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FITTERS Diversified Berhad (149735-M)

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FITTERS Diversified Berhad (149735-M)

ANNUAL REPORT 2008

A N N U A L R E P O R T 2 0 0 8



DIVERSIFIED GROWTH THROUGH INNOVATION & TECHNOLOGY

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Mission Statement

DIVERSIFIED GROWTH THROUGH
INNOVATION & TECHNOLOGY

For exceptional return on investments
Invaluable engineering solutions
Towards customer service excellence
Training in technological advancement
Engineering research and development
Reliability and quality assurance
Strive for innovation and technology

COMPANY PROFILE

FITTERS Diversified Berhad, an investment holding company, commenced operations in the 1970s. FITTERS Diversified Berhad was listed on the Second Board of Bursa Malaysia on 4 October 1994. It was successfully promoted to the Main Board of Bursa Malaysia on 4th July 2007.

Over the years, the FITTERS Group of Companies has established itself as a “one-stop” fire protection specialist. Its subsidiaries are involved in the manufacturing, trading and specialised installation of fire-fighting materials, equipment and providing fire safety protection services & products. It also manages and runs the Fire Department’s privatized Centralized Fire Monitoring System through its subsidiary Master Pyroserve Sdn Bhd.

Apart from the above, the Group also sells a complete range of fire fighting equipment i.e. sprinklers, hoses, smoke and gas detectors, FITTERS Fire-X extinguishers, fire resistant doors, synthetic foam concentrates, custom-made protective wear, raised access flooring system and others sourced from various local and overseas suppliers.

To mark its promotion to the Main Board, the Group took the opportunity to change its name from FITTERS Holdings Berhad to FITTERS Diversified Berhad and at the same time adopted a new logo to better reflect the new direction and businesses that it has embarked upon.

The Group has diversified into a number of new areas to take advantage of synergies and new growth opportunities. It has extended its contracting business into M&E, rail and infrastructure engineering services, as well as civil engineering construction. It has ventured into a property development project and most recently venture into plasma gasification technology to develop waste-to-energy projects. It is also involved in the niche market of theming contracting works.

The Group’s corporate head office is located at Bandar Sri Damansara, Selangor Darul Ehsan with branches located in Penang, Ipoh, Johor Bahru, Kuching, Kota Kinabalu and Singapore.

MANUFACTURING & TRADING DIVISION

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

Our Core Products

- Fire Resistant Doorsets**
- Fire Equipments and Products**
- Building Materials**
- Raised Access Flooring**
- Foam Systems**
- Fire Safety Apparels**
- Fire Extinguisher**

Foam Blending Plant

FITTERS has a foam blending facility that allows for the manufacture of multiple foam concentrate products. This business unit markets all types of foam ancillary equipment and valves. The business unit is able to provide the designing, installation, testing and commissioning of all foam systems. FITTERS is contracted by CHEMGUARD (USA) to operate its sole foam blending facility for supply to the entire ASEAN region.

High Quality Fire Resistant Doorsets

In line with today’s stringent fire safety standards, PYRODOR offers quality fire resistant doorsets – tested by SIRIM in accordance with the latest MS1073 Part 2 & 3 and approved by Fire & Rescue Department, Malaysia.

COMPANY PROFILE (contd.)

Modular Floor Systems / TITAN Hi-Ten

This business unit manufactures the TITAN HI-TEN wood core series of raised access flooring systems which is amongst the most technically advanced system available in the marketplace today. The TITAN HI-TEN panels are precision engineered and manufactured by "FULLY ENCAPSULATING" the high performance core using high tensile steel sheet. TITAN HI-TEN panel is one of the most sought after raised access floor systems in United Kingdom, Ireland, Middle-East, India and Hong Kong.

Fire Safety Apparels

This business unit offers custom-tailoring services for a wide range of safety apparels to meet the discerning demands of corporate and individual clients.

ENGINEERING & CONSTRUCTION DIVISION

The Engineering & Construction division of FITTERS Diversified Berhad (FDB) will be expanding its scope of services to include Architectural, Civil & Structural and M&E works. Our M&E business unit will offer complete services in the area of fire, air conditioning, plumbing and electrical works.

