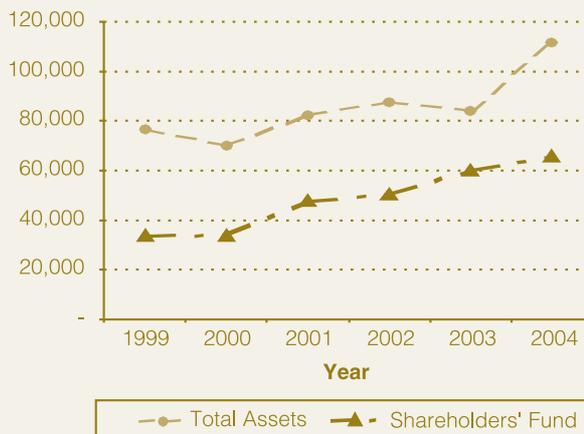
Profit before Tax (RM'000)



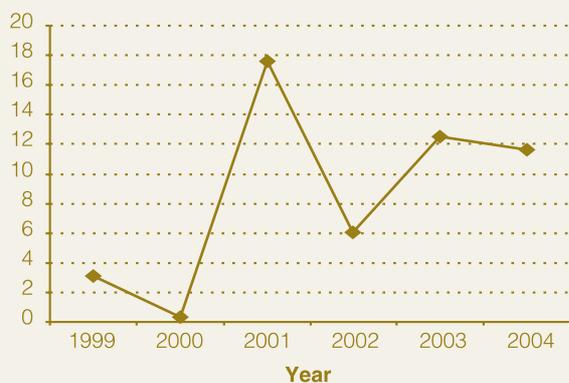
Net Tangible Assets (NTA) per share and Earnings Per Share (EPS) (sen)



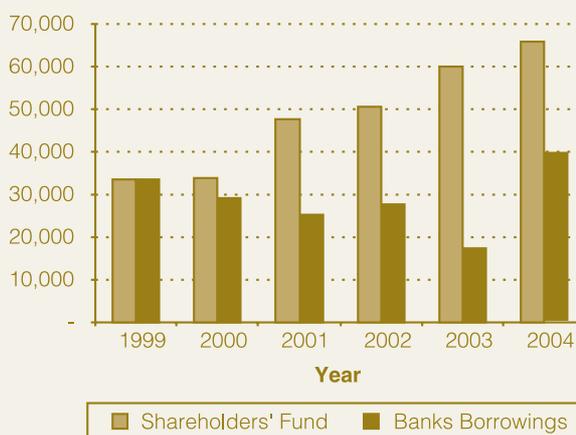
Total Assets and Shareholders' Fund (RM'000)



Return on Shareholders' Fund (%)



Shareholders' Fund and Banks Borrowings (RM'000)



## group quarterly performance

	1 <sup>st</sup> Quarter 31-Mar-2004 RM'000	2 <sup>nd</sup> Quarter 30-Jun-2004 RM'000	3 <sup>rd</sup> Quarter 30-Sep-2004 RM'000	4 <sup>th</sup> Quarter 31-Dec-2004 RM'000	For the year 2004 RRM'000
<b>CONSOLIDATED INCOME STATEMENT</b>					
Revenue	15,486	16,429	22,074	31,505	85,494
Cost Of Sales	(11,077)	(10,538)	(14,017)	(22,755)	(58,387)
Gross Profit	4,409	5,891	8,057	8,750	27,107
Other Operating Income:					
- Other operating income	799	208	210	415	1,632
Operating Expenses	(4,238)	(4,411)	(4,905)	(4,460)	(18,053)
Profit From Operations	970	1,688	3,362	4,705	10,686
Finance cost	(206)	(312)	(570)	(183)	(1,232)
Profit Before Taxation	764	1,376	2,792	4,522	9,454
Taxation	(185)	(393)	(953)	(705)	(2,236)
Profit After Taxation	579	983	1,839	3,817	7,218
Minority Interests	15	30	(10)	(120)	(85)
Net Profit For The Period	594	1,013	1,829	3,697	7,133
Earnings per Share (sen)	1.43	2.44	4.41	8.92	17.21
<b>CONSOLIDATED BALANCE SHEET</b>					
Property, plant and equipment	15,448	15,201	14,959	14,960	
Development Property	172	172	2,103	2,003	
Long Term Investments	3,034	5,534	5,534	5,534	
Goodwill on consolidation	14,996	14,996	14,996	14,996	
Current Assets					
<i>Inventories</i>	10,012	11,298	10,846	11,678	
<i>Contract Work-in-progress</i>	11,192	9,337	10,869	11,292	
<i>Trade Receivables</i>	27,746	31,396	27,737	36,227	
<i>Other Receivables</i>	6,378	9,974	18,689	26,502	
<i>Deposits with Licensed Banks</i>	302	14,343	9,873	143	
<i>Cash and bank balances</i>	2,768	2,753	3,494	3,426	
	58,398	79,101	81,508	89,268	
Current Liabilities					
<i>Contract Work-in-progress</i>	2,251	2,133	3,133	1,488	
<i>Short Term Borrowings</i>	13,870	11,096	12,391	13,593	
<i>Trade Payables</i>	6,163	7,014	7,585	13,013	
<i>Other Payables</i>	5,287	4,831	5,367	4,203	
<i>Lease and Hire Purchase Creditors</i>	290	279	281	300	
<i>Provision for Taxation</i>	737	497	569	500	
	28,598	25,850	29,326	33,097	
Net Current Assets/(Liabilities)	29,800	53,251	52,182	56,171	
	63,450	89,154	89,774	93,664	

## group quarterly performance

	1 <sup>st</sup> Quarter 31-Mar-2004 RM'000	2 <sup>nd</sup> Quarter 30-Jun-2004 RM'000	3 <sup>rd</sup> Quarter 30-Sep-2004 RM'000	4 <sup>th</sup> Quarter 31-Dec-2004 RM'000
Shareholders' Funds:				
Share Capital	41,452	41,452	41,452	41,452
Reserves				
<i>Share Premium</i>	3,206	3,206	3,206	3,206
<i>Revaluation Reserves</i>	653	653	653	653
<i>Capital Reserves</i>	1,360	1,360	1,360	1,360
<i>Retained Profit</i>	13,713	14,726	15,361	19,058
<i>Exchange Reserves</i>	43	8	9	112
	60,427	61,405	62,041	65,841
Minority Interests	1,457	1,427	1,437	1,557
Long Term Borrowings	376	25,208	25,202	25,197
Other Long Term Liabilities	740	680	591	505
Deferred Taxation	450	434	503	564
	63,450	89,154	89,774	93,664
Net Tangible Assets per Share (sen)	109.60	111.96	113.49	122.66

## statement on corporate governance

The Board of Directors ("Board") of Fitters Holdings Berhad ("Fitters" or "the Company") recognises the exercise of good corporate governance in conducting the affairs of Fitters with integrity, transparency and professionalism as a key component in fulfilling Fitters' Corporate Mission to provide the best solutions in the fire protection industry vis-à-vis, maximising shareholders' value.

The Board considers that it has complied throughout the financial year the Principles and Best Practices lay down by the Malaysian Code of Corporate Governance ("the Code"). The Board is hereby pleased to present how the Code have been applied and put in place during the financial year which ended on 31 December 2004.

### 1. THE BOARD OF DIRECTORS

#### 1.1 Duties and Responsibilities

The Company recognises the importance of the Board's stewardship in defining strategies and policies in conducting its business, employee relations and social obligations. The concept of transparency, accountability and integrity forms the foundation to which the Board discharges its duties. The roles and functions of the Executives and Non-Executive Directors, have been brought to bear when consolidating their invaluable knowledge and experiences in various industries in making strategic corporate decision.

The Board has appropriately delegated specific task to six Board Committees, to focus on various issues. They are the Audit Committee, Executive Committee (EXCO), Nomination Committee, Remuneration Committee, Risk Management Committee and ESOS Option Committee. The Terms of Reference of these committees are set out on page 31 to page 36. These committees have wide ranging authority to examine particular issues and make recommendation to the Board who holds the ultimate responsibility.

The Board meets on regular basis on matters reserved specifically for its decision to ensure the overall strategic direction and control of the Group. These include matters such as dividend policy, major asset acquisitions and disposals, joint ventures and investments decisions, issue of new shares, related party transactions, financial performance and other important matters which fall into the purview of the Board.

The Board maintains a supervisory control over management through the guardianship of the Executive Committee who ensures implementation of standard operating procedures and financial limits on discretionary authority.

#### 1.2 Board Balance

The Board has six members providing a balanced mix of one Executive, two Non-Independent Non-Executives and three Independent Non-Executives Directors. There is a clear segregation of responsibilities between the Chairman and the Managing Director to ensure a balance of power and authority. The Board is led by En. Mohammad Nizar Bin Idris as the Independent Non-Executive Chairman. Dato' Wong Swee Yee, the Managing Director, leads the executive management of the Company. No one individual or small group of individual Directors dominate the Board's decisions. The composition of the Board fairly reflects the interest of the majority and minority shareholders. The Board has identified En. Mohamad Jamil Bin Mohd. Yusof as the Senior Independent Non-Executive Director to whom concerns may be conveyed in accordance with the requirement of the Code.

The Independent Directors are independent of management and free from any relationship or any transaction, which may interfere with their independent judgment. The Board complies with the Listing Requirements of paragraph 15.02 whereby at least one-third of the Board is independent.

## statement on corporate governance

The Board's wide range of experience in various fields collectively form a balanced mix of specific industry knowledge, business, commercial and financial experiences. The mixes of skills, expertise and attributes form the substance to which it discharges its duties. Their individual and collective roles are important to ensure that the strategies proposed by Management are fully discussed and examined by taking into account the long-term interest of not only the shareholders but also the employees, customers, suppliers and other relevant parties.

### 1.3 Meetings

The Board met on a scheduled basis four times a year for the financial year ended 31 December 2004, at the registered office, on 26 February 2004, 24 May 2004, 23 August 2004 and 23 November 2004. Details of attendance at these meetings are as follows:

Directors	No. of Meetings Attended
En. Mohammad Nizar Bin Idris	4 / 4
Dato' Wong Swee Yee	4 / 4
Tan Sri Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohamed Ali <sup>(1)</sup>	3 / 4
Mr. Wong Cheek Lung <sup>(2)</sup>	2 / 4
Mr. Kong Sin Seng	4 / 4
En. Mohamad Jamil Bin Mohd Yusof	3 / 4

**Notes:**

(1) The other Board meeting was attended by her Alternate, En. Zahedi Bin Haji Mohd Zain.

(2) The other Board meetings was attended by his Alternate, Mr. Wong Swee Seong.

At the Board meetings, major investment decisions, business plans and directions of the Group were discussed. The financial and operational performance of the Group were also discussed and weighed against historical performance and the budget for the year. Internal control weaknesses and risk management issues were also highlighted and discussed by the Audit Committee Chairman and the Risk Management Committee Chairman. The Board was also briefed by the Remuneration Committee on major issues discussed and concluded.

The Board would receive documents on matters requiring its consideration in advance of each meeting. Proceedings of the meetings were minuted.

### 1.4 Supply of Information

The Board members have unrestricted access to timely and accurate information, necessary in the furtherance of their duties as a full board as well as in their individual capacity.

Prior to each Board meeting, every Director is given an agenda and a set of Board Papers for each agenda to be deliberated. The Board Papers include minutes of the previous meeting, quarterly financial results, issues requiring the Board's deliberation and approval and other ad-hoc reports. Minutes of the Executive Committee, Audit Committee and Nomination Committee are extended to the members of the Board at the conclusion of each meeting. The findings of the Risk Management Committee were extended to the Board.

All Directors have access to the advice and services of the Joint Company Secretaries, the Internal Auditors and the External Auditors. In furtherance of their duties, as Directors, whenever independent professional advice is required, external independent expert may be engaged at the expense of the Company. However, no such advice was sought by any Director for the financial year 2004.

## statement on corporate governance

### 1.5 Appointments to the Board

The appointment of new Directors is under the purview of the Nomination Committee which is responsible for making recommendations to the Board on suitable candidate for appointment.

The composition of the Committee, which consist of Independent Non-Executive Directors, are as follows:

<b>Chairman</b>	En. Mohammad Nizar Bin Idris
<b>Members</b>	En. Mohamad Jamil Bin Mohd Yusof Mr. Kong Sin Seng
<b>Secretary</b>	Nuruluyun Binti Abdul Jabar Kung Whooi Ning

During the financial year, the Nomination Committee met and deliberated on the composition and performance of the Board members. It was concluded that the calibre, experiences, qualifications and the present mix of Board members appears to be sufficiently adequate and capable in managing the Company and ensuring the Group's strategies are properly considered and implemented. No new appointments to the Board or to any Board Committees were recommended.

### 1.6 Re-election

In accordance with Article 83, of the Company's Articles of Association, one third of the Directors for the time being, or the number nearest to one third, shall retire from office and be eligible for re-election, at the Annual General Meeting provided always that all Directors shall retire from office once in at least three years. In the case of filling in casual vacancy, Article 90, provides that all Directors who are appointed by the Board are subject to election by shareholders at the first opportunity at the Annual General Meeting after their appointment.

The Article 118, further provided that the Directors may from time to time appoint anyone or more of their body to be the Managing Director. Any such appointment shall be for a period of not exceeding three years subject to reappointment and on such terms, as the Directors think fit. And in Article 120, the Managing Director while he continues to hold the office is subject to retirement by rotation and be reckoned as a Director for the purpose of determining the rotation of retirement. At the 18<sup>th</sup> Annual General Meeting, the Managing Director was subject to rotational retirement under Article 83 of the Company's Articles of Association.

Section 129 (6) of the Companies Act, 1965, which requires that a separate resolution be passed to reappoint Directors who are over 70 years of age as Directors of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company. The resolution must be passed by a majority of not less than three fourths of such members of the Company as being entitled to vote in person or, where proxies are allowed, by the proxy, at the Annual General Meeting of the Company.

This re-election process provides an opportunity for the shareholders to renew their mandates. In order to assist the shareholders in their decision, sufficient information such as personal profiles, meeting attendance and their shareholdings in the Company for each Director standing for re-election and reappointment are furnished in this Annual Report.

### 1.7 Training

As an integral element in the process of appointing new Directors, there will be a period of orientation and education for the new Board members.

The Listing Requirements provided that, all first time Directors to a public company must attend the Mandatory Accreditation Programme ("MAP") within four months of their appointment. Upon successfully concluding the MAP, the Directors shall undergo the Continuing Education Programme ("CEP").

## statement on corporate governance

## 2. DIRECTORS' REMUNERATION

## 2.1 Remuneration Committee

The Company had on 22 December 2001 established a Remuneration Committee in line with the Code. The composition of the Committee is as follows:

<b>Chairman</b>	En. Mohammad Nizar Bin Idris	<i>Independent Non-Executive</i>
<b>Members</b>	Dato' Wong Swee Yee	<i>Executive Director</i>
	En. Mohamad Jamil Bin Mohd Yusof	<i>Independent Non-Executive</i>
<b>Secretary</b>	Mr. Wong Swee Seong	

During the financial year, the Committee met twice to review and deliberate on the remuneration scheme. The Committee concluded that the levels of remuneration set for each individual Director is sufficient to attract and retain the Directors. The component parts of the remuneration are structured so as to link rewards to corporate and individual performance, in the case of Executive Directors. The level of remuneration of Non-Executive Directors would reflect their experience and level of responsibilities undertaken.

## 2.2 Details of Directors' Remuneration

Pursuant to paragraph 9.25 of the Listing Requirements, a summary of the remuneration of the Directors for the financial year ended 31 December 2004 are as follows:

- (i) Aggregate remuneration of Directors categorised into appropriate components:

	Executive Director RM	Non-Executive Director RM	Total RM
Fees		6,000	6,000
Salary	459,000	-	459,000
Statutory Contribution	57,780	-	57,780
Bonus	22,500	-	22,500
Meeting Allowances	2,000	9,500	11,500
Fixed Allowances	-	269,000	269,000
Benefits in Kind	7,600	-	7,600
<b>Total</b>	<b>548,880</b>	<b>284,500</b>	<b>833,380</b>

- (ii) The number of Directors whose remuneration falls into the following bands of RM50,000:

	Executive Director	Non-Executive Director	Total
Below RM50,000	-	4	4
RM50,001 to RM100,000	-	3	3
RM500,001 to RM550,000	1	-	1
<b>Total</b>	<b>1</b>	<b>7</b>	<b>8</b>

## statement on corporate governance

### 3. SHAREHOLDERS

#### 3.1 Dialogue between the Company and Investors

The Company recognises the importance of establishing a direct line of communication with shareholders and investors through timely dissemination of information of the Company's performance and major developments through:

- (a) the Annual Report;
- (b) the various disclosures and announcements made to Bursa Malaysia Securities Berhad including the Quarterly Results and the Annual Results;
- (c) explanatory circulars on business requiring shareholders' approval; and
- (d) the Company's website [www.fittersgroup.com](http://www.fittersgroup.com)

As part of the Company's continuous investor relation and communication, the Company held dialogues and briefed various research and investment analyst on the Group's strategy, performance and major development. However, any information that may be regarded as undisclosed material information about the Group were not given.

#### 3.2 The Annual General Meeting

The Company's Annual General Meeting ("AGM") has been serving as a principal forum for dialogue with the shareholders. The Chairman and the Board encourage all shareholders to attend and participate at the AGM in order to know the latest developments and have a clear and complete picture pertaining to the Company's performance and position. This also provides an opportunity for shareholders to raise questions where the Directors are available to respond.

### 4. ACCOUNTABILITY AND AUDIT

#### 4.1 Internal Control

The Company adopts a comprehensive, purpose driven management system, whereby the Company's mission is incorporated into its objectives which are supported by strategies, action plans, controls and monitoring systems encompassing internal controls and risk management.

The system of internal control is continuously being reviewed and improved in line with the changing business environment, industry practices and risk-rewards profiles. The Company has an Internal Audit Department (which reports directly to the Audit Committee) to conduct periodic reviews on compliance with internal control procedures and practices and to review the effectiveness of the system. The Statement on Internal Control is set out in page 29 to page 30 which provides an overview of the state of internal controls within the Group.