Currently, FDB through its wholly owned subsidiary FITTERS Engineering Services Sdn Bhd is able to provide complete engineering solutions on a design and build concept.

FITTERS Engineering Services Sdn Bhd comprise of a team of designers and engineers with vast experience and expertise in their respective fields. We are committed to good engineering practices and play a vital role in meeting the engineering requirements for various prestigious projects such as Petronas Twin Towers.

We also provide one-stop turnkey solutions for infra-structure development such as fire protection systems, water reticulation, ACMV systems, gas piping systems, etc.

Project References

FITTERS has excellent track record in the design and implementation of engineering projects, especially in the area of fire protection. Some of our current prestigious projects include :

- KLCC Lot C (Office Retail)
- Solaris Dutamas (mixed development)
- Putrajaya Parcel 4G8 & 4G9 (Government offices)
- Sepang Gold Coast (Resort Homes)
- Jusco Melaka

FITTERS Maiden Property Development Project

FITTERS is undertaking its maiden property development project on a prime 8.43 acre commercial land, beside a beautiful lake and along the busy Jalan Genting Klang trunk road, in the fast growing Setapak area of Kuala Lumpur.

Ground breaking for this project had commenced. Construction of the sub-structure and basement works is now actively in progress. The 3-storey shopping mall is scheduled to complete by third quarter, 2010.

When fully completed, the development will be a vibrant focal point of shopping, recreational, leisure, entertainment and dining activities. The lakeside setting will add to the quality of lifestyle for its residents and enhance the appeal and value of the development. The project is expected to have a gross development value in excess of half a billion Ringgit; when completed.

View of project job site



KLCC Lot C



COMPANY PROFILE (contd.)

SERVICES

Master Pyroserve Sdn Bhd (MPS) operates the Fire Department's privatized Computerized Fire Alarm Monitoring System (CMS). With a current subscriber base of about 5,000 and growing, it is the clear market leader in this segment. To date, 59 CMS stations have been commissioned and operational throughout Malaysia. Supported by an estimated 150 appointed authorised distributors nationwide and branches in major states, MPS persistently strives to provide a high level of service to all its clients using the latest, advanced improvised control panel, programming & trouble shooting tools. A proven & established track record in maintaining its accreditation of the prestigious ISO 9002 / 9001:2000 since 1996, it provides another benchmark of our successful achievement & recognition in ensuring service excellence to all our clients.

FITTERS Engineering Maintenance Services Sdn Bhd provide after sales and warranty service back up to the Engineering Division; including contractual and on-call services. It ensures that all clients are provided with the highest level of service. It provides preventive maintenance, routine checks and remedial maintenance.

NEW BUSINESSES

As part of its long term plan to diversify its earnings base, FITTERS has ventured into the waste-to-energy business, using the proven state-of-the-art plasma gasification technology through **Future NRG Sdn Bhd (FNRG)**.



FNRG has two other technology partners, one for biomass gasification and the other for the plasma gasification of medical waste and hazardous waste. In partnership with these partners, FNRG will be able to offer complete waste-to-energy solutions for all types of wastes, which will include municipal solid waste, medical waste, hazardous waste (industrial waste, oil sludge), biomass (wood chips, bagasse, rice husk, corncobs, etc.). In addition, FNRG will be able to handle wastes from as little as one tonne per day to 600 tonnes per day. This will greatly enhance FNRG's competitive position as a leading developer of environment friendly, waste-to-energy projects in Asia.

FNRG has, in April 2009, appointed a Nominated Advisor (NOMAD) to act on its behalf in connection with a possible floatation of the company's shares on AIM (Alternative Investment Market), a market operated by the London Stock Exchange.

Z'odd Design Sdn Bhd

Z'odd Design Sdn Bhd, a theming contractor through the Group's Singapore subsidiary, FITTERS (S) Pte Ltd has been awarded contracts to design and build interior fit-out works for food & beverage and retail / merchandize outlets within the Universal Studios Singapore Theme Park.

Z'odd is also aggressively bidding for theming projects in Malaysia and the Far East region including China.