#### 4.2 Risk Management

The Risk Management Committee was formalised in 2002. Since then, the following has been carried out:

- Risk Management Workgroups, comprising of key personnel from each department within the respective business was set up.
- A continuous series of workshops on risk management were conducted. The Workshops were held to raise the level of knowledge of risk management for the managers and to enhance their understanding of the risk, which would potentially affect the operations and the results of their respective operating units.

## statement on corporate governance

- A database of all risk and controls has been created and information filtered to produce a detail risk register by profiling the individual risk for each business units and areas of operations. Key risks to each unit's objectives and functions are aligned with the Group's objectives are identified and scored based on the likelihood of the risk occurring and the magnitude of impact.
- A consolidated risk profile of the Group and detailed action plans to address key risk areas were developed and presented to the Board.

### 4.3 Financial Reporting

The Board aims to present a balance and meaningful assessment of the Company's position and prospects to the shareholders' primarily through the annual financial statements, quarterly financial reporting as well as the Chairman's Statement on review of operations in the Annual Report. The Board is assisted by the Audit Committee to oversee the Group's financial reporting process and the quality of its financial reporting. This applies to price-sensitive public reports and reports to regulators.

### 4.4 Relationship with the Auditors

The Company works closely with the external auditors and maintained a transparent relationship with them in seeking professional advice and ensuring compliance with applicable approved accounting standards and statutory requirements.

The Internal Auditors are independent with unrestricted access to information and rendered full cooperation by all levels of management in order to carry out their functions effectively. The Company is aware that the Internal Audit function forms an integral part of an effective system of corporate governance. Thus the external auditors and internal auditors' impartiality, integrity and objectivity are greatly respected and being reciprocated by their professionalism in conducting audits of the Company.

## audit committee report

The Board of Directors of Fitters Holdings Berhad is pleased to present the Audit Committee's report for the financial year ended 31 December 2004.

## CONSTITUTION

The Audit Committee was formed in June 1994. The Terms of Reference of the Audit Committee is set out in pages 31 to 32.

## COMPOSITION, MEMBERS AND MEETING

The current Audit Committee comprises of three members of the Board of which two are Independent, Non-Executive Directors. The Chairman of the Committee is a member of one of the professional accounting body as stipulated in Part II of the 1<sup>st</sup> Schedule of the Accountants Act, 1967.

During the financial year under review, four Audit Committee meetings were held. The attendance of each Committee member is tabulated below:

Members		No. of Meetings Attended
Mr. Kong Sin Seng (Chairman)	Independent Non-Executive	4 / 4
Dato' Wong Swee Yee	Executive	4 / 4
En. Mohamad Jamil Bin Mohd Yusof	Independent Non-Executive	4 / 4

Members of the Senior Management team, the Internal Auditor and the External Auditors (Ernst & Young), whenever required, have been invited to attend the Audit Committee meetings.

## SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year, four meetings were convened to review and discuss the following:

- i. The external auditors' scope of work and audit plans for the year, prior to the commencement of the audit;
- ii. The results of the audit, the audit report and the management letter including management's responses to the external auditors report;
- iii. The Audited Financial Report of the Company for 2003 submitted by the external auditors.
- iv. The announcement of the unaudited financial results for all the quarters before recommending them for the Board's approval, upon being satisfied that the financial reporting standards and disclosure requirements by Bursa Malaysia Securities Berhad have been adhered to.
- v. Recurrent related party transactions entered into by the Group to ensure that they are conducted at arm's length and are on normal commercial terms consistent with the Group's usual business practices and policies and that such transactions are not detrimental to the interest of the minority shareholders.
- vi. The Internal Audit department's resource requirements, audit programme and plan for the financial year. In reviewing the Plan, the Audit Committee delved into the scope and coverage of the activities of the respective business unit of the Group and the basis of assessment and risk evaluation of the proposed areas of audit.

## audit committee report

- vii. The internal audit reports highlighted the risk issues, recommendations and management's response. The actions taken to improve the system of internal control based on improved opportunities identified in the internal audit reports with management were also discussed.
- viii. The Statement of Corporate Governance and Internal Control statement for disclosure in the Annual Report.

**SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION**

The primary function of Internal Audit Department is to assist the Audit Committee in discharging its duties and responsibilities. Its role is to undertake systematic and independent review of the following:

- i. The adequacy and integrity of the internal control system, in managing key risk areas, to provide reasonable assurance that the system continues to operate satisfactorily, effectively and in compliance with the Group's established policies.
- ii. Internal controls of each activity based on the risk profiles established under the risk management framework as identified by the respective head of operations.

For the financial year ended 31 December 2004, the Internal Audit Department produced twelve (12) audit reports, inclusive of follow-up audits, while two (2) audit assignments were in progress as at the financial year end. Audits were carried out on various operating units in the Group according to the Annual Audit Plan.

Internal audit reports incorporating audit recommendations and management responses with regards to audit findings relating to the weaknesses in the systems and controls of the respective operations audited were issued to the Audit Committee and the Management of the respective operations. Improved measures were recommended to strengthen the controls and follow-up audits are being carried out to assess the status of implementation of the agreed audit recommendations by Management.

**EMPLOYEE SHARE OPTION SCHEME ("ESOS")**

The scheme came into effect on 9 May 2001. Till date no options have been granted and exercised during the financial year 2004.

## director's responsibility statement

pursuant to paragraph 15.27(a) of the Bursa Malaysia Securities Berhad listing requirements

The Directors are required by the Companies Act, 1965, to prepare financial statements for each financial year which have been made out in accordance with the applicable Approved Accounting Standards which give a true and fair view of the state of affairs, the results and the cash flows of the Group and of the Company at the end of the financial year.

In preparing the financial statements, the Directors have:

- selected suitable accounting policies and applied them consistently;
- ensured that all applicable accounting standards have been followed and if there are any material departures, to disclose and explain in the financial statements;
- made judgements and estimates that are reasonable and prudent;
- prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time, the financial position of the Group and of the Company and are in compliance with the Companies Act, 1965. The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company and have taken reasonable steps for the prevention and detection of fraud and other irregularities.

## statement on internal control

pursuant to paragraph 15.27(b) of the Bursa Malaysia Securities Berhad listing requirements

### RESPONSIBILITY

The Board of Directors acknowledges its responsibility for maintaining sound internal control procedures to safeguard shareholders' investment and the Group's assets. This includes reviewing the strategic direction, financial, operational and compliance controls, and risk management policies and procedures. However, there are limitations that are inherent in any system of internal controls and that such systems are designed to manage and control risks appropriately rather than to eliminate them. Accordingly, it should be noted that these systems could only provide reasonable and not absolute assurance against material misstatement or loss.

The Group has put in place an ongoing risk management process for identifying, documenting, evaluating, monitoring and managing significant risks affecting the achievement of the Group's business objectives.

### GROUP RISK MANAGEMENT FRAMEWORK

Being an integral part of the Group's operations, management is entrusted with the responsibility for managing risks and internal controls associated with operations and ensuring compliance with the applicable laws and regulations. Management is responsible for creating a risk awareness culture and to build the necessary environment for effective risk management.

The Risk Management Committee closely monitors the risk management function and there are continuous plans to enhance the level of knowledge of risk management and understanding of risks affecting the Group among senior management and the Board.

### RISK ASSESSMENT AND REPORTING SYSTEM

Risk rating and corrective actions are reviewed on a regular basis by the risk owners to identify and evaluate any emerging new risks, update the risk profiles and follow-up with the implementation of the proposed action plans. Periodically, all risks that are rated as "high" and "significant" together with their corrective measures will be summarised and compiled by the Group Internal Auditor for review by the Risk Management Committee and subsequent presentation to the Board.

### KEY RISK CONTROL PROCESS

The Group has an extensive system of internal control that enables the management to ensure that established policies, guidelines and procedures are followed and complied with. Some key processes are as follows:

- **Organisation Structure** designed to clearly delineate authorisation levels and proper segregation of duties.
- **Board Delegated Committees.** The Executive Committee ("EXCO") reviews and recommends high-level policies for the Group as well as monitors and review performance of its business units. The Risk Management Committee ("RMC"), comprising the senior management of the Group, undertakes to oversee the Group's risk management process as guided by its Risk Management Framework.
- **Monthly Performance Review.** The monthly EXCO meetings report on the performance and profitability of each business unit through the review of key performance indicators, budgets and management reports.

## statement on internal control

pursuant to paragraph 15.27(b) of the Bursa Malaysia Securities Berhad listing requirements

- **Group Operating Procedures** that laid down the objectives, scope, policies and operating procedures to be complied by the business units, which are regularly reviewed and updated. Certain companies have ISO 9001:2000 accreditation for their operational processes.
- **Centralisation of Functions.** Key functions such as accounts, tax, treasury, procurement of materials and human resource are controlled centrally to ensure compliance to approved procedures.
- **Audits.** Periodic reviews by the Group Internal Auditor, providing independent assurance on the effectiveness of the Group's system of internal control and advising management on areas for further improvement.
- **Audit Committee ("AC").** AC meetings are held quarterly to deliberate findings and recommendations highlighted in the internal audit reports, review Group's quarterly financial statements and other issues that warrant AC's attentions.

The Board believes that the development of a sound system of internal controls is an ongoing process and continues to take appropriate action plans to improve the Group's system of internal control.

This Statement is made in accordance with the resolution tabled at the Board of Directors' Meeting dated 24 February 2005.

## board committees - terms of reference

## 1. AUDIT COMMITTEE

### OBJECTIVES

The primary objectives of the Audit Committee are:

- (a) to act as a committee of the Board; to assist in discharging the Board's responsibilities as they relate to the Company's management and internal controls, accounting policies and financial reporting;
- (b) to provide, by way of regular meetings, an additional line of communication between the Board and the auditors.

### MEMBERSHIP

Appointment to the Audit Committee shall be by the Directors from among their number. The Committee shall number not fewer than three and shall comprise a majority of Directors who are Independent Directors and free from any relationship which, in the opinion of the Board of Directors, would interfere with the exercise of independent judgement in carrying out the functions of an Audit Committee.

No alternate Director shall be appointed as a member of the Audit Committee.

At least one member of the Audit Committee:

- (i) must be a member of the Malaysian Institute of Accountants; or
- (ii) if he is not a member of the Malaysian Institute of Accountants he must have at least three years' working experience and:
  - (aa) he must have passed the examination specified in Part I of the 1<sup>st</sup> Schedule of the Accountants Act 1967; or
  - (bb) he must be a member of one of the associations of accountant specified in Part II of the 1<sup>st</sup> Schedule of the Accountants Act 1967.

### MEETINGS

Meetings shall be held not less than four times a year. The external auditors may request meetings if he considers that one is necessary to discuss matters which he believes should be brought to the attention of the Committee.

The external auditors shall appear before the Committee when required to do so. The external auditors shall have the right to appear and be heard at any meeting of the Committee.

The Company Secretaries shall be the Secretaries of the Committee.

In order to form a quorum in respect of a meeting of an Audit Committee, the majority of members present must be Independent Directors.

In the event of any vacancy in an Audit Committee resulting in the non-compliance of the membership composition of the Audit Committee, the Company must fill the vacancy within 3 months.

The term of office and performance of an Audit Committee and each of its members are subject to the Board of Directors' review at least once every 3 years to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

### AUTHORITY

The Committee is authorised by the Board to investigate any activity within the terms of reference. It is authorised to seek information it requires from employees and all employees are directed to co-operate with any request made by the Committee.

The Committee is authorised by the Board to obtain outside legal or independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary.

## board committees - terms of reference

### RESPONSIBILITIES

The Audit Committee shall have the following responsibilities:

- (a) to review with external auditors:
  - the audit plan,
  - their evaluation of the system of accounting controls,
  - the audit report on financial statements,
  - the assistance given by the Company's officers to the auditors;
- (b) to review the financial statement with management and the auditors prior to them being approved by the Board;
- (c) to review the effectiveness of management information and other systems of control within the Company;
- (d) to review procedures established by management for compliance with any regulatory or other external reporting requirements;
- (e) to review accounting policies adopted, any changes in accounting principles or practices, and the level of prudence applied in areas requiring judgement;
- (f) to review quarterly report, annual financial statements and press releases relating to financial matters of importance and to recommend to the Board on their release and adoption;
- (g) to confirm that management has placed no restriction on the scope of audit;
- (h) to recommend to the Board the appointment of external auditors and the audit fee thereof;
- (i) to perform such other functions as may be agreed to by the Audit Committee and the Board of Directors;
- (j) to review the internal audit programme, the processes and the reports and investigation undertaken and whether or not appropriate action is taken on the recommendations by the internal audit;
- (k) any related party transaction 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;
- (l) any letter of resignation from the external auditors of the Company;
- (m) whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for reappointment; and
- (n) to verify the allocation of options as being in compliance with the criteria pursuant to the ESOS, at the end of each financial year.

## 2. EXECUTIVE COMMITTEE ("EXCO")

### OBJECTIVES

To be the principal decision making body for day-to-day operational matters that cannot be dealt with by the respective operational heads due to the significance and/or magnitude of the issue or transaction involved.

- Act as a counter check and balance for major operational decisions that require an independent and more informative evaluation on a corporate level.
- To act as a sieve for evaluation and consultation panel to facilitate prompt and effective decision making by the Board of Directors.
- Enable more reactive and faster response to operational issues.
- Provide interim approvals based on authority levels sanction by the Board of Directors to facilitate effective smooth running of operational units.

### OFFICE-BEARERS

<b>Chairman</b>	Dato' Wong Swee Yee
<b>Members</b>	En. Zahedi Bin Haji Mohd Zain Mr. Fong Kum Kuan Mr. Ong Tong Ing
<b>Secretary</b>	Ms. Shin Yoke Fong

Ms. Kung Whooi Ning shall act as the Joint Secretary and will attend the EXCO Meeting in the absence of Ms. Shin Yoke Fong.

## board committees - terms of reference

### POWERS

Subject to the various regulatory requirements and Fitters' Discretionary Authority Policy:

- To approve transactions value not exceeding RM10,000,000.00 in the ordinary course of business operations.
- To evaluate and formulate result-oriented solutions and recommendations to the Board of Directors.
- To implement and execute any other ad-hoc directives or policies as may be sanctioned by the Board of Directors from time to time.

### RULES AND PROCEEDINGS

- Quorum for EXCO meeting shall be three. The quorum must include the EXCO member representing the operational division or subject matter being discussed.
- The Chairman of the EXCO shall chair all EXCO meetings at the designated date, time and place for the meeting.
- In the event that within ten minutes the Chairman is not available, the Vice-Chairman shall take the chair and conduct the EXCO meeting.
- All notices, agenda and relevant documents for EXCO meetings must be submitted and circulated by the Secretary to the EXCO at least seven working days prior to the date of the meeting.
- Emergency EXCO meeting at shorter notice may be conducted only with the consent of at least the majority of the EXCO members.
- Every EXCO member is entitled to cast one vote by way of a show of hands.
- In the event of a tie, the Chairman shall have a casting vote.
- The Chairman shall have the right to adjourn the meeting as he deems fit.
- The Secretary shall keep minutes of the proceedings of all EXCO meetings.
- Draft minutes of EXCO meetings are to be circulated to the EXCO members within four working days after each respective EXCO meeting. The Secretary shall be informed of any proposed amendments within three working days thereto.
- Updated draft minutes shall be presented at the next Exco meeting for adoption by the Chairman of the meeting.
- The minutes once adopted and signed by the Chairman of the meeting shall be deemed the official record of EXCO meetings.
- Copy of the approved EXCO minutes is to be extended to each member of the Board of Directors.

### 3. NOMINATION COMMITTEE

#### COMPOSITION

The Nomination Committee shall consist of not less than three members. All the members shall be non-executives Directors, the majority of whom are independent.

#### QUORUM

The quorum for each meeting shall be a majority of the present members.

#### CHAIRMAN

The members of the Nomination Committee shall elect a chairman from among their number.

#### MEETINGS

The meetings shall be held not less than once a year. A member may at any time and the secretary shall on the requisition of a Director summon a meeting of the Nomination Committee.

## board committees - terms of reference

Questions arising at any meeting of Nomination Committee shall be decided by a majority of votes and a determination by a majority of members shall for all purposes be deemed a determination of the Nomination Committee.

The Company Secretaries shall be the secretaries of the Nomination Committee.

### OBJECTIVES

The primary objectives of the Nomination Committee is to assist in discharging the Board's responsibilities:

- (a) assessing the existing Directors' ability to contribute to the effective decision making of the Board;
- (b) identifying, appointing and orientating new Directors;
- (c) identifying the mix skills and experience and other qualities the Board requires for it to function completely and efficiently.

### RESPONSIBILITIES

The Nomination Committee shall have the following responsibilities:

- (a) Recommend to the Board, candidates for all Directorships to be filled by the shareholders or the Board.
- (b) Consider in making its recommendations, candidates for Directorship proposed by the Managing Director and within the bounds of practicability, by any other senior executive or any Director or shareholder.
- (c) Recommend to the Board, Directors to fill seats on Board Committee.
- (d) Assess the effectiveness of the Board as a whole.
- (e) Assess the effectiveness of the committees of the Board.
- (f) Assess the contribution of each individual Director.
- (g) Review and recommend to the Board the required mix of skills and experience and other qualities the Board requires in order to function completely and efficiently.
- (h) Any other ad-hoc duties that may be required by the Board.

### AUTHORITY

- (a) The Committee is authorised by the Board to investigate any matter under its terms of reference, to obtain the resources which it needs, and to have full and unrestricted access to information.
- (b) The Committee is authorised by the Board to seek appropriate professional advice as and when necessary or engage consultants at the Company's expense to aid the Committee in the discharge of its duties.

## 4. REMUNERATION COMMITTEE

### COMPOSITION

The Remuneration Committee shall consist of not less than three members, comprising of one Executive Director and two non-executive Directors.

### QUORUM

The quorum for each meeting shall be a majority of the present members.

### CHAIRMAN

The members of the Remuneration Committee shall elect a chairman from among their number who shall be a non-executive Director.

## board committees - terms of reference

### MEETINGS

The meetings shall be held not less than two times a year. A member may at any time and the secretary shall on the requisition of a Director summon a meeting of the Remuneration Committee.

Questions arising at any meeting of Remuneration Committee shall be decided by a majority of votes and a determination by a majority of members shall for all purposes be deemed a determination of the Remuneration Committee.

The Director of Human Resources shall be the secretary of the Remuneration Committee.

### OBJECTIVES

- (a) To assist the Board in discharging its responsibilities in ensuring that the Company's and the Group's Executive Directors and the senior management team are fairly rewarded for their individual contributions to the Company's and the Group's overall performance and the levels of remuneration is sufficient to attract and retain the best Executive Directors and senior managers to run the Company and the Group successfully.
- (b) To recommend to the Board on the policies and framework for the Company and the Group in relation to staff remuneration, rewards and benefits.
- (c) To oversee and review the scope and quality of human resource projects/programmes of the Company and the Group.

### RESPONSIBILITIES

- (a) To recommend to the Board the remuneration of the Executive Directors and any other reward scheme to attract and retain the best Executive Directors needed to run the Company and the Group successfully.
- (b) To recommend to the Board the terms and employment of new Executive Directors.
- (c) To provide an objective and independent assessment of the benefits granted to Executive Directors, management and staff.
- (d) To conduct assessment of Executive Directors and to review the assessment of the senior management team to ensure that remuneration is directly related to performance.
- (e) To recommend to the Board the remuneration of the Chief Internal Auditor, Head of Risk Management and Compliance, any other special positions and members of the senior management team.
- (f) To ensure the establishment of a formal and transparent procedure for developing policies, strategies and framework for the remuneration of executive directors, management and staff.
- (g) To review the succession planning programme and leadership framework.
- (h) To review and assess the effectiveness of the Human Resource Division in supporting the organisation.
- (i) To furnish a report to the Board of any findings of the Committee.
- (j) To perform any other functions as defined by the Board.

### AUTHORITY

- (a) The Committee is authorised by the Board to investigate any matter under its terms of reference, to obtain the resources which it needs and to have full and unrestricted access to information.
- (b) The Committee is authorised by the Board to seek appropriate professional advice as and when necessary or engage consultants at the Company's expense to aid the Committee in the discharge of its duties.

## board committees - terms of reference

### 5. RISK MANAGEMENT COMMITTEE

#### OBJECTIVES

Assist the Board to carry out its responsibilities in relation to managing the Company's risk in a systematic and methodical manner. This includes risk assessment evaluation and the setting up a risk management framework for monitoring of risk on a regular basis.

#### DUTIES AND RESPONSIBILITIES

- Ensure that the risk policies and procedures of the Company are aligned to the business strategy and risk return directions of the Board.
- Ensure the Company is kept abreast of the current and changing risk profile of the Company through regular communications with management and staff.
- Act as a communication and guidance forum between the Board and the EXCO of the Company.
- Ensure, through the EXCO, that there is an adequate framework for the management of risk in the Company including policy development, organisational structure, resourcing, methodologies employed and reporting.
- Oversee the management of the total risk profile of the Company. This includes regular audit on adherence to policies and procedures set up by the Risk Management Committee.
- Provide a half yearly risk management report to the Board.

#### MEETINGS

Meetings are held half yearly or more frequently if required.

#### MEMBERSHIP

At least one independent non-executive director, members of the EXCO and Senior Management/Heads of Division.

The Secretary of the Committee is Mr. Lee Seng Kiang.

### 6. EMPLOYEE SHARE OPTION SCHEME ("ESOS") COMMITTEE

The ESOS Option Committee was established to administer and implement Fitters Holdings Berhad's ESOS in accordance with the approved by-laws, to determine participation, eligibility, option offers, share allocations and to attend to such other matter as may be required.

The members of the ESOS Option Committee are as follows:

<b>Chairman</b>	En. Zahedi Bin Haji Mohd Zain
<b>Members</b>	Dato' Wong Swee Yee Kong Sin Seng
<b>Secretary</b>	Ms. Kung Whooi Ning

## additional compliance information

**1. STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS DURING THE FINANCIAL YEAR 2004**

No proceeds were raised from any corporate proposals during the financial year 2004.

**2. SHARE BUY-BACK**

No share buy-back scheme was in place during the financial year 2004.

**3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES**

Fitters Holdings Berhad's Employees Share Option Scheme ("ESOS") came into effect on 9 May 2001. No options have been granted and exercised during the financial year 2004. The Company has not issued any warrants or convertible securities during the financial year.

**4. AMERICAN DEPOSITORY RECEIPT ("ADR")/GLOBAL DEPOSITORY RECEIPT ("GDR")**

During the financial year, the Company did not sponsor any ADR or GDR programme.

**5. SANCTIONS AND/OR PENALTIES IMPOSED ON THE COMPANY & ITS SUBSIDIARIES, DIRECTORS OR MANAGEMENT BY THE RELEVANT AUTHORITIES**

During the financial year, there were no sanctions or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant authorities.

**6. NON-AUDIT FEES**

During the financial year, there were no non-audit fees paid or payable to the external auditors of the Company.

**7. VARIATION IN RESULTS**

There were no variances of 10% or more between the results for the financial year 2004 and the unaudited results previously announced.

**8. PROFIT GUARANTEE**

There were no profit guarantees made or given in relation to the financial year 2004.

**9. MATERIAL CONTRACTS AWARDED TO DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

There were no material contracts entered into by the Company and its subsidiaries involving Directors and/or substantial shareholders during the financial year nor any whose interest still subsist at the end of the financial year, as at 31 December 2004.

## additional compliance information

## 10. ANALYSIS OF SHAREHOLDING

The following analysis of shareholding is as at 22 April 2005, a date not earlier than six weeks from the date of the notice of the Annual General Meeting.

(i) List of Substantial Shareholders as per the Register of Substantial Shareholders:

Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	(%)	No. Of Shares	(%)
Dato' Wong Swee Yee	15,170,552	36.60	-	-

(ii) Directors' Shareholdings:

(a) In the Company:

Name	Direct interest		Deemed interest	
	No. of shares	(%)	No. of shares	(%)
1 En. Mohammad Nizar Bin Idris	-	-	-	-
2 Dato' Wong Swee Yee	15,170,552	36.60	-	-
3 Tan Sri Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohamed Ali	-	-	37,500 *	0.09
4 Mr. Wong Cheek Lung	1,668	0.00	-	-
5 Mr. Kong Sin Seng	-	-	-	-
6 En. Mohamad Jamil Bin Mohd Yusof	-	-	-	-
7 En. Zahedi Bin Haji Mohd Zain	956	0.00	37,500 *	0.09
8 Mr. Wong Swee Seong	895,668	2.16	-	-

*Note \* Deemed interest by virtue of his/her substantial shareholdings in Sijas Holdings Sdn Bhd and Saleha & Anak - Anak Holdings Sdn Bhd.*

(iii) Distribution schedule of Ordinary shares of RM1.00:

No. of Holders	Holdings	Total Holdings	%
3	Less than 100 shares	175	0.00
96	100 to 1,000 shares	76,893	0.19
836	1,001 to 10,000 shares	2,338,514	5.64
78	10,001 to 100,000 shares	2,230,762	5.38
29	100,001 to less than 5% of issued shares	21,634,832	52.19
3	5% and above of issued shares	15,170,552	36.60
1,045		41,451,728	100.00

(iv) There is only one class of equity securities which is ordinary shares of RM1.00 each with voting rights of one vote per ordinary share. The total number of shareholders are 1,045.

## additional compliance information

## (v) List of Thirty (30) Largest Securities Account Holders:

	Name	No. Of Shares	%
1	Wong Swee Yee	9,365,852	22.59
2	AllianceGroup Nominees (Tempatan) Sdn Bhd <i>pledged securities account for Wong Swee Yee</i>	3,000,000	7.24
3	HDM Nominees (Tempatan) Sdn Bhd <i>pledged securities account for Wong Swee Yee</i>	2,804,700	6.77
4	Leong Hoy Kum	2,070,299	4.99
5	Tee Tiam Lee	2,063,300	4.98
6	Yap Ai Nee	2,066,500	4.99
7	Kong Hon Kong	1,996,300	4.82
8	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (Malaysia) Trustee Berhad for Amanah Saham Sarawak</i>	1,794,000	4.33
9	Kong Sum Mooi	1,261,800	3.04
10	Chong Yueh Sin @ Chong Kok Poh	1,204,000	2.90
11	Alliance Group Nominees (Tempatan) Sdn Bhd <i>Pheim Asset Management Sdn Bhd for Employees Provident Fund</i>	1,049,600	2.53
12	AMSEC Nominees (Tempatan) Sdn Bhd <i>pledged securities account for Beh Hang Kong</i>	943,700	2.28
13	Wong Swee Seong	895,668	2.16
14	Cheong Yik Lok	800,000	1.93
15	Tee Poh Lian	698,000	1.68
16	Lim Keong Huat	618,682	1.49
17	Citicorp Nominees (Tempatan) Sdn Bhd <i>pledged securities account for Beh Hang Kong</i>	575,000	1.39
18	Leong Lai Shen	572,000	1.38
19	AMMB Nomines (Tempatan) Sdn Bhd <i>Assar Asset Management Sdn Bhd for Lembaga Kumpulan Wang Kawasan Konsesi Hutan</i>	549,000	1.32

## additional compliance information

Name	No. Of Shares	%
20 Mayban Nominees (Tempatan) Sdn Bhd <i>pledged securities account for Beh Hang Kong</i>	405,900	0.98
21 Yon Yu Hon @ Hon Yew Hon	378,300	0.91
22 KAF Nominees (Tempatan) Sdn Bhd <i>pledged securities account for Lai Lan @ Low Lai Lan</i>	354,500	0.86
23 Citicorp Nominees (Tempatan) Sdn Bhd <i>pledged securities account for Ong Aun Kung</i>	300,000	0.72
24 AMMB Nomines (Tempatan) Sdn Bhd <i>Assar Asset Management Sdn Bhd for Sarawak Timber Industry Development Corporation</i>	277,500	0.67
25 TA Nominees (Tempatan) Sdn Bhd <i>pledged securities account for Yon Yu Hon @ Hon Yew Hon</i>	235,800	0.57
26 DB (Malaysia) Nominees (Asing) Sdn Bhd <i>Deutsche Bank AG Singapore PBD for SEA Crest Foundation</i>	150,000	0.36
27 Low Han Kee	145,800	0.35
28 Goh Hool Yin	135,000	0.33
29 Alliance Group Nominees (Tempatan) Sdn Bhd <i>Pheim Asset Management Sdn Bhd for Magnum Corporation Berhad</i>	110,800	0.27
30 Cheah Hong Ming	101,000	0.24
<b>Total</b>	<b>36,923,001</b>	<b>89.07</b>

## 11. REVALUATION POLICY

Safe as disclosed in Note 3 (a) of the Notes to the Financial Statements on page 69, the Company does not have any other revaluation policy on landed properties.

## additional compliance information

## 12. LIST OF PROPERTIES AS AT 31 DECEMBER 2004

	Description	Address	Net Book Value RM	Tenure	Date of last valuation/ acquisition	Existing Use	Age Of Building (Year)
1	Factory office 11,887.64 m <sup>2</sup>	Lot 2221 Kg. Jaya Industrial Area 47000 Sungai Buluh Selangor Darul Ehsan	6,395,443	Freehold	11-4-1990	Office, Warehouse and factory	8
2	3 storey Office 1,779.20 m <sup>2</sup>	No. 1 Jalan Tembaga SD 5/2 Bandar Sri Damansara 52200 Kuala Lumpur	2,683,120	Freehold	21-8-1991	Tenanted	11
3	2 Storey shop house 143.07 m <sup>2</sup>	12 Jalan Sagu 5 Taman Daya 81100 Johor Bahru Johor Darul Takzim	211,160	Freehold	5-4-1993	Office	11
4	3 Storey Shop house 143.07 m <sup>2</sup>	66 Lintang Angsana Bandar Baru Ayer Itam 11500 Pulau Pinang	442,286	Leasehold Expire on 2093	24-2-1995	Office	10
5	2 Storey Shop office 130.0 m <sup>2</sup>	13 Jalan Dato' Haji Megat Khas Taman Bandaraya Utama 31400 Ipoh Perak Darul Ridzuan	247,007	Leasehold Expire on 2093	10-4-1996	Office	10
6	Office Suite 80.64 m <sup>2</sup>	No.568-8-43 Kompleks Mutiara Jalan Ipoh 51200 Kuala Lumpur	203,980	Freehold	17-11-1997	Vacant	5
7	Apartment 70.14 m <sup>2</sup>	D-4-21 Block Rapis Pangsapuri Las Palmas Jalan Desa Ria Bandar Country Homes 48000 Rawang Selangor Darul Ehsan	72,585	Freehold	10-12-1999	Vacant	5
8	Shop Office 73.02 m <sup>2</sup>	8-2A Jalan Desa 9/3 Bandar Country Homes 48000 Rawang Selangor Darul Ehsan	62,704	Freehold	10-12-1999	Vacant	5
9	1 storey terrace house 121.0 m <sup>2</sup>	No. 162 Lorong Aneka Taman Aneka 71250 Pasir Panjang Port Dickson	81,574	Freehold	6-10-2000	Vacant	2

## additional compliance information

Description	Address	Net Book Value RM	Tenure	Date of last valuation/ acquisition	Existing Use	Age Of Building (Year)
10 2 storey town house 149.8 m <sup>2</sup>	A21, Block 4 BParcel 2515-C HS(M) 805 PT No. 2515, Mukim Dengkil, Precinct 16 Putrajaya	346,550	Freehold	20-4-2001	Vacant	1
11 Office 172.8 m <sup>2</sup>	32-03(BK) 3 <sup>rd</sup> Floor Taman Juara Jaya Merchant Square, Cheras Selangor Darul Ehsan	198,720	Freehold	21-12-2001	Vacant	3
12 Office 163.4 m <sup>2</sup>	32-03(FR) 3 <sup>RD</sup> Floor Taman Juara Jaya Merchant Square, Cheras Selangor Darul Ehsan	192,960	Freehold	21-12-2001	Vacant	3
13 Office 336.22 m <sup>2</sup>	32-01, Block 3 Taman Juara Jaya Merchant Square, Cheras Selangor Darul Ehsan	425,000	Freehold	29-01-2004	Vacant	1
14 Apartment 185.81m <sup>2</sup>	D-18-6 East Lake Residence PT No. 9957, Lot 64411, Mukim Pekan Serdang, Daerah Petaling Selangor	91,300	Leasehold Expire on 15-5-2100	26-03-2004	Under construction	-
15 Land 75,837m <sup>2</sup>	HS(D) 3108, PT 10573 Mukim Bukit Payung, District of Marang, Terengganu	1,873,907	Freehold	31-05-2004	Land for mixed development	-

## additional compliance information

## 13. RECURRING RELATED PARTIES TRANSACTIONS OF A REVENUE OR TRADING NATURE CONDUCTED PURSUANT TO THE SHAREHOLDERS'S MANDATE DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2004

Pursuant to Practice Note 12/2000 issued by the Bursa Malaysia Securities Berhad, the aggregate value of recurrent related party transactions made during the financial year in respect of the Shareholders' Mandate which was obtained on 28 June 2004, are set out below:

Nature of Transactions/Fitters and its subsidiaries	Mandated Related Party	From previous AGM to this AGM			
		Estimated value (8)		Aggregate value (9)	
		RM'000	RM'000	RM'000	RM'000
<b>Subcontract works (1)</b>		<b>Subcontract From</b>	<b>Subcontract To</b>	<b>Subcontract From</b>	<b>Subcontract To</b>
FE Group,	Pipefab	-	2,000	-	121
FBS Group,	FMPS	40,000	-	21,799	-
FSB Group	KAE	3,000	-	186	-
	Mechvac	-	2,000	-	-
	Wai Soon Engineering	-	8,000	-	1,373
<b>Sales and Purchases of goods and services (2)</b>		<b>Sell to</b>	<b>Purchase From</b>	<b>Sell to</b>	<b>Purchase From</b>
Fitters, FE Group, FBS Group, FSB Group,	FFT	-	7,000	-	2,331
ASB,	FMPS	1,500	-	537	-
FMKT,	Pipefab	500	-	-	-
MPS, FSPL	Fsabah	2,000	-	294	-
	Mechvac	-	1,000	-	-
	KAE (5)	35,000	5,000	3,744	-
	Wai Soon Engineering	50	-	4	-
	Titan	2,500	-	26	-
<b>Consultancy services (3)</b>		<b>Receivable</b>	<b>Payable</b>	<b>Receivable</b>	<b>Payable</b>
MFS	Eraspand	-	50	-	-
<b>Royalty (4)</b>		<b>Receivable</b>	<b>Payable</b>	<b>Receivable</b>	<b>Payable</b>
FFT	AA (Asia)	-	500	-	111
<b>Rental of office and warehouse (6)</b>		<b>Rent To</b>	<b>Rent From</b>	<b>Rent To</b>	<b>Rent From</b>
MPY	FFT	80	-	45	-
DPTS	Wai Soon Engineering	100	-	60	-

## additional compliance information

Nature of Transactions/ Fitters and its subsidiaries	Mandated Related Party	From previous AGM to this AGM			
		Estimated value (8)		Aggregate value (9)	
		RM'000	RM'000	RM'000	RM'000
Provision of management support such as administration, information technology, human resources and training (7)		<u>Provided To</u>	<u>Provided From</u>	<u>Provided To</u>	<u>Provided From</u>
FHB, FDC	FFT	80	-	45	-
	FMPS	30	200	-	72
	KAE	10	-	-	-
Total Estimated value		84,850	25,750	26,740	4,008

**Notes:**

(1) Portions of certain contracts secured are subcontracted due to certain product expertise unique to that particular company inclusive of manpower and miscellaneous items which are used in the installation of fire fighting protection and prevention equipment and systems and in the manufacture of fire rated doors by the Related Party. In turn, in respect of the Fitters Group's expertise and project management in fire fighting, protection and prevention equipment and systems, contracts secured by the Related Party are subcontracted to the Fitters Group in their ordinary course of business. Transaction prices are determined based on market rates, which are not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders.