CORPORATE INFORMATION

BOARD OF DIRECTORS

En. Mohammad Nizar Bin Idris**
Chairman

Dato' Wong Swee Yee
Managing Director

Datin Goh Hooi Yin
Executive Director
(Appointed w.e.f. 15/12/2008)

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

Mr. Wong Cheek Lung *
(Demised on 12/3/2009)

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
(Ceased w.e.f. 12/3/2009)

* Non-Independent and Non-Executive
Director

** Independent Non-Executive Director

COMPANY SECRETARY

Mr. Ng Yim Kong (LS 0009297)

REGISTRAR

Symphony Share Registrars Sdn Bhd
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HEAD OFFICE & REGISTERED OFFICE

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Manufacturing & Trading

Contact : Mr. Fong Kum Kuan
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Engineering & Construction

Contact : Mr. Law Jenn Dong
Tel : 03 62767155
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E-mail : project@fittersgroup.com

Computerised Fire Alarm Monitoring System

Contact : En. Anuar Yusof
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Maintenance Services

Contact : Ms. Linda Chang
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E-mail : fms@fittersgroup.com

Railway Engineering

Contact : Mr M. Jayabalan /
Mr Chan Kok Hoe
Tel : 03 62767155
Fax : 03 62758712
E-mail : fdb@fittersgroup.com

Theming Contracting

Contact : Mr Fong Kum Kuan /
Mr Yap Meow Hoo
Tel : 03 62767155
Fax : 03 62751378
E-mail : fdb@fittersgroup.com

Waste-to-Energy

Contact : Mr Arman Massoumi-Sourey /
Mr Su Thai Ping
Tel : 03 62772200
Fax : 03 62721535
E-mail : enquiry@futurenrg.net

REGIONAL OFFICES

Northern:

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Central:

13 & 13A Jalan Dato' Haji Megat Khas
Taman Bandaraya Utama
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Tel : 05 5477622
Fax : 05 5477623

Southern:

12 & 12A Jalan Sagu 5
Taman Daya
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Tel : 07 3559585
Fax : 07 3559610

Sarawak

28, Ground Floor
Wisma Koperkasa
Jalan Simpang Tiga
93300 Kuching
Sarawak
Tel : 082 250221
Fax : 082 256221

Singapore

83 Genting Lane #06-01
Singapore 349568
Contact : Mr. Pernod Sim
Tel : 02 67441171
Fax : 02 67414173
E-mail : adminsg@fittersgroup.com

AUDITORS

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

PRINCIPAL BANKERS

AmBank (M) Berhad
Alliance Bank Malaysia Berhad
Alliance Merchant Bank Berhad
EON Bank Berhad
Malayan Banking Berhad
CIMB Bank Berhad
United Overseas Bank (M) Berhad

SOLICITORS

Azlan Shah Sukhdev & Co.
Nasir, Kenzin & Tan
Ong Ban Chai & Co.
Soon Gan Dion & Partners
Jin & Co.

WEBSITE

<http://www.fittersgroup.com>

STOCK EXCHANGE LISTING

Main Board of
Bursa Malaysia Securities Berhad
Stock Short Name : Fitters
Stock Code : 9318

CHAIRMAN'S STATEMENT

Dear Shareholders

On behalf of the Board of Directors, I am pleased to present the Annual Report and the Audited Financial Statements of FITTERS Diversified Berhad for the financial year ended 31 December 2008.

FINANCIAL REVIEW

For the financial year ended 31 December 2008, FITTERS Diversified Berhad recorded a higher revenue of RM 163.8 million as compared to RM 146.5 million in the previous financial year ended 31 December 2007. This is an increase of 12% over the last financial year. The Profit before Tax also increased by almost three-fold to RM 24.5 million, compared to the previous financial year. This was mainly due to a combination of extraordinary income from the disposal of the subsidiary, Cameron Fresh Farms Sdn Bhd and the sale of the option for development of a shopping Mall, over and above the profits from the normal course of business.

In the face of challenging times for the next few years, the Board made a thorough review of the receivables that were being litigated. Noting the current financial and economic crisis and with the benefit of the advice from the company's solicitors, the Board made the prudent decision to make provisions in the accounts for debts and cases where the chance of recovery may be more challenging and slim. Nevertheless, the Board took the decision that the legal process to recover the amounts due would continue. In the meantime, the relevant 'receivables' were set aside from the financial performance to prepare the company for the worst case scenario. Should there be some recovery in the future resulting from the legal actions that are ongoing, the amount will be written back into the books of the company.