(2) Sales of finished goods of certain fire safety and protection equipment, fire rated doors and maintenance services are to meet the needs of the customers at various geographical locations.

In addition, centralised purchasing for raw materials and parts or components of certain fire safety and protection equipment required in their normal course of business to optimise efficiency and to derive pricing economies.

Transaction prices for sales and purchases are determined based on cost plus taking into consideration the nature, complexity and urgency required and it is not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders.

(3) Consultancy services for technical expertise and design in the manufacturing of specialty floor panels.

(4) Royalty payment to AA (Asia) pursuant to a Royalty Agreement dated 12 January 2004 for the provision of technical knowledge for manufacturing of certain fire fighting equipment. The Royalty Agreement commenced on 31 August 2001 for 10 years and will expire on 30 August 2011.

(5) KAE is Fitters Group's trading partner. Due to economies of scale and practicality, certain variety of equipment, materials and components were being carried by each thus resulting in synergistic trade for the Fitters Group without undue burden of overstocking.

(6) The office and warehouse rented is located at Bangunan Fitters, which is registered under MPYD. A total of 4,500 square feet of warehouse space is rented out to FFT. The current rental rate per month ranges from RM0.53 per square foot for warehouse to RM1.30 per square foot for office per month, which are subject to periodic review. The tenancies are for a period of three years commencing from 31 December 2002.

## additional compliance information

PTS sublet a portion of the warehouse, an area measuring approximately 9,450 square feet to Wai Soon Engineering at a rate of RM5,000 per month.

The rental rates are determined after taking into consideration the prevailing market rate, tenure, space and support services, which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders.

- (7) The training provided is mainly in respect of product knowledge, upgrade of technical aspects of the product and computer training. Transaction prices are generally determined based on cost plus taking into consideration the nature, complexity of the required training and it is not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders.
- (8) The estimated transaction values are based on prevailing rates/prices obtained from the Related Party which are at reasonable market-competitive prices based on the normal level of transactions entered into by the Fitters Group. The estimated amounts are further based on the assumptions that the current levels of operations will continue and all external conditions remain constant. Due to the nature of the transactions, the actual value of transactions may vary from the estimated value disclosed above. Disclosures will be made in the 2004 Annual Report of the Company on the actual aggregate value of transactions contemplated pursuant to the Proposed Shareholders' Mandate.
- (9) Aggregate value of sales/(purchases) are made up to 30 April 2005, being the latest practical date.
- (10) Abbreviations used above

AA (Asia)	Australian Aerosols (Asia) Pty Ltd
ASB	Armatrade Sdn Bhd
Eraspand	Eraspand Sdn Bhd
FBS	Fitters Building Services Sdn Bhd
FDC	Fitters dotCom Sdn Bhd
FE	Fitters Engineering Services Sdn Bhd
FFT	Fitters Fire Technology Sdn Bhd
FHB	Fitters Holdings Berhad
FMKT	Fitters Marketing Sdn Bhd
FMPS	Fitters-MPS Sdn Bhd
Fsabah	Fitters (Sabah) Sdn Bhd
FSB	Fitters Sdn Bhd
FSPL	Fitters (S) Pte Ltd
KAE	Kawalan Api Engineering Sdn Bhd
Mechvac	Mechvac Engineering Sdn Bhd
MFS	Modular Floor Systems (M) Sdn Bhd
MPS	Master Pyroserve Sdn Bhd
MPYD	Master Pyrodor Sdn Bhd
Pipefab	Pipefabricators Sdn Bhd
Wai Soon	Wai Soon Engineering Sdn Bhd

The above recurrent related party transactions of a revenue or trading in nature were undertaken on terms not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders.

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## DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2004.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and the business of trading of fire safety materials, equipment and fire prevention system. The principal activities of the subsidiaries are detailed in Note 5 to the financial statements.

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

## RESULTS

	Group RM	Company RM
Profit after taxation	7,125,143	70,514
Minority interests	(85,312)	-
<b>Profit for the year</b>	<b>7,039,831</b>	<b>70,514</b>

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

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

## DIVIDENDS

On 2 August 2004, the Company paid a final dividend of 4% less tax at 28%, in respect of the financial year ended 31 December 2003, amounting to RM1,193,810.

At the forthcoming Annual General Meeting, a first and final dividend in respect of the current financial year, of 4% less 28% taxation on 41,451,728 ordinary shares, amounting to an estimated dividend of RM1,193,810 (2.88 sen net of taxation per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the next financial year ending 31 December 2005.

## directors' report (cont'd)

**DIRECTORS**

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

En Mohammad Nizar bin Idris	Chairman
YBhg Dato' Wong Swee Yee	Managing Director
YBhg Tan Sri Datuk Paduka Dr Hajjah Saleha binti Haji Mohamed Ali	Non-Independent and Non-Executive Director
Mr Wong Cheek Lung	Non-Independent and Non-Executive Director
En Mohamad Jamil bin Mohd Yusof	Independent Non-Executive Director
Mr Kong Sin Seng	Independent Non-Executive Director
En Zahedi bin Haji Mohd Zain (Alternate Director to Tan Sri Datuk Paduka Dr Hajjah Saleha binti Haji Mohamed Ali)	
Mr Wong Swee Seong (Alternate Director to Wong Cheek Lung)	

**DIRECTORS' BENEFITS**

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 26 to the financial statements or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest, except as disclosed in Note 31 to the financial statements.

**DIRECTORS' INTERESTS**

According to the register of directors' shareholdings, the interest of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of Ordinary Shares of RM1 Each			
	1 January 2004	Bought	Sold	31 December 2004
<b>Company</b>				
<b>Direct interest</b>				
Wong Cheek Lung	1,668	-	-	1,668
Dato' Wong Swee Yee	14,865,852	304,700	-	15,170,552
Zahedi bin Haji Mohd Zain	956	-	-	956
Wong Swee Seong	895,668	-	-	895,668
<b>Indirect interest</b>				
Tan Sri Datuk Paduka Dr Hajjah Saleha binti Haji Mohamed Ali	37,500	-	-	37,500
Zahedi bin Haji Mohd Zain	37,500	-	-	37,500

## directors' report (cont'd)

## DIRECTORS' BENEFITS (CONT'D)

	Number of Ordinary Shares of RM1 Each			31 December 2004
	1 January 2004	Bought	Sold	
<b>Subsidiary</b>				
<b>Direct interest</b>				
- Fitters-MPS Sdn Bhd				
Zahedi bin Haji Mohd Zain	300,000	-	300,000	-

By virtue of his interest in shares in the Company, Dato' Wong Swee Yee is also deemed interested in shares in all of the Company's subsidiaries to the extent the Company has an interest.

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

## EMPLOYEE SHARE OPTION SCHEME

The Company's Employee Share Option Scheme ("ESOS") for eligible full time employees and executive directors of the Company and its subsidiaries was approved by shareholders at an Extraordinary General Meeting held on 27 November 2000 and the Securities Commission approved the Company's ESOS allocation list on 4 May 2001 and come into effect on 9 May 2001.

The ESOS has yet to be implemented.

## OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

## directors' report (cont'd)

### OTHER STATUTORY INFORMATION (CONT'D)

- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

### SIGNIFICANT EVENTS

During the financial year:

- (a) a subsidiary acquired a parcel of freehold land located at Mukim of Bukit Payung, District of Marang, Terengganu Darul Iman, for a consideration of RM1,873,907, which was paid in cash. The acquisition was completed during the financial year.
- (b) a subsidiary entered into a Sale and Purchase Agreement to acquire a parcel of freehold land for a cash consideration of RM30 million. The land which measures approximately 502 acres, is held under Geran No.5668, Lot 451, Mukim of Ulu Telom, District of Cameron Highlands, Pahang Darul Makmur. The acquisition has not been completed as at the end of the financial year.

### EVENT SUBSEQUENT TO BALANCE SHEET DATE

On 12 January 2004, the Company announced a special issue of 3,401,000 new ordinary shares of RM1 each ("Special Issue Shares") to Bumiputera investors ("Proposed Special Issue"). The Special Issue Shares shall, upon allotment and issue, rank pari passu in all respects with the existing shares of the Company except that they will not be entitled to any dividend that may be declared in respect of financial year ended 31 December 2003 as well as to any rights, allotments and/or any other distributions the entitlement of which is prior to the allotment of the Special Issue Shares.

The Proposed Special Issue is to comply with the Bumiputera equity condition imposed by the Foreign Investment Committee ("FIC") vide its letter dated 17 January 2000 (the "Condition") by 31 December 2000. In this respect, the FIC, vide its letter dated 17 February 2005, has granted an extension of time up to 31 December 2005 for the Company to comply with the Condition.

**AUDITORS**

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

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

**YBHG DATO' WONG SWEE YEE**

**ZAHEDI BIN HAJI MOHD ZAIN**

Kuala Lumpur, Malaysia

18 April 2005

## statement by directors

pursuant to section 169(15) of the companies act, 1965

We, **DATO' WONG SWEE YEE** and **ZAHEDI BIN HAJI MOHD ZAIN**, being two of the directors of **FITTERS HOLDINGS BERHAD**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 54 to 95 are drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2004 and of the results and the cash flows of the Group and of the Company for the financial year then ended.

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

YBHG DATO' WONG SWEE YEE

ZAHEDI BIN HAJI MOHD ZAIN

Kuala Lumpur, Malaysia

18 April 2005

## statutory declaration

pursuant to section 169(16) of the companies act, 1965

I, **CHONG WEI WEI**, being the Officer primarily responsible for the financial management of **FITTERS HOLDINGS BERHAD**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 54 to 95 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed  
**CHONG WEI WEI** at Kuala Lumpur in the Federal Territory  
on 18 April 2005

**CHONG WEI WEI**

Before me,

## report of the auditors

to the members of Fitters Holdings Berhad (Incorporated in Malaysia)

We have audited the financial statements set out on pages 54 to 95. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of:
  - (i) the financial position of the Group and of the Company as at 31 December 2004 and of the results and the cash flows of the Group and of the Company for the year then ended; and
  - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 5 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

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

**Ernst & Young**  
AF: 0039  
Chartered Accountants

**See Huey Beng**  
No. 1495/03/07 (J)  
Partner

**Kuala Lumpur, Malaysia**

**18 April 2005**

## balance sheets

as at 31 December 2004

	Note	Group		Company	
		2004 RM	2003 RM	2004 RM	2003 RM
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	3	14,959,841	16,654,746	2,885,180	2,950,545
Investment properties	4	1,367,210	-	-	-
Investments in subsidiaries	5	-	-	31,223,896	31,446,898
Other investments	6	4,166,923	1,870,992	2,500,000	-
Land held for property development	7	2,003,556	171,799	-	-
Goodwill on consolidation	8	14,995,741	14,995,741	-	-
		37,493,271	33,693,278	36,609,076	34,397,443
<b>CURRENT ASSETS</b>					
Inventories	9	11,660,831	10,107,190	-	-
Due from customers on contracts	10	11,273,066	15,249,421	-	-
Trade receivables	11	36,255,210	33,008,948	1,459,559	-
Other receivables	12	24,654,095	2,044,781	1,497,710	748,975
Tax recoverable		1,831,861	2,218,682	1,282,004	1,290,241
Due from subsidiaries	13	-	-	34,862,097	15,821,996
Deposits with licensed banks	14	143,043	212,105	-	-
Cash and bank balances		3,425,836	2,603,406	7,334	3,501
		89,243,942	65,444,533	39,108,704	17,864,713
<b>CURRENT LIABILITIES</b>					
Due to customers on contracts	9	1,469,570	1,134,386	-	-
Trade payables	15	13,041,631	11,239,430	912,180	364,500
Other payables	16	4,365,802	6,863,759	527,135	452,264
Due to subsidiaries	13	-	-	1,131,277	1,267,430
Hire purchase and finance lease payables	17	286,341	277,976	-	-
Bank borrowings	18	13,592,878	15,761,892	132,580	1,040,058
Provision for taxation		396,306	693,365	-	-
		33,152,528	35,970,808	2,703,172	3,124,252
<b>NET CURRENT ASSETS</b>					
		56,091,414	29,473,725	36,405,532	14,740,461
		93,584,685	63,167,003	73,014,608	49,137,904

## balance sheets (cont'd)

as at 31 December 2004

	Note	Group		Company	
		2004 RM	2003 RM	2004 RM	2003 RM
<b>FINANCED BY:</b>					
<b>SHARE CAPITAL AND RESERVES</b>					
Share capital	19	41,451,728	41,451,728	41,451,728	41,451,728
Reserves	20	24,296,336	18,410,643	6,363,316	7,486,612
Shareholders' equity		65,748,064	59,862,371	47,815,044	48,938,340
Minority interests		1,557,254	1,471,942	-	-
		67,305,318	61,334,313	47,815,044	48,938,340
<b>NON-CURRENT LIABILITIES</b>					
Hire purchase and finance lease payables	17	518,047	821,698	-	-
Bank borrowings	18	25,196,512	541,594	25,000,000	-
Deferred taxation	21	564,808	469,398	199,564	199,564
Non-current liabilities		26,279,367	1,832,690	25,199,564	199,564
		93,584,685	63,167,003	73,014,608	49,137,904

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

## income statements

for the year ended 31 December 2004

	Note	Group		Company	
		2004 RM	2003 RM	2004 RM	2003 RM
Revenue	22	85,527,841	115,462,602	2,585,584	7,012,940
Cost of sales	23	(58,438,131)	(86,539,016)	(912,180)	(3,737,983)
Gross profit		27,089,710	28,923,586	1,673,404	3,274,957
Other operating income	24	1,631,620	984,644	1,073,849	1,484,850
Distribution expenses		(2,789,314)	(2,766,253)	(74,953)	(127,253)
Administrative expenses		(15,359,685)	(17,841,675)	(1,859,417)	(1,828,029)
Other operating expenses		-	(202,839)	-	-
Loss on disposal of discontinuing operations		-	(134,832)	-	(111,081)
Profit from operations	25	10,572,331	8,962,631	812,883	2,693,444
Finance costs	27	(1,232,165)	(1,181,090)	(459,158)	(348,678)
Profit before taxation		9,340,166	7,781,541	353,725	2,344,766
Taxation	28	(2,215,023)	(1,437,702)	(283,211)	(263,317)
Profit after taxation		7,125,143	6,343,839	70,514	2,081,449
Minority interests		(85,312)	(44,614)	-	-
Profit for the year		7,039,831	6,299,225	70,514	2,081,449
Earnings per share	29	16.98 sen	15.90 sen		
Dividends per share	30	2.88 sen	2.88 sen	2.88 sen	2.88 sen

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

## statements of changes in equity

for the year ended 31 December 2004

	Note	Non-distributable				Distributable		Total RM
		Share capital RM	Share premium RM	Capital reserve RM	Revaluation reserve RM	Exchange reserve RM	Retained profits RM	
<b>Group</b>								
<b>At 1 January 2003</b>		37,683,728	3,206,022	1,360,010	774,022	65,828	7,362,424	50,452,034
Issue of share capital	19	3,768,000	-	-	-	-	-	3,768,000
Foreign exchange translation differences		-	-	-	-	6,322	-	6,322
Profit for the year		-	-	-	-	-	6,299,225	6,299,225
Dividends		-	-	-	-	-	(542,646)	(542,646)
Adjustment for deferred tax	21	-	-	-	(120,564)	-	-	(120,564)
<b>At 31 December 2003</b>		41,451,728	3,206,022	1,360,010	653,458	72,150	13,119,003	59,862,371
Foreign exchange translation differences		-	-	-	-	39,672	-	39,672
Profit for the year		-	-	-	-	-	7,039,831	7,039,831
Dividends	30	-	-	-	-	-	(1,193,810)	(1,193,810)
<b>At 31 December 2004</b>		41,451,728	3,206,022	1,360,010	653,458	111,822	18,965,024	65,748,064
<b>Company</b>								
<b>At 1 January 2003</b>			37,683,728	3,206,022		653,743	2,208,608	43,752,101
Issue of share capital	19	3,768,000	-	-	-	-	-	3,768,000
Profit for the year			-	-	-	-	2,081,449	2,081,449
Dividends			-	-	-	-	(542,646)	(542,646)
Adjustment for deferred tax	21		-	-	(120,564)	-	-	(120,564)
<b>At 31 December 2003</b>			41,451,728	3,206,022		533,179	3,747,411	48,938,340
Profit for the year			-	-	-	-	70,514	70,514
Dividends	30		-	-	-	-	(1,193,810)	(1,193,810)
<b>At 31 December 2004</b>			41,451,728	3,206,022		533,179	2,624,115	47,815,044

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

## cash flow statements

for the year ended 31 December 2004

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation	9,340,166	7,781,541	353,725	2,344,766
Adjustments for:				
Depreciation of property, plant and equipment	1,204,857	1,515,259	120,479	150,255
Bad debts written off	4,664	509,510	-	-
Net gain on foreign exchange	(185,198)	(128,074)	-	(4,813)
Interest expense	1,232,165	1,181,090	459,158	348,678
Interest income	(266,233)	(137,221)	(105,449)	(2,893)
Dividend income	(2,007)	-	(1,126,025)	(643,000)
Property, plant and equipment written off	143	6,113	-	-
Gain on disposal of property, plant and equipment	(10,133)	(42,534)	(3,803)	-
Gain on disposal of quoted shares	(194,158)	-	-	-
Loss on disposal of a subsidiary	-	134,832	-	111,081
Provision for impairment in value of investments	-	58,610	223,002	-
Provision for doubtful debts	335,665	737,509	-	-
Write back of provision for doubtful debts	(380,736)	(534,670)	-	-
Impairment of property development expenditure	149,050	-	-	-
Operating profit/(loss) before working capital changes	11,228,245	11,081,965	(78,913)	2,304,074
Changes in working capital:				
Inventories	(1,553,641)	493,761	-	-
Due from/(to) customers on contracts	4,311,539	(1,863,340)	-	-
Receivables	(25,777,551)	(5,437,480)	(2,208,294)	(645,011)
Payables	(695,756)	653,044	622,551	458,569
Subsidiaries	-	-	(18,050,229)	871,149
Net cash (used in)/generated from operations	(12,487,164)	4,927,950	(19,714,885)	2,988,781
Interest paid	(1,515,119)	(1,181,090)	(459,158)	(348,678)
Income tax paid	(2,029,851)	(1,298,215)	(274,974)	(180,040)
Net cash (used in)/generated from operating activities	(16,032,134)	2,448,645	(20,449,017)	2,460,063
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment	(503,996)	(714,760)	(56,360)	(7,138)
Proceeds from disposals of:				
- property, plant and equipment	62,011	367,641	5,049	-
- quoted shares	398,227	278,557	-	-
Net proceeds from disposal of a subsidiary	-	2,460,995	-	1,530,000
Investment in unquoted bonds	(2,500,000)	-	(2,500,000)	-
Purchase of land and related development expenditure	(1,935,788)	-	-	-
Interest received	266,233	137,221	105,449	2,893
Dividend received	2,007	-	-	-
Net cash (used in)/generated from investing activities	(4,211,306)	2,529,654	(2,445,862)	1,525,755

## cash flow statements (cont'd)

for the year ended 31 December 2004

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Payments of hire purchase obligations	(295,286)	(531,964)	-	-
Drawdown of term loans	25,000,000	1,489,090	25,000,000	-
Repayment of term loans	(672,409)	(437,788)	-	-
Proceeds from share issue	-	3,768,000	-	3,768,000
Revolving credits, trust receipts and bankers' acceptances	(429,519)	(7,360,507)	-	(6,049,910)
Dividends paid	(1,193,810)	(542,646)	(1,193,810)	(542,646)
Net cash generated from/(used in) financing activities	22,408,976	(3,615,815)	23,806,190	(2,824,556)
Net increase in cash and cash equivalents	2,165,536	1,362,484	911,311	1,161,262
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>	(3,428,335)	(4,790,819)	(1,036,557)	(2,197,819)
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>	(1,262,799)	(3,428,335)	(125,246)	(1,036,557)
Cash and cash equivalents comprise the following:				
Deposits with licensed banks	143,043	212,105	-	-
Cash and bank balances	3,425,836	2,603,406	7,334	3,501
Bank overdrafts	(4,831,678)	(6,243,846)	(132,580)	(1,040,058)
	(1,262,799)	(3,428,335)	(125,246)	(1,036,557)
Acquisition of property, plant and equipment were by means of:				
Cash purchases	503,996	714,760	56,360	7,138
Finance lease arrangements	-	500,000	-	-
	503,996	1,214,760	56,360	7,138

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

## notes to the financial statements

31 December 2004

**1. CORPORATE INFORMATION**

The principal activities of the Company are that of investment holding and the business of trading of fire safety materials, equipment and fire prevention system. The principal activities of the subsidiaries are detailed in Note 5 to the financial statements.

The Company is a public limited company, incorporated and domiciled in Malaysia, and is listed on the Second Board of the Bursa Malaysia Securities Berhad ("Bursa Securities"). The registered office and the principal place of business of the Company is located at:

Bangunan Fitters  
Lot 2221, Kampung Jaya Industrial Area  
47000 Sungai Buloh  
Selangor Darul Ehsan

The Group and the Company have 248 (2003: 232) and 16 (2003: 18) employees respectively at the end of financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 18 April 2005.

**2. SIGNIFICANT ACCOUNTING POLICIES****(a) Basis of preparation**

The financial statements of the Group and of the Company have been prepared under the historical cost convention except for the revaluation of certain land and buildings included under property, plant and equipment.

These financial statements comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia.

**(b) Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of the subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation.

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences.

## notes to the financial statements (cont'd)

for the year ended 31 December 2004

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(b) Basis of consolidation (cont'd)**

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree.

**(c) Goodwill**

Goodwill, which is stated at cost less impairment losses, represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition.

**(d) Investments in subsidiaries**

The Company's investments in subsidiaries are stated at cost less impairment losses.

On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is recognised in the income statement.

**(e) Property, plant and equipment and depreciation**

Property, plant and equipment are stated at cost, modified to include revaluation of certain land and buildings, less accumulated depreciation and impairment losses.

Certain land and buildings of the Company have not been revalued since they were first revalued in 1994. The Directors have not adopted a policy of regular revaluations of such assets. As permitted under the transitional provisions of MASB 15: Property, plant and equipment, these assets continue to be stated at their 1994 valuation less accumulated depreciation and impairment losses.

Freehold land and asset in the course of construction are not depreciated. Depreciation on asset in the course of construction commences when the asset is ready for its intended use. Leasehold land is depreciated over the period of the respective leases which range from 50 to 99 years. Depreciation of other property, plant and equipment is provided for on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates:

Plant and machinery	20%
Motor vehicles	20%
Tools and office equipment	10% - 33 1/3%
Furniture and fittings	10%
Renovations	10%

Upon the disposal of an asset, the difference between the net disposal proceeds and the carrying amount of the assets is recognised in the income statement and the unutilised portion of the revaluation surplus on that item is taken directly to retained profits.

**(f) Investment properties**

Investment properties consists of investments in land and buildings that are not substantially occupied for use by, or in the operations, of the Group.

Investment properties are stated at cost less accumulated depreciation and impairment losses.

## notes to the financial statements (cont'd)

31 December 2004

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(f) Investment properties (cont'd)**

Upon the disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

**(g) Revenue recognition**

Revenue is recognised when delivery has occurred or services have been rendered, the price is fixed or can be measured reliably and collectibility is reasonably assured. In addition, revenue from the following sources is recognised when the conditions attached are met:

**(i) Contract revenue**

Revenue from construction contracts is accounted for by the percentage of completion method as described Note 2(j).

**(ii) Sale of goods**

Revenue relating to sale of goods is recognised net of sales taxes and discounts upon the transfer of risks and rewards.

**(iii) Revenue from services**

Revenue from services rendered (including administrative services) is recognised net of discounts as and when the services are performed.

**(iv) Dividend income**

Dividend income is recognised when the right to receive payment is established.

**(v) Interest income**

Interest income is recognised on a time proportion basis that reflects the effective yield on the asset.

**(vi) Rental income**

Rental income is recognised ratably over the tenancy period unless collectibility is in doubt.

**(h) Inventories**

Inventories are stated at the lower of cost (determined on the first-in, first-out basis) and net realisable value. The cost of raw materials comprises costs of purchase. Cost of finished goods and work in progress comprise direct materials, direct labour, other direct costs and appropriate production overheads. Net realisable value represents the estimated selling price less all estimated costs to completion and estimated costs to complete the sale.

## notes to the financial statements (cont'd)

for the year ended 31 December 2004

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(i) Foreign currencies****(i) Foreign currency transaction**

Transactions in foreign currencies are initially converted into Ringgit Malaysia at rates of exchange ruling at the date of transaction. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date. Non-monetary items initially denominated in foreign currencies, which are carried at historical costs are translated using the historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined.

All exchange differences are taken to the income statement.

**(ii) Foreign entities**

Financial statements of foreign subsidiaries are translated at year end exchange rates with respect to the assets and liabilities, and at exchange rates at the dates of the transactions with respect to the income statement. All resulting translation differences are included in the foreign exchange reserve in shareholders' equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the Company and translated at the exchange rate ruling at the date of the transaction.

The principal exchange rates used for every unit of foreign currency ruling at balance sheet date are as follows:

Foreign currency	2004 RM	2003 RM
1 Singapore Dollar	2.31	2.23
1 Sterling Pound	7.28	6.74
1 United States Dollar	3.83	3.83
1 Euro	5.15	4.79
1 Australian Dollar	2.95	2.85

**(j) Construction contracts**

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

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable.

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

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

## notes to the financial statements (cont'd)

31 December 2004

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(k) Land held for property development**

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

**(l) 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 at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date 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 not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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 balance sheet date. 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 charged or credited 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 negative goodwill.

**(m) Hire purchase and finance lease**

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. All other leases are classified as operating lease.

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

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

The depreciation policy for leased assets is consistent with that for depreciable property, plant and equipment as described in Note 2(e).

## notes to the financial statements (cont'd)

for the year ended 31 December 2004

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(n) Cash and cash equivalents**

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposits at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

**(o) Provisions for liabilities**

Provisions for liabilities 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 each balance sheet date 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.

**(p) Employee benefits****(i) Short term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual 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.

**(ii) Defined contribution plans**

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the income statement as incurred.

**(q) Impairment of assets**

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

**(r) Financial instruments**

Financial instruments are recognised in the balance sheet when the Group becomes a party to the contractual provisions of the instrument.

## notes to the financial statements (cont'd)

31 December 2004

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(f) Financial instruments (cont'd)**

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

**(i) Other non-current investments**

Non-current investments other than investments in subsidiaries are stated at cost less impairment losses.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

**(ii) Trade receivables**

Trade receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

**(iii) Trade payables**

Trade payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

**(iv) Interest bearing borrowings**

Interest bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the acquisition and construction of development properties and property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. All other borrowing costs are recognised as an expense in the income statement as an expense in the period in which they are incurred.

**(v) Equity instruments**

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

## notes to the financial statements (cont'd)

for the year ended 31 December 2004

## 3. PROPERTY, PLANT AND EQUIPMENT

GROUP	Land and buildings RM	Plant and machinery RM	Motor vehicles RM	Tools and office equipment RM	Furniture and fittings RM	Renovations RM	Capital work in progress RM	Total RM
<b>Valuation/Cost</b>								
At 1 January 2004	12,875,950	3,666,526	1,622,488	4,420,682	1,377,035	288,718	1,942,453	26,193,852
Additions	-	58,990	38,000	167,691	8,515	-	230,800	503,996
Written off	-	-	-	(250)	(69)	-	-	(319)
Disposals	-	(4,501)	(107,333)	(6,156)	-	-	-	(117,990)
Transfer to investment properties (Note 4)	(971,550)	-	-	-	-	-	-	(971,550)
Exchange differences	-	-	-	2,440	1,187	-	-	3,627
At 31 December 2004	11,904,400	3,721,015	1,553,155	4,584,407	1,386,668	288,718	2,173,253	25,611,616
<b>Accumulated depreciation</b>								
At 1 January 2004	1,543,758	2,114,241	824,656	3,826,551	1,058,603	171,297	-	9,539,106
Charge for the year	194,105	410,936	245,157	221,264	88,773	44,622	-	1,204,857
Written off	-	-	-	(108)	(68)	-	-	(176)
Disposals	-	(1,959)	(58,510)	(5,643)	-	-	-	(66,112)
Transfer to investment properties (Note 4)	(29,340)	-	-	-	-	-	-	(29,340)
Exchange differences	-	-	-	2,281	1,159	-	-	3,440
At 31 December 2004	1,708,523	2,523,218	1,011,303	4,044,345	1,148,467	215,919	-	10,651,775
<b>Net book value</b>								
At 31 December 2004	10,195,877	1,197,797	541,852	540,062	238,201	72,799	2,173,253	14,959,841
At 31 December 2003	11,332,192	1,552,285	797,832	594,131	318,432	117,421	1,942,453	16,654,746
<b>Details at 1 January 2003</b>								
Cost/valuation	14,730,155	5,018,939	1,656,837	4,451,903	1,383,722	496,308	2,099,913	29,837,777
Accumulated depreciation	1,545,325	2,615,007	831,747	3,585,304	941,735	325,124	-	9,844,242
<b>Depreciation charge for 2003</b>								
	215,662	487,085	292,451	343,970	123,257	52,834	-	1,515,259

## notes to the financial statements (cont'd)

31 December 2004

## 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Except for certain land and buildings which are carried at valuation, all other assets of the Group are carried at cost. Analyses of cost and valuation for land and buildings are as follows:

	Freehold land RM	Buildings RM	Total RM	Net book value RM
<b>GROUP</b>				
<b>31 December 2004</b>				
- At cost	2,969	7,275,316	7,278,285	6,084,383
- At valuation	2,196,218	2,429,897	4,626,115	4,111,494
	2,199,187	9,705,213	11,904,400	10,195,877

**31 December 2003**

- At cost	2,969	8,246,866	8,249,835	7,172,101
- At valuation	2,196,218	2,429,897	4,626,115	4,160,091
	2,199,187	10,676,763	12,875,950	11,332,192

	Land and building RM	Plant and machinery RM	Motor vehicles RM	Tools and office equipment RM	Furniture and fittings RM	Total RM
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**COMPANY****Valuation/Cost**

At 1 January 2004	3,197,741	101,949	9,674	777,277	350,729	4,437,370
Additions	-	-	-	56,360	-	56,360
Disposals	-	-	(5,500)	(6,156)	-	(11,656)
At 31 December 2004	3,197,741	101,949	4,174	827,481	350,729	4,482,074

**Accumulated depreciation**

At 1 January 2004	466,023	101,945	7,347	669,722	241,788	1,486,825
Charge for the year	48,598	-	1,385	40,377	30,119	120,479
Disposals	-	-	(4,767)	(5,643)	-	(10,410)
At 31 December 2004	514,621	101,945	3,965	704,456	271,907	1,596,894

**Net book value**

At 31 December 2004	2,683,120	4	209	123,025	78,822	2,885,180
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## notes to the financial statements (cont'd)

for the year ended 31 December 2004

## 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Land and building RM	Plant and machinery RM	Motor vehicles RM	Tools and office equipment RM	Furniture and fittings RM	Total RM
<b>COMPANY (CONT'D)</b>						
At 31 December 2003	2,731,718	4	2,327	107,555	108,941	2,950,545
<b>Details at 1 January 2003</b>						
Cost/valuation	3,197,741	101,949	9,674	771,139	349,729	4,430,232
Accumulated depreciation	417,425	98,824	5,412	608,071	206,838	1,336,570
<b>Depreciation charge for 2003</b>	48,598	3,121	1,935	61,651	34,950	150,255

Except for the land and buildings which are carried at valuation, all other assets of the Company are carried at cost. Analyses of cost and valuation for land and buildings are as follows:

Company	Freehold land RM	Buildings RM	Total RM	Net book value RM
<b>31 December 2004:</b>				
At valuation	764,875	2,429,897	3,194,772	2,680,151
At cost	2,969	-	2,969	2,969
	767,844	2,429,897	3,197,741	2,683,120
<b>31 December 2003:</b>				
At valuation	764,875	2,429,897	3,194,772	2,728,749
At cost	2,969	-	2,969	2,969
	767,844	2,429,897	3,197,741	2,731,718

(a) Had the revalued land and buildings been carried at historical cost less accumulated depreciation and impairment losses, the net book value of these properties would have been as follows:

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Freehold land	1,878,000	1,878,000	618,535	618,535
Buildings	1,515,274	1,553,724	1,515,274	1,553,724
	3,393,274	3,431,724	2,133,809	2,172,259

## notes to the financial statements (cont'd)

31 December 2004

## 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The land and buildings of the Group and Company have not been revalued since they were first revalued in 1994. The directors have not adopted a policy of regular revaluations of these properties. As permitted under the transitional provisions of MASB 15: Property, plant and equipment, these properties continue to be stated at their 1994 valuation less accumulated depreciation.

(b) Net book values as at the balance sheet date of assets held under hire purchase and finance lease arrangements are as follows:

	2004 RM	Group 2003 RM
Motor vehicles	485,487	686,056
Plant and machinery	344,814	504,391
	830,301	1,190,447

(c) The net book values of property, plant and equipment pledged as securities for bank borrowings obtained as at the balance sheet date are as follows:

	2004 RM	Group 2003 RM
Freehold land and building	-	346,550
Plant and machinery	2	3,294
Motor vehicles	1	60,322
Furniture and fittings	2	40
Office equipment	6,269	8,292
	6,274	418,498

## 4. INVESTMENT PROPERTIES

	2004 RM	Group 2003 RM
<b>Freehold buildings:</b>		
At 1 January		
- transfer from property, plant and equipment (Note 3)	971,550	-
- acquired by way of contra against debts owing	425,000	-
	1,396,550	-
Less: Accumulated depreciation (Note 3)	(29,340)	-
At 31 December	1,367,210	-

Investment properties with and aggregate carrying amounts of RM346,550 are pledged as securities for bank borrowings obtained.