CORPORATE AND BUSINESS DEVELOPMENT

With the completion of the Warrants exercise in December 2007, the company did not embark on any major corporate exercise for the year 2008. In late 2008, the Board decided that shareholder's value would be enhanced by limiting the number of shares issued. The issued shares stood at about 10% more than the minimum threshold of RM60 million (or 120,000,000 shares at RM0.50 each) as set by the authorities. The company has applied to the authorities to be allowed to buy back the 'excess' shares to enable the paid up capital to be in the proximity of the RM 60 million requirement. This corporate exercise was successfully completed in the first quarter of 2009.

The main corporate events for 2008 include the completion of the disposal of the 100% stake in Cameron Fresh Farms Sdn Bhd to Malaysian Agrifood Corporation Berhad, a wholly owned subsidiary of Khazanah Nasional Berhad, the successful disposal of the option to develop a shopping mall for the Parkson group and the disposal of the 51% stake of the investment in FITTERS Engineering Sdn Bhd to the minority shareholder; all of which generated positive cashflow for the Group while preserving the Group's value.

It is with great regret that I have to announce to our shareholders, the demise of Mr. Wong Cheek Lung. He was a senior member of the Board. The Board wishes to extend its condolences to the family of the late Mr. Wong Cheek Lung and to our Managing Director Y. Bhg. Dato' Wong Swee Yee and our alternate Director Mr. Wong Swee Seong, on the recent demise of their beloved father. The Board wishes to record the invaluable contributions made by Mr. Wong Cheek Lung to the company over the past many years.

The company welcomes the appointment of Y. Bhg. Datin Goh Hooi Yin to the Board. She has tremendous experience in IT, Human Resource Management and General Administration. The Board will benefit from her contribution.

Corporate Social Responsibility (CSR) is an integral part of the FITTERS group's business model. The company is still continuing with various programs as part of the awareness campaign with respect to fire safety and prevention. Besides working on a project with the Ministry of Housing and Local Government in the "One Home One Extinguisher" campaign, FITTERS has had talks with FIPCOM and some other authorities to highlight fire safety and prevention measures. Over the years, FITTERS has recognized the need to shift the emphasis in fire safety from the corporate and industrial sector to the individual and on a personal level.

CHAIRMAN'S STATEMENT (contd.)

ECONOMIC TRENDS AND DEVELOPMENTS

The first half of 2008 saw economies facing inflationary pressures amid increase in prices of oil, food and commodities. The second half of 2008 gave way to the spread of turmoil in the international financial markets and their contractionary impact on economic growth. This effectively caused a shift in investment funds out of mortgage securities into commodities leading to record high prices; resulting in increased cost-plus inflationary pressures globally.

Overall in 2008, the Malaysian economy registered a growth of 4.6% supported by robust domestic demand vide sustained private spending and strong public spending. Given the exposure and openness of the Malaysian economy, contraction in exports started a chain reaction of lower income and domestic demand leading to moderation in private investment and consumption. Meanwhile the government, in 2008, intensified implementation of projects under the 9th Malaysian Plan and the economic corridors.

While we brace for the full impact of the deepening global economic downturn, 2009 is expected to be challenging on all fronts, both for the individual and companies alike, and FITTERS will be no exception. Despite the policy measures undertaken by the government by injection of funds through introduction of stimulus packages, the real GDP performance in 2009 is projected to be only between -1% and 1%. Output from the Manufacturing sector is expected to decline, especially in export oriented industries while the Services sector is expected to contribute moderately to growth. The Construction sector is expected to record a stronger growth benefiting from the implementation of the economic stimulus packages. (Source: Bank Negara Malaysia Annual Report 2008)

Within every crisis lies opportunity. FITTERS had already embarked on several projects and ventured into new niche areas in 2008, which should bear fruits in 2009. Not only are these projects 'recession-proof' but they are also cost effective while providing much needed alternative solutions, the prescription of any economy in difficult periods. The competitive position of FITTERS has been strengthened by the adoption of advanced and appropriate technology. This is evidenced by the FITTERS subsidiary, Future NRG Sdn