## notes to the financial statements (cont'd)

for the year ended 31 December 2004

## 5. INVESTMENTS IN SUBSIDIARIES

	Company	
	2004 RM	2003 RM
<b>At cost:</b>		
Unquoted investments	31,446,898	31,446,898
Less: Accumulated impairment losses	(223,002)	-
	<b>31,223,896</b>	<b>31,446,898</b>

Details of the subsidiaries are as follows:

Name of Company	Group Equity Interest		Principal Activities
	2004 %	2003 %	
<b>Subsidiaries of the Company:</b>			
Fitters Sdn Bhd	100	100	Trading and installation of fire safety materials and equipment, manufacture and assembly of fire fighting, protection and prevention systems and equipment
Master Pyrodor Sdn Bhd	100	100	Property holdings
Pyrodor Sdn Bhd	100	100	Ceased operations
Fitters (S) Pte Ltd *	100	100	Trading and installation of fire safety materials and equipment
Fitters Engineering Sdn Bhd	100	100	Ceased operations
Fitters Engineering Services Sdn Bhd	100	100	Design, manufacture, assemble, supply and installation of fire fighting, protection and prevention systems and equipment
Fitters Marketing Sdn Bhd	100	100	Marketing of fire resistant doors and general building materials
Securiton (M) Sdn Bhd	100	100	Ceased operations
Fitters Building Services Sdn Bhd	100	100	Design, manufacture, assemble, supply and installation of fire fighting, protection and prevention systems and equipment
Fitters dotCom Sdn Bhd	100	100	E-enable businesses and IT- related activities

## notes to the financial statements (cont'd)

31 December 2004

## 5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows: (cont'd)

Name of Company	Group Equity Interest		Principal Activities
	2004 %	2003 %	
<b>Subsidiaries of the Company: (cont'd)</b>			
Fitters-MPS Sdn Bhd	51	51	Design, installation and maintenance of fire protection systems
Master Pyroserve Sdn Bhd	100	100	Concession to install, operate and transfer the computerised fire alarm monitoring and communication systems for Jabatan Perkhidmatan Bomba Dan Penyelamat Malaysia
Armatrade Sdn Bhd	100	100	Installing and servicing of fire fighting systems and sales of automotive parts and equipment
<b>Subsidiaries of Fitters Sdn Bhd:</b>			
Jagapi Sdn Bhd	70	70	Trading of fire fighting equipment and accessories
Fitters-BES JV Sdn Bhd	70	70	Ceased operations
Fitters Property Development Sdn Bhd	100	100	Property development
Fitters Manufacturing Sdn Bhd	100	100	Investment holding
Fitters (Penang) Sdn Bhd	100	100	Ceased operations
Fitters (Ipoh) Sdn Bhd	100	100	Trading and installation of fire safety materials and equipment
Fitters (Sarawak) Sdn Bhd	100	100	Trading of fire safety materials and equipment
Cameron Fresh Farms Sdn Bhd (formerly known as Fitters Trading Sdn Bhd)	100	100	Currently inactive but entered into an agreement to acquire freehold land for purposes of development
The Safety Shop Sdn Bhd	100	100	Trading and marketing of safety apparatus and apparels

## notes to the financial statements (cont'd)

for the year ended 31 December 2004

## 5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows: (cont'd)

Name of Company	Group Equity Interest		Principal Activities
	2004 %	2003 %	
<b>Subsidiaries of Fitters Sdn Bhd:</b>			
IT Vault Solutions Sdn Bhd	100	100	Provision of services to facilitate IT and computer set-up
Fitters Fire Technology Sdn Bhd	51	51	Manufacture and supply of fire fighting equipment and materials
Modular Floor Systems (M) Sdn Bhd	100	51	Manufacture and trading of raised access-flooring systems
<b>Subsidiary of Fitters Building Services Sdn Bhd:</b>			
Pyro-Tech Systems Sdn Bhd	100	100	Manufacture of fire rated doors including fire rated wooden doors with or without frames
<b>Subsidiaries of Fitters Engineering Services Sdn Bhd:</b>			
Fitters Maintenance Services Sdn Bhd	100	100	Maintenance of all types of fire protection systems
Fitters Engineering Services (Johor) Sdn Bhd	100	100	Design, supply, installation, repair and maintenance of fire protection systems
Fimatic Engineering Services (S) Sdn Bhd	100	100	Ceased operations
<b>Subsidiaries of Fitters -MPS Sdn Bhd:</b>			
Pipefabricators Sdn Bhd	100	100	Mechanical engineering works contractors and fabricators
Fimatic-MPS (East Coast) Sdn Bhd	60	60	Design, installation and maintenance of fire protection systems in the East Coast of Peninsular Malaysia
<b>Subsidiary of Modular Floor Systems (M) Sdn Bhd:</b>			
Titan Access Floors Limited #	100	100	Trading of raised floor panels

## notes to the financial statements (cont'd)

31 December 2004

## 5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Except for Fitters (S) Pte Ltd and Titan Access Floors Limited, which are incorporated in Republic of Singapore and United Kingdom respectively, all other subsidiaries are incorporated in Malaysia.

\* Audited by member firms of Ernst & Young Global

# Audited by firms of auditors other than Ernst & Young

During the year, the Group acquired additional 49% equity interest in Modular Floor System (M) Sdn Bhd from minority shareholder at no cost. The acquisition had no material effect on the Group's financial result and position.

## 6. OTHER INVESTMENTS

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
<b>At cost:</b>				
Corporate membership in golf club	140,000	140,000	-	-
Unquoted bonds	2,500,000	-	2,500,000	-
Unquoted preference shares	1,300,000	1,300,000	-	-
Shares quoted in Malaysia	533	204,602	-	-
Loan stocks quoted in Malaysia	285,000	285,000	-	-
	4,225,533	1,929,602	2,500,000	-
Less: Accumulated impairment losses for loan stocks	(58,610)	(58,610)	-	-
	4,166,923	1,870,992	2,500,000	-
Market value of quoted shares and loan stocks	150,108	373,073	-	-

During the financial year, the Company subscribed to RM2,500,000 Subordinated Bond issued by Kerisma Berhad pursuant to a Primary Collateralised Loan Obligations Transaction in connection with the acceptance of an Unsecured Fixed Rate Term Loan facility. The salient terms of the Unsecured Fixed Rate Term Loan Facility are detailed in Note 18.

## 7. LAND HELD FOR PROPERTY DEVELOPMENT

	Freehold land RM	Development expenditure RM	Total RM
<b>Group</b>			
<b>At cost:</b>			
At 1 January 2003/31 December 2003	-	171,799	171,799
Additions	1,873,907	106,900	1,980,807
	1,873,907	278,699	2,152,606
Less: Accumulated impairment losses	-	(149,050)	(149,050)
At 31 December 2004	1,873,907	129,649	2,003,556
Interest capitalised during the financial year	-	45,019	45,019

## notes to the financial statements (cont'd)

for the year ended 31 December 2004

## 7. LAND HELD FOR PROPERTY DEVELOPMENT (CONT'D)

During the financial year, the Group acquired a parcel of freehold land located at Mukim of Bukit Payung, District of Marang, Terengganu Darul Iman, for a consideration of RM1,873,907, which was paid in cash. The acquisition was completed during the financial year.

## 8. GOODWILL ON CONSOLIDATION

	2004 RM	Group 2003 RM
<b>At cost:</b>		
At 1 January	14,995,741	14,697,264
Add: Negative goodwill disposed	-	298,477
<b>At 31 December</b>	<b>14,995,741</b>	<b>14,995,741</b>

## 9. INVENTORIES

	2004 RM	Group 2003 RM
<b>At cost:</b>		
Raw materials	7,069,785	5,125,482
Finished goods	4,591,046	4,981,708
	<b>11,660,831</b>	<b>10,107,190</b>

Inventories amounting to RM1,545,190 are slow moving. The directors, having considered all available information, are of the opinion that these goods can be realised in the ordinary course of business despite them being slow moving. Accordingly, no further provision has been made for slow moving inventories.

## 10. DUE FROM/(TO) CUSTOMERS ON CONTRACTS

	2004 RM	Group 2003 RM
Contract costs incurred to date	126,277,995	85,628,779
Add: Attributable profits	9,950,702	14,223,192
	<b>136,228,697</b>	<b>99,851,971</b>
Less : Progress billings	(126,425,201)	(85,736,936)
	<b>9,803,496</b>	<b>14,115,035</b>

## notes to the financial statements (cont'd)

31 December 2004

## 10. DUE FROM/(TO) CUSTOMERS ON CONTRACTS (CONT'D)

	Group	
	2004 RM	2003 RM
<b>Represented by:</b>		
Due from customers on contracts	11,273,066	15,249,421
Due to customers on contracts	(1,469,570)	(1,134,386)
	9,803,496	14,115,035

Included in amount due from customers on contracts is an amount of RM2,997,652 (2003: RM2,997,652) due from a contractor (the "Main Contractor"), comprising costs incurred for a contract for which uncertainty exist over its recovery. The recovery of this amount is dependent on the successful claim by the Main Contractor against its customer who had previously awarded the contract (the "Customer") to the Main Contractor. The Main Contractor awarded a parcel of the contract to a subsidiary, Armatrade Sdn Bhd ("Armatrade"). Further details are disclosed below.

On 8 April 1999, Armatrade made a claim against the Main Contractor for a sum of RM6,555,842 together with interest and costs for contract work performed. The Main Contractor counter-claimed against Armatrade for a sum of RM10,624,530 together with interest and costs for delays in works and unsatisfactory workmanship.

In another action which commenced on 1 September 1999, the Customer made a claim against the said Main Contractor for the sum of RM32,759,184 together with interest and costs. The Main Contractor counter-claimed, inter alia, for a sum of RM78,090,502 together with interest and costs.

On 23 November 2004, a Compromise Agreement ("Agreement") was signed between the Main Contractor and Armatrade. In the Agreement, the Main Contractor and Armatrade agreed to withdraw all the claims against each other. The recovery of the contract cost of RM2,997,652 is contingent upon on the successful counter-claim by the Main Contractor against the Customer.

As the above case is still pending hearing of interlocutory applications at the High Court, the directors are unable to determine the outcome of the above case at this juncture. However, the directors, having considered all other available information, are of the opinion that all costs incurred on the contract can be recovered in due course. Accordingly, no provision for foreseeable loss for the contract has been made as at balance sheet date.

## 11. TRADE RECEIVABLES

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Trade receivables	38,862,661	35,865,918	1,459,559	-
Retention sums on contracts	3,178,399	2,987,937	-	-
	42,041,060	38,853,855	1,459,559	-
Less: Provision for doubtful debts	(5,785,850)	(5,844,907)	-	-
	36,255,210	33,008,948	1,459,559	-

## notes to the financial statements (cont'd)

for the year ended 31 December 2004

## 11. TRADE RECEIVABLES (CONT'D)

Movements in provision for doubtful debts during the year are as follows:

	Group	
	2004 RM	2003 RM
Balance as at 1 January	5,844,907	9,728,395
Add: Current year provision	335,665	737,509
Less: Write back of provision	(380,736)	(534,670)
Provision written off	(13,986)	(3,932,134)
Disposal of subsidiaries	-	(154,193)
<b>Balance as at 31 December</b>	<b>5,785,850</b>	<b>5,844,907</b>

Included in trade receivables of the Group are amounts which have been outstanding in excess of 12 months amounting to RM3,499,453 (2003: RM4,720,104), out of which, RM1,511,432 (2003: RM2,692,373) is due from a related party, Kawalan Api Engineering Sdn Bhd. Details of the related party transactions are disclosed in Note 31.

In assessing the extent of irrecoverable debts, the directors have given due consideration to all pertinent information relating to the ability of the debtors to settle the debts. Notwithstanding the overdue nature of these debts, the directors have assessed these amounts, as fully recoverable. Accordingly, no further provision has been made for doubtful recovery in respect of these amounts.

The Group's normal trade credit term ranges from 30 days to 60 days. Other credit terms are assessed and approved on a case to case basis.

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

## 12. OTHER RECEIVABLES

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Deposits and prepayment	16,195,782	1,145,278	33,831	32,387
Sundry receivables	8,458,313	899,503	1,463,879	716,588
	<b>24,654,095</b>	<b>2,044,781</b>	<b>1,497,710</b>	<b>748,975</b>

Included in deposits and prepayment of the Group is an amount of RM15,862,935 (inclusive of interest capitalised of RM237,935) being deposit paid and incidentals incurred in an acquisition of certain freehold land as disclosed in Note 34. The completion of the agreement to acquire the freehold land is pending fulfillment of certain conditions precedent as stated in the agreement, including the payment of the final tranche of RM15,000,000.

## 13. DUE FROM/(TO) SUBSIDIARIES

The amounts due from and to subsidiaries are unsecured, interest free and have no fixed terms of repayment.

## notes to the financial statements (cont'd)

31 December 2004

**14. DEPOSITS WITH LICENSED BANKS**

Deposits with licensed banks of the Group include deposits of RM53,043 (2003: RM52,105) which are pledged as securities for borrowing facilities granted to certain subsidiaries.

As at balance sheet date, these deposits bear a weighted average interest rate of 3.25% (2003: 3.25%) per annum with an average maturity of approximately 286 days (2003: 365 days).

**15. TRADE PAYABLES**

The normal trade credit terms granted to the Group and the Company range from 30 days to 60 days although it is customary for certain suppliers to extend credit terms to exceed 60 days but generally not more than 12 months.

**16. OTHER PAYABLES**

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Other payables	863,078	1,026,947	36,936	53,655
Accruals	3,304,274	5,664,812	324,199	232,609
Refundable deposits	198,450	172,000	166,000	166,000
	4,365,802	6,863,759	527,135	452,264

**17. HIRE PURCHASE AND FINANCE LEASE PAYABLES**

	Group	
	2004 RM	2003 RM
<b>Minimum lease payments:</b>		
Not later than 1 year	339,481	359,572
Later than 1 year and not later than 2 years	335,071	349,009
Later than 2 years and not later than 5 years	219,096	563,694
	893,648	1,272,275
Less: Future finance charges	(89,260)	(172,601)
Present value of hire purchase and finance lease liabilities	804,388	1,099,674
<b>Present value of hire purchase and finance lease liabilities:</b>		
Not later than 1 year	286,341	277,976
Later than 1 year and not later than 2 years	307,792	294,578
Later than 2 years and not later than 5 years	210,255	527,120
	804,388	1,099,674

## notes to the financial statements (cont'd)

for the year ended 31 December 2004

## 17. HIRE PURCHASE AND FINANCE LEASE PAYABLES (CONT'D)

	Group	
	2004 RM	2003 RM
<b>Analysed as:</b>		
Due within 12 months	286,341	277,976
Due after 12 months	518,047	821,698
	<b>804,388</b>	<b>1,099,674</b>

The hire purchase and finance lease liabilities bore interest at rates ranging from 3.3% to 6.5% (2003: 3.3% to 6.5%) per annum during the financial year.

## 18. BANK BORROWINGS

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
<b>Short term borrowings</b>				
<b>Secured:</b>				
Term loans	21,739	24,066	-	-
<b>Unsecured:</b>				
Bank overdrafts	4,831,678	6,243,846	132,580	1,040,058
Revolving credits	-	1,000,000	-	-
Bankers' acceptances	8,414,461	7,843,980	-	-
Term loans	325,000	650,000	-	-
	<b>13,571,139</b>	<b>15,737,826</b>	<b>132,580</b>	<b>1,040,058</b>
	<b>13,592,878</b>	<b>15,761,892</b>	<b>132,580</b>	<b>1,040,058</b>
<b>Long term borrowings</b>				
<b>Secured:</b>				
Term loans	196,512	216,594	-	-
<b>Unsecured:</b>				
Term loans	-	325,000	-	-
Fixed Rate Term Loan	25,000,000	-	25,000,000	-
	<b>25,000,000</b>	<b>325,000</b>	<b>25,000,000</b>	<b>-</b>
	<b>25,196,512</b>	<b>541,594</b>	<b>25,000,000</b>	<b>-</b>

## notes to the financial statements (cont'd)

31 December 2004

## 18. BANK BORROWINGS (CONT'D)

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
<b>Total borrowings</b>				
Bank overdrafts	4,831,678	6,243,846	132,580	1,040,058
Revolving credits	-	1,000,000	-	-
Bankers' acceptances	8,414,461	7,843,980	-	-
Term loans	543,251	1,215,660	-	-
Fixed Rate Term Loan	25,000,000	-	25,000,000	-
	<b>38,789,390</b>	<b>16,303,486</b>	<b>25,132,580</b>	<b>1,040,058</b>
<b>Maturity of borrowings</b>				
Within 1 year	13,592,878	15,761,892	132,580	1,040,058
More than 1 year and less than 2 years	21,739	349,066	-	-
More than 2 years and less than 5 years	25,043,478	72,198	25,000,000	-
5 years and more	131,295	120,330	-	-
	<b>38,789,390</b>	<b>16,303,486</b>	<b>25,132,580</b>	<b>1,040,058</b>

The bank borrowings bear interests at the following range of rates during the financial year:

	Group/Company	
	2004 %	2003 %
Bank overdrafts	5.5 to 8.5	5.5 to 8.4
Revolving credits	4.9	3.6 to 8.4
Bankers' acceptances	2.9 to 3.3	3.0 to 5.3
Trust receipts	-	7.3 to 8.4
Term loans	5.5 to 6.6	5.5 to 8.5
Fixed Rate Term Loan	6.5	-

The secured term loan is secured by a first legal charge over the investment properties of a subsidiary as disclosed in Note 4 as well as a corporate guarantee provided by the Company.

The unsecured borrowings are guaranteed by the Company and certain subsidiaries.

#### Salient Terms of the Unsecured Fixed Rate Term Loan

The Company entered into a Loan Facility Agreement with Alliance Merchant Bank Berhad ("Alliance Merchant") and Kerisma Berhad ("Kerisma") in respect of the acceptance of an Unsecured Fixed Rate Term Loan Facility (the "Loan Facility") extended by Alliance Merchant (the "Facility Agreement"). In accordance with the terms of the Facility Agreement, Alliance Merchant sold all rights, titles and interests relating to the Loan Facility to Kerisma. Kerisma in turn issued asset-back securities, namely Senior, Mezzanine and Subordinated Bonds, pursuant to a Primary Collateralised Loan Obligations Transaction ("CLO").

Alliance Merchant disbursed RM25 million of the Loan Facility to the Company with a tenure of five (5) years and the Company subscribed for Subordinated Bonds amounting to RM2.5 million issued by Kerisma pursuant to the CLO.

## notes to the financial statements (cont'd)

for the year ended 31 December 2004

**18. BANK BORROWINGS (CONT'D)**

The Company is required to maintain a certain level of rating accorded by the Malaysian Rating Corporation Berhad. In the event that the rating falls below the prescribed level, it will trigger the prepayment clause stated in the Facility Agreement rendering the Loan Facility payable on demand.

**19. SHARE CAPITAL**

	Shares of RM1 Each		Number of Ordinary Amounts	
	2004	2003	2004 RM	2003 RM
<b>Authorised</b>	100,000,000	100,000,000	100,000,000	100,000,000
<b>Issued and fully paid:</b>				
At 1 January	41,451,728	37,683,728	41,451,728	37,683,728
Issued during the year, at par	-	3,768,000	-	3,768,000
<b>At 31 December</b>	<b>41,451,728</b>	<b>41,451,728</b>	<b>41,451,728</b>	<b>41,451,728</b>

**20. RESERVES**

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Share premium	3,206,022	3,206,022	3,206,022	3,206,022
Capital reserve	1,360,010	1,360,010	-	-
Revaluation reserve	653,458	653,458	533,179	533,179
Foreign exchange reserve	111,822	72,150	-	-
Retained profits	18,965,024	13,119,003	2,624,115	3,747,411
	<b>24,296,336</b>	<b>18,410,643</b>	<b>6,363,316</b>	<b>7,486,612</b>

Apart from the retained profits, all other reserves of the Group and of the Company are non-distributable.

The Company has sufficient estimated tax credit under Section 108 of the Income Tax Act 1967 to frank the payment of dividends out of its entire retained profits as at balance sheet date.

The nature and purpose of each category of reserve are as follows:

**(a) Share premium**

This represents premium arising from issues of shares, net of its related expenses.

**(b) Capital reserve**

This represents a reserve set aside for bonus issues made by subsidiaries.

## notes to the financial statements (cont'd)

31 December 2004

## 20. RESERVES (CONT'D)

## (c) Revaluation reserve

Revaluation reserve represents the cumulative net change in fair value of land and buildings, net of deferred tax.

## (d) Foreign exchange reserve

Foreign exchange reserve comprises all exchange differences arising from the translations of the financial statements of foreign subsidiaries.

## 21. DEFERRED TAXATION

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
At 1 January	469,398	848,621	199,564	79,000
Adjustment for deferred tax on revaluation reserve	-	120,564	-	120,564
Recognised in the income statement (Note 28)	95,410	(494,446)	-	-
Disposal of subsidiary	-	(5,341)	-	-
<b>At 31 December</b>	<b>564,808</b>	<b>469,398</b>	<b>199,564</b>	<b>199,564</b>

The deferred tax liabilities as at balance sheet date represent liabilities arising from the excess of capital allowances claimed in advance of book depreciation.

The following components of deferred tax have not been recognised in respect of the following items:

	Group	
	2004 RM	2003 RM
Excess of capital allowance claimed in advance of book depreciation	(55,681)	(679,409)
Unused tax losses	1,600,011	2,742,518
Unabsorbed capital allowances	173,017	772,884
Other deductible temporary differences	(26,676)	(83,438)
	<b>1,690,671</b>	<b>2,752,555</b>
<b>Net deferred tax benefits at 28%</b>	<b>473,388</b>	<b>770,715</b>

The unused tax losses and unabsorbed capital allowances are available indefinitely for offset against future taxable profits of the subsidiaries in which those items arose. Deferred tax assets have not been recognised in respect of these items as the Group could not anticipate their realisation.

The unutilised tax losses and unabsorbed capital allowances of the Group are subject to the agreement with the Inland Revenue Board.

## notes to the financial statements (cont'd)

for the year ended 31 December 2004

## 22. REVENUE

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Revenue comprises the following:				
Sale of goods	52,907,499	49,939,056	1,459,559	6,369,940
Services rendered	12,246,264	11,079,963	-	-
Contract revenue	20,374,078	54,443,583	-	-
Dividend income				
- tax-exempt	-	-	143,975	-
- non tax-exempt	-	-	982,050	643,000
	85,527,841	115,462,602	2,585,584	7,012,940

## 23. COST OF SALES

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Cost of sales comprises the following:				
Cost of inventories sold	41,999,868	40,606,918	912,180	3,737,983
Contract costs	16,438,263	45,932,098	-	-
	58,438,131	86,539,016	912,180	3,737,983

## 24. OTHER OPERATING INCOME

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Other operating income comprises the following:				
Rental income	567,900	538,322	504,000	504,000
Commission income	-	256,327	-	255,557
Deposits forfeited	149,050	-	-	-
Interest income	266,233	137,221	105,449	2,893
Administrative charges received	-	-	464,400	722,400
Bad debts recovered	349,339	-	-	-
Gain on disposal of quoted shares	194,158	-	-	-
Dividend income	2,007	-	-	-
Others	102,933	52,774	-	-
	1,631,620	984,644	1,073,849	1,484,850

## notes to the financial statements (cont'd)

31 December 2004

## 25. PROFIT FROM OPERATIONS

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
This is arrived at after charging/(crediting):				
Auditors' remuneration				
- current	138,600	132,606	24,000	18,000
- under/(over) provision in prior years	18,577	(1,700)	9,000	-
Bad debts written off	4,664	509,510	-	-
Depreciation of property, plant and equipment	1,204,857	1,515,259	120,479	150,255
Directors' remuneration(Note 26)	1,404,702	1,915,423	472,980	567,760
Leasing and hire of plant and machinery	-	64,764	-	-
Loss on disposal of subsidiary	-	134,832	-	111,081
Provision for doubtful debts	335,665	737,509	-	-
Write back of provision for doubtful debts	(380,736)	(534,670)	-	-
Provision for impairment in value of investments	-	58,610	223,002	-
Impairment of property development expenditure	149,050	-	-	-
Property, plant and equipment written off	143	6,113	-	-
Rent of buildings	145,006	170,677	-	-
Staff costs (excluding directors' remuneration)	8,493,330	9,604,089	737,907	834,596
Gain on foreign exchange	(185,198)	(128,074)	-	(4,813)
Gain on disposal of property, plant and equipment	(10,133)	(42,534)	(3,803)	-
Staff costs include:				
Wages and salaries	7,285,669	8,020,339	582,133	586,079
Social security costs	72,035	79,551	5,783	5,675
Pension costs - defined contribution plans	821,583	912,742	65,536	66,634
Other staff related expenses	314,043	591,457	84,455	176,208
	8,493,330	9,604,089	737,907	834,596

## 26. DIRECTORS' REMUNERATION

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
<b>Directors of the Company</b>				
Executive:				
- salaries and other emoluments	541,280	1,154,126	188,480	336,260
- benefits in kind	7,600	7,600	7,600	7,600
	548,880	1,161,726	196,080	343,860
Non-executive:				
- salaries and other emoluments	278,500	225,500	278,500	225,500
- fees	6,000	6,000	6,000	6,000
	284,500	231,500	284,500	231,500

## notes to the financial statements (cont'd)

for the year ended 31 December 2004

## 26. DIRECTORS' REMUNERATION (CONT'D)

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
<b>Other directors</b>				
Executive:				
- salaries and other emoluments	497,904	433,816	-	-
- fees	81,018	95,981	-	-
	578,922	529,797	-	-
<b>Total</b>	<b>1,412,302</b>	<b>1,923,023</b>	<b>480,580</b>	<b>575,360</b>
Analysis excluding benefits in kind:				
Total executive directors' remuneration	1,120,202	1,683,923	188,480	336,260
Total non-executive directors' remuneration	284,500	231,500	284,500	231,500
<b>Total</b>	<b>1,404,702</b>	<b>1,915,423</b>	<b>472,980</b>	<b>567,760</b>

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

	Range of remuneration earned during the financial year
Mohammad Nizar bin Idris	RM50,000 to RM100,000
Dato' Wong Swee Yee	RM500,000 to RM550,000
Tan Sri Datuk Paduka Dr Hajjah Saleha binti Haji Mohamed Ali	< RM50,000
Wong Cheek Lung	RM50,000 to RM100,000
Mohamad Jamil bin Mohd Yusof	< RM50,000
Kong Sin Seng	< RM50,000
Zahedi bin Haji Mohd Zain	RM50,000 to RM100,000
Wong Swee Seong	< RM50,000

## 27. FINANCE COSTS

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Interest on:				
- bankers' acceptances	163,254	247,607	-	-
- hire purchase and finance leases	81,044	114,461	-	-
- overdrafts	214,648	462,669	22,316	143,054
- revolving credits	42,743	291,250	-	205,624
- term loans	719,497	42,304	436,842	-
- trust receipts	10,979	22,799	-	-
	1,232,165	1,181,090	459,158	348,678

## notes to the financial statements (cont'd)

31 December 2004

## 28. TAXATION

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Malaysian taxation based on results for the year:				
- current	1,870,018	1,778,344	283,211	167,910
- under provision in prior years	249,595	153,804	-	95,407
	2,119,613	1,932,148	283,211	263,317
Deferred tax (Note 21):				
Relating to origination and reversal of temporary differences	102,461	-	-	-
Over provision in prior years	(7,051)	(494,446)	-	-
	95,410	(494,446)	-	-
	2,215,023	1,437,702	283,211	263,317

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2003: 28%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Profit before taxation	9,340,166	7,781,541	353,725	2,344,766
Taxation at Malaysian statutory tax rate of 28% (2003: 28%)	2,615,246	2,178,831	99,043	656,534
Effect of different tax rates in other countries	4,528	26,313	-	-
Income not subject to income tax	(710,347)	(525,506)	(40,313)	-
Expenses not deductible for tax purposes	393,072	559,538	204,757	143,044
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(366,176)	(816,905)	-	(633,348)
Deferred tax assets not recognised during the year	36,156	346,505	19,724	-
Under provision of taxation in prior years	249,595	153,804	-	95,407
Over provision of deferred tax in prior years	(7,051)	(494,446)	-	-
Others	-	9,568	-	1,680
Tax expense for the year	2,215,023	1,437,702	283,211	263,317
Tax losses are analysed as follows:				
Tax savings recognised during the year arising from: utilisation of tax losses brought forward from previous years	329,772	365,591	-	333,599

## notes to the financial statements (cont'd)

for the year ended 31 December 2004

## 28. TAXATION (CONT'D)

Unabsorbed capital allowances are analysed as follows:

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Tax savings recognised during the year arising from: utilisation of unabsorbed capital allowances brought forward from previous years	36,404	451,314	-	299,749

## 29. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2004	2003
<b>Basic</b>		
Profit for the year (RM)	7,039,831	6,299,225
Weighted average number of ordinary share in issue	41,451,728	39,624,506
Basic earnings per share (sen)	16.98	15.90

There are no dilutive potential ordinary share in issue as at balance sheet date.

## 30. DIVIDENDS

	Amount		Net dividends per share	
	2004 RM	2003 RM	2004 Sen	2003 Sen
Final dividend of 4% less 28% taxation	-	1,193,810	-	2.88
Proposed final dividend of 4% less 28% taxation	1,193,810	-	2.88	-

At the forthcoming Annual General Meeting, a first and final dividend in respect of the current financial year ended 31 December 2004, of 4% less 28% taxation on 41,451,728 ordinary shares, amounting to a total dividend of RM1,193,810 (2.88 sen net of taxation per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the next financial year ending 31 December 2005.

## notes to the financial statements (cont'd)

31 December 2004

## 31. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Company	
	2004 RM	2003 RM
<b>Transactions with subsidiaries</b>		
Administration income receivable	464,400	722,400
Sales to a related company	-	4,602,000
	Group	
	2004 RM	2003 RM
<b>Transactions with related parties</b>		
Kawalan Api Engineering Sdn Bhd		
- Contract fee receivable	(1,856,415)	(2,669,913)
- Sales	(3,413,037)	(7,592,586)
- EDP charges	(50)	-
- Amount due from	2,968,515	5,192,149
Fitters (Sabah) Sdn Bhd		
- Sales	(358,394)	(790,170)
- Amount due from	21,009	490,661
H Rogers (M) Sdn Bhd		
- Purchases	-	45,810
Titan Access Floors (Aust) Pty Ltd ('Titan')		
- Sales	(138,390)	(63,733)
- Amount due from	28,869	63,733
Eraspand Sdn Bhd		
- Consultancy fee payable	15,000	150,000
Wai Soon Engineering Sdn Bhd		
- Sales	(3,866)	(14,428)
- Contract fee payable	1,442,235	3,189,755
- Rental receivable	(60,000)	(20,000)
- Amount due from/(to)	161,633	(1,228,881)

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties. There are no practical means available to identify the balances outstanding as at the balance sheet date with respect to the above transactions.

## notes to the financial statements (cont'd)

for the year ended 31 December 2004

## 31. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

The related party relationships are as follows:

Related party	Relationship
Kawalan Api Engineering Sdn Bhd ("KAE")	Muhammad Imran bin Baharuddin who is a director of Pipefabricators Sdn Bhd (a subsidiary), is also a former director and major shareholder of KAE.  Zabidi bin Haji Mohd Zain who is a director and major shareholder of KAE, is a person connected to Tan Sri Datuk Paduka Dr Hajjah Saleha binti Haji Mohamed Ali, who is a director of Fitters Holdings Berhad. He is also a person connected to Zahedi bin Haji Mohd Zain, who is an alternate director to Tan Sri Datuk Paduka Dr Hajjah Saleha binti Haji Mohamed Ali.
Fitters (Sabah) Sdn Bhd	Dato' Wong Swee Yee who is a director and major shareholder of Fitters Holdings Berhad, is also a director and major shareholder of Fitters (Sabah) Sdn Bhd.
Wai Soon Engineering Sdn Bhd	Wong Swee Loy who is the brother of Dato' Wong Swee Yee and Wong Swee Seong, both are directors of Fitters Holdings Berhad, is also a director and major shareholder of Wai Soon Engineering Sdn. Bhd.  Wong Swee Loy is also the son of Wong Cheek Lung who is a director of Fitters Holdings Berhad.
Eraspand Sdn Bhd	Mark Alan Gray who is a former director of Modular Floor Systems (M) Sdn Bhd, is also a director and major shareholder of Eraspand Sdn Bhd.
Titan Access Floors (Aust) Pty Ltd ("Titan")	Mark Allan Gray, a former director of Modular Floor Systems (M) Sdn Bhd, is a director and major shareholder of Titan.

## 32. CAPITAL COMMITMENT

	Group	
	2004 RM	2003 RM
Capital expenditure Approved and contracted for: Property, plant and equipment	15,379,700	-

Included in the capital commitment is an amount of RM15,000,000 representing the balance of the consideration payable in respect of a purchase of freehold land as disclosed in Note 34.

## notes to the financial statements (cont'd)

31 December 2004

**33. CONTINGENT LIABILITIES**

	Company	
	2004 RM	2003 RM
<b>Secured:</b>		
Guarantees given to financial institutions in respect of facilities granted to subsidiaries	240,660	240,660
<b>Unsecured:</b>		
Guarantees given to financial institutions in respect of facilities granted to subsidiaries	41,325,000	48,640,372
Guarantees given to corporations in respect of credit facilities granted to subsidiaries	10,950,000	2,150,000
	52,275,000	50,790,372
	52,515,660	51,031,032

**34. SIGNIFICANT EVENTS**

During the financial year, a subsidiary entered into a Sale and Purchase Agreement to acquire a parcel of freehold land for a cash consideration of RM30 million. The land which measures approximately 502 acres, is held under Geran No.5668, Lot 451, Mukim of Ulu Telom, District of Cameron Highlands, Pahang Darul Makmur.

To partly finance the acquisition, the Company secured a term loan of RM25 million under a Primary Collateralised Loan Obligations Programme as disclosed in Note 18. As at balance sheet date, RM15 million has been paid to the vendor. The balance of RM15 million is payable on 31 July 2005, which is extendable to 31 January 2006.

**35. FINANCIAL INSTRUMENTS****(a) Financial risk management objectives and policies**

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

**(b) Interest rate risk**

The Group's primary interest rate risk relates to interest-bearing debt. The investment in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits or occasionally, in short term commercial papers which yield better returns than cash at bank.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows the Group to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

## notes to the financial statements (cont'd)

for the year ended 31 December 2004

## 35. FINANCIAL INSTRUMENTS (CONT'D)

## (c) Foreign exchange risk

The Group operates internationally and is exposed to various currencies, mainly United States Dollar, Sterling Pound, Australian Dollar and Euro. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The net unhedged financial assets and financial liabilities of the Group companies that are not denominated in their functional currencies are as follows:

Functional currency of Group companies	Net financial assets/(liabilities) held in non-functional currency					
	Ringgit Malaysia RM	United States Dollar RM	Australian Dollar RM	Sterling Pound RM	Euro RM	Total RM
<b>At 31 December 2004:</b>						
Ringgit Malaysia	-	187,387	-	(279,911)	(59,266)	(151,790)
Singapore Dollar	809,391	-	-	-	-	809,391
	809,391	187,387	-	(279,911)	(59,266)	657,601
<b>At 31 December 2003:</b>						
Ringgit Malaysia	-	(124,062)	59,320	(271,943)	(34,691)	(371,376)

## (d) Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position.

## (e) Credit risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness.

Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

## notes to the financial statements (cont'd)

31 December 2004

## 35. FINANCIAL INSTRUMENTS (CONT'D)

## (f) Fair values

The net fair values of financial assets which are not carried at fair values on the balance sheet of the Group are presented as follows:

	Carrying amount RM	Group Fair value RM
<b>31 December 2004:</b>		
<b>Non-current investments</b>		
Corporate membership in golf club	140,000	85,500
Quoted loan stocks	226,390	148,630
Quoted shares	533	1,478
<b>31 December 2003:</b>		
<b>Non-current investments</b>		
Corporate membership in golf club	140,000	90,885
Quoted loan stocks	226,390	166,540
Quoted shares	204,602	206,533

The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables, short term borrowings and contingent liabilities approximate their fair values due to the relatively short term nature of these financial statements.

It is not practical to determine the fair value of amounts due from/(to) subsidiaries, unquoted bonds and unquoted preference shares due to principally a lack of fixed repayment terms entered by the parties involved and without incurring excessive costs. However, the directors do not anticipate the carrying amounts of amounts due from/(to) subsidiaries, unquoted bonds and unquoted preference shares recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

The fair values of all other financial assets and liabilities of the Group and of the Company as at 31 December 2004 are not materially different from their carrying values.

## notes to the financial statements (cont'd)

for the year ended 31 December 2004

**36. COMPARATIVES**

The presentation and classification of items in the current year financial statements have been consistent with the previous financial year except that certain comparative amounts have been reclassified to conform with current year's presentation as follows:

	As Restated RM	Adjustments RM	As previously stated RM
<b>Cash Flow Statements</b>			
<b>Group</b>			
Uplift of deposits pledges as securities for borrowing facilities	-	(971,576)	971,576
Cash and cash equivalents brought forward	(4,790,819)	1,023,681	(5,814,500)
Cash and cash equivalents carried forward	(3,428,335)	52,105	(3,480,440)

**37. SEGMENT INFORMATION****(a) Business segments**

The group is organised into three major business segments:

**(i) Fire and safety products and services**

Manufacturing, trading, installation, supply and repair and maintenance of fire fighting equipment.

**(ii) Automotive parts and equipment**

Assembly and sale of automotive parts and related products.

**(iii) Ceramic materials**

Manufacturing, wholesaling, dealing, retailing and supplying all kinds of ceramic products. However, on 16 June 2003, with the disposal of Fusan Clays & Glazes Sdn Bhd, the entire ceramic materials business segment was sold.

## notes to the financial statements (cont'd)

31 December 2004

## 37. SEGMENT INFORMATION (CONT'D)

## (a) Business segments (cont'd)

	Fire and safety products and services RM	Automotive parts and equipment RM	Ceramic materials RM	Elimination RM	Consolidated RM
<b>2004</b>					
<b>REVENUE AND EXPENSES</b>					
Revenue					
External sales	84,773,513	754,328	-	-	85,527,841
Inter-segment sales	51,043,643	299,122	-	(51,342,765)	-
<b>Total revenue</b>	<b>135,817,156</b>	<b>1,053,450</b>	<b>-</b>	<b>(51,342,765)</b>	<b>85,527,841</b>
Results					
Segment results/ profit from operations	10,592,444	8,183	-	(28,296)	10,572,331
Finance costs					(1,232,165)
Taxation					(2,215,023)
Profit after taxation					7,125,143
Minority interest					(85,312)
Net profit for the year					<b>7,039,831</b>
<b>ASSETS AND LIABILITIES</b>					
Segment assets	123,740,569	4,091,922	-	(1,095,278)	<b>126,737,213</b>
Segment liabilities	58,771,378	1,755,795	-	(1,095,278)	<b>59,431,895</b>
<b>OTHER INFORMATION</b>					
Capital expenditure	503,996	-	-	-	503,996
Depreciation	1,157,997	46,860	-	-	1,204,857
Non cash expenses	127,786	(19,000)	-	-	108,786
<b>2003</b>					
<b>REVENUE AND EXPENSES</b>					
Revenue					
External sales	112,327,555	1,677,682	1,457,365	-	115,462,602
Inter-segment sales	90,829,605	354,538	984,652	(92,168,795)	-
<b>Total revenue</b>	<b>203,157,160</b>	<b>2,032,220</b>	<b>2,442,017</b>	<b>(92,168,795)</b>	<b>115,462,602</b>

## notes to the financial statements (cont'd)

for the year ended 31 December 2004

## 37. SEGMENT INFORMATION (CONT'D)

## (a) Business segments (cont'd)

	Fire and safety products and services RM	Automotive parts and equipment RM	Ceramic materials RM	Elimination RM	Consolidated RM
<b>2003</b>					
Results					
Segment results/ profit from operation	8,814,018	203,410	(18,489)	(36,308)	8,962,631
Finance costs					(1,181,090)
Taxation					(1,437,702)
Profit after taxation					6,343,839
Minority interest					(44,614)
Net profit for the year					<u>6,299,225</u>
<b>ASSETS AND LIABILITIES</b>					
Segment assets	96,619,688	4,085,265	-	(1,567,142)	<u>99,137,811</u>
Segment liabilities	37,701,599	1,669,041	-	(1,567,142)	<u>37,803,498</u>
<b>OTHER INFORMATION</b>					
Capital expenditure	1,561,310	-	-	-	1,561,310
Depreciation	1,387,846	67,921	59,492	-	1,515,259
Non cash expenses	969,730	(84,367)	-	-	<u>885,363</u>

## (b) Geographical segments

The Group's operations are mainly in three geographical areas, Malaysia, Singapore and United Kingdom. Details are as follows:

	Malaysia RM	Singapore RM	United Kingdom RM	Consolidated RM
<b>2004</b>				
Total revenue from external customers	80,691,795	1,628,741	3,207,305	85,527,841
Segment assets	120,995,749	3,109,795	2,631,669	126,737,213
Capital expenditure	503,996	-	-	503,996
<b>2003</b>				
Total revenue from external customers	114,317,198	178,654	966,750	115,462,602
Segment assets	96,119,661	1,834,254	1,183,896	99,137,811
Capital expenditure	1,561,310	-	-	1,561,310

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## notice of 19th annual general meeting

**NOTICE IS HEREBY GIVEN THAT** the 19<sup>th</sup> Annual General Meeting of the Company will be held at Bangunan Fitters, Lot 2221, Kampung Jaya Industrial Area, 47000 Sungai Buloh, Selangor Darul Ehsan, on Monday, 27 June 2005 at 11.30 a.m. for the following purposes:

**AGENDA****ORDINARY BUSINESS****Resolution No.**

- |  |   |
|--|---|
| 1. To receive the Financial Statements for the year ended 31 December 2004 together with the Directors' and Auditors' Report thereon.  | 1 |
| 2. To declare a First and Final Dividend of 4% gross less Income Tax at 28% for the year ended 31 December 2004 as recommended by the Directors.                                     | 2 |
| 3. To approve the payment of Directors' fees for the year ended 31 December 2004.  | 3 |
| 4. To re-elect the following Directors who are retiring pursuant to Articles 83 of the Company's Articles of Association and being eligible have offered themselves for re-election: |   |
| a) Kong Sin Seng   | 4 |
| b) Mohamad Jamil Bin Mohd. Yusof   | 5 |
| 5. To re-appoint the following Directors who are retiring in accordance with Section 129 (2) of the Companies Act, 1965:   |   |
| a) Mr. Wong Cheek Lung   | 6 |
| b) Tan Sri Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohamed Ali   | 7 |
| 6. To re-appoint Messrs. Ernst & Young as Auditors of the Company and to authorise the Board of Directors to fix their remuneration.   | 8 |

**SPECIAL BUSINESS**

- |  |   |
|--|---|
| 7. To consider and if thought fit, to pass with or without modifications, the following resolutions as Ordinary Resolutions: |   |
| (a) <b>Proposed Authority to Issue New Shares Pursuant to Section 132D of the Companies Act, 1965</b>                        | 9 |

**"THAT** pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the Company at any time until conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may at their absolute discretion deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company at the time of issue, subject always to the approval of all relevant regulatory bodies being obtained for such allotments and issues."

## notice of 19th annual general meeting (cont'd)

## SPECIAL BUSINESS (CONT'D)

## Resolution No.

## (b) Proposed Renewal of Shareholders' Mandate For Fitters Group to Enter into Recurrent Related Party Transactions of a Revenue or Trading Nature ('Proposed Shareholders' Mandate').

"THAT pursuant to paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad, authority be and is hereby given to the Company and its subsidiaries ("Fitters Group") to enter into any of the category of Recurrent Related Party Transactions of a revenue or trading nature with:

i	Fitters-MPS Sdn Bhd	10
ii	Fitters (Sabah) Sdn Bhd	11
iii	Fitters Fire Technology Sdn Bhd	12
iv	Pipefabricators Sdn Bhd	13
v	Kawalan Api Engineering Sdn Bhd	14
vi	Wai Soon Engineering Sdn Bhd	15
vii	Australian Aerosols (Asia) Pty Ltd	16
viii	Titan Access Floors (Aust) Pty Ltd	17

as set out in section 2.5 of the Circular to the Shareholders dated 1 June 2005 which shall be considered and approved as separate mandates, provided that:

- the transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the Related Party than those generally available to the public and on such terms that are not to the detriment of the minority shareholders of the Company;
- disclosure is made in the annual report of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the Shareholders' Mandate during the financial year;

**AND THAT** such approval shall take effect from the passing of the ordinary resolution and will continue to be in force (unless revoked or varied by the Company in general meeting) until:

- the conclusion of the next AGM of the Company in 2005, at which time it will lapse, unless by a resolution passed at that meeting whereby the authority is renewed;
- the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to section 143 (1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to section 143 (2), of the Act); or
- revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier.

**AND THAT** the Directors and the Secretaries of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary (including executing such documents as may be required) to give effect to the Proposed Shareholders' Mandate."

## notice of 19th annual general meeting (cont'd)

## SPECIAL BUSINESS (CONT'D)

## Resolution No.

## (c) Proposed Extension of the Duration of the Fitters Holding Berhad Employees' Share Option Scheme ("FHB ESOS")

18

"**THAT** the duration of the FHB ESOS be and is hereby extended for a period of five (5) years from 9 May 2006 up to 8 May 2011 **AND THAT** the Directors be and are hereby authorised to issue and allot such number of new ordinary shares of RM1.00 each in FHB pursuant to the exercise of options under the FHB ESOS provided that the aggregate number of such shares issued and allotted shall not exceed such maximum percentage of the issued and paid-up share capital of the Company at any point of time as specified in the Bye-Laws of the FHB ESOS. Save and expect that in the event the maximum number of shares comprised in the options granted under the FHB ESOS exceeds such maximum percentage of the issued and paid-up share capital of the Company as specified in the Bye-Laws of the FHB ESOS as a result of the Company purchasing its own shares pursuant to Section 67A of the Companies Act, 1965 and thereby diminishing its issued and paid-up share capital, then such options granted prior to the diminution of the issued and paid-up share capital of the Company shall remain valid and exercisable in accordance with the terms and conditions of the Bye-Laws under the FHB ESOS; **AND THAT** such new ordinary shares of RM1.00 each in FHB to be allotted upon any exercise of option under the FHB ESOS will upon issue and allotment, rank pari-passu in all respects with the then existing issued ordinary shares of the Company, except that the new ordinary shares so allotted shall not be entitled to any dividends, rights, allotments and/or other distributions declared, the entitlement date of which precedes the date of allotment of the said new ordinary shares **AND THAT** the Directors be and are hereby authorised to act and to take all steps and do all things as they may deem necessary or expedient in order to implement, finalise and give full effect to the extension of the duration of the FHB ESOS to 9 May 2011"

8. To consider and if thought fit, to pass with or without modifications, the following resolution as Special Resolution:-

**Proposed Increase In Authorised Share Capital**

19

"**THAT** the Authorised Capital of the Company be and is hereby increased from RM 100,000,000 divided into 100,000,000 ordinary shares of RM1.00 each to RM 500,000,000 divided into 500,000,000 ordinary shares of RM1.00 each by the creation of 400,000,000 ordinary shares of RM1.00 each rank pari passu with the existing shares **AND THAT** the Memorandum and Articles of Association of the Company be and is hereby amended accordingly **AND FURTHER THAT** the Directors of the Company by and are hereby authorised to do all acts, things and deeds and execute all necessary documents to give full effect to the Proposed Increase in Authorised Share Capital, with full power to assent to any conditions, modifications, variations, and/or, amendments as may be required by any relevant authorities or as they may deem fit in the interest of the Company."

## ANY OTHER BUSINESS

9. To transact any other ordinary business of the Company of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

## notice of 19th annual general meeting (cont'd)

**NOTICE OF DIVIDEND ENTITLEMENT**

**NOTICE IS HEREBY GIVEN THAT** a First and Final Dividend of 4% gross less Income Tax of 28% in respect of the financial year ended 31 December 2004 will be payable on 1 August 2005 to depositors registered in the Records of Depositors at the close of business on 1 July 2005.

A Depositor shall qualify for entitlement to the dividend only in respect of:

- (a) Shares transferred to the Depositor's securities account before 4.00 p.m. on 1 July 2005 in respect of ordinary transfer; and
- (b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

**BY ORDER OF THE BOARD  
FITTERS HOLDINGS BERHAD**

**NURULUYUN BINTI ABDUL JABAR (MIA 9113)  
KUNG WHOOI NING (MIA 8537)**  
Company Secretaries

Selangor Darul Ehsan  
**1 June 2005**

**Notes:**

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy in his/her stead.
2. A proxy may but need not be a member of the Company and the provision of Section 149(1) (b) of the Act shall not apply to the Company.
3. The instrument appointing a proxy must be deposited at the Company's Registered Office at Bangunan Fitters, Lot 2221, Kampung Jaya Industrial Area, 47000 Sungai Buloh, Selangor Darul Ehsan not less than forty eight (48) hours before the time for holding the meeting or at any adjournment thereof.
4. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.
5. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
6. If the appointer is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or of his attorney duly authorised in writing.

## notice of 19th annual general meeting (cont'd)

**A) Explanatory Note on Resolutions No. 6 & 7:**

*The Resolutions No. 6 and 7 under items 5(a) and 5(b) are in accordance with Section 129 (6) of the Companies Act, 1965 which requires that a separate resolution be passed to re-appoint Mr. Wong Cheek Lung and Tan Sri Datuk Paduka Dr. Hajjah Saleha binti Haji Mohamed Ali, who are over 70 years of age as Directors of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company. These resolutions must be passed by a majority of not less than three fourths of such members of the Company as being entitled to vote in person or, where proxies are allowed, by the proxy, at the Annual General Meeting of the Company.*

**B) Special Business****1. Explanatory Note on Resolution No. 9:**

*The proposed ordinary resolution under item 7(a) above, if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting, authority to allot and issue shares in the Company up to an amount not exceeding in total 10% of the issue capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority unless revoked or varied at a General Meeting will expire at the next Annual General Meeting.*

**2. Explanatory Note on Resolutions No. 10 to 17:**

*The Ordinary Resolution proposed under item 7(b), if passed will give authority to the Company and its subsidiaries to enter into with specific classes of related parties and to give effect to specified recurrent related party transactions of a revenue or trading nature which are necessary for the Company and its subsidiaries' day-to-day operations. This authority will, unless revoked or varied by the Company in General Meeting will expire at the next Annual General Meeting. The detail explanatory is set out in the Circular to the Shareholders dated 1 June 2005 attached to the Annual Report.*

**3. Explanatory Note on Resolutions No. 18**

*The Ordinary Resolution proposed under item 7(c), if passed will give authority to the Company to extend the existing Employee Share Option Scheme (ESOS) for a further period of five (5) years as allowed under the ESOS Bye-laws. This would enable the Company to reward its loyal and deserving employees and to enable them to participate in the growth of the Group. Previously it has not been granted as the market condition was not to their advantage.*

## statement accompanying the notice of annual general meeting

1. Directors who are standing for re-election and re-appointment at the 19<sup>th</sup> Annual General Meeting of the Company are as follows:

(i) Kong Sin Seng	Resolution 4
(ii) Mohamad Jamil Bin Mohd Yusof	Resolution 5
(iii) Wong Cheek Lung	Resolution 6
(iv) Tan Sri Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohamed Ali	Resolution 7

The profile and shareholdings of the Directors who are standing for re-election and re-appointment are as follows:

<u>Name of Director</u>	<u>Director's Profile</u>	<u>Directors' Shareholdings</u>
Kong Sin Seng	Page 12	Page 38
Mohamad Jamil Bin Mohd Yusof	Page 12	Page 38
Wong Cheek Lung	Page 11	Page 38
Tan Sri Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohamed Ali	Page 11	Page 38

2. Details of attendance of Directors at Board Meetings held during the financial year ended 31 December 2004 are available on page 21 of the Annual Report.

3. Place, date and time of the 19<sup>th</sup> Annual General Meeting.

<u>Date of Meeting</u>	<u>Time of Meeting</u>	<u>Place of Meeting</u>
Monday, 27 June 2005	11.30 A.M.	BANGUNAN FITTERS LOT 2221, KAMPUNG JAYA INDUSTRIAL AREA 47000 SUNGAI BULOH SELANGOR DARUL EHSAN



**FITTERS**

**FITTERS HOLDINGS BERHAD**

(Company No : 149735-M)

(Incorporated in Malaysia)

**PROXY FORM**

I/We \_\_\_\_\_ NRIC No : \_\_\_\_\_  
(Full name in Capital Letters)

of \_\_\_\_\_  
(Address)

being a member/members of **FITTERS HOLDINGS BERHAD** hereby appoint \_\_\_\_\_

\_\_\_\_\_ NRIC No : \_\_\_\_\_  
(Full Name)

of \_\_\_\_\_  
(Address)

or failing him, \_\_\_\_\_ NRIC No : \_\_\_\_\_  
(Full Name)

of \_\_\_\_\_  
(Address)

as \*my/\*our proxy to vote for \*me/\*us on \*my/\*our behalf at the Annual General Meeting of **FITTERS HOLDINGS BERHAD** to be held at Bangunan Fitters, Lot 2221, Kampung Jaya Industrial Area, 47000 Sungai Buloh, Selangor Darul Ehsan on Monday, 27 June 2005 at 11.30 a.m. and at any adjournment thereof.

# The proportion of \*my/\*our holding to be represented by \*my/\*our proxies are as follows:  
(The next paragraph should be completed only when two proxies are appointed).

Number of shares held : \_\_\_\_\_

First Proxy (1).....%

Second Proxy (2).....%

NO	FOR	AGAINST
1 RESOLUTION 1		
2 RESOLUTION 2		
3 RESOLUTION 3		
4 RESOLUTION 4		
5 RESOLUTION 5		
6 RESOLUTION 6		
7 RESOLUTION 7		
8 RESOLUTION 8		
9 RESOLUTION 9		
10 RESOLUTION 10		

NO	FOR	AGAINST
10 RESOLUTION 10		
11 RESOLUTION 11		
12 RESOLUTION 12		
13 RESOLUTION 13		
14 RESOLUTION 14		
15 RESOLUTION 15		
16 RESOLUTION 16		
17 RESOLUTION 17		
18 RESOLUTION 18		
19 RESOLUTION 19		

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

Date this.....day of.....2005

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

(\*Delete if not applicable)

**Notes:**

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- 6) If the appointer is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or of his attorney duly authorised in writing.

AFFIX  
STAMP

**THE COMPANY SECRETARY**  
**Fitters Holdings Berhad** (149735-M)  
Bangunan Fitters,  
Lot 2221 Kampung Jaya Industrial Area  
47000 Sungai Buloh  
Selangor Darul Ehsan

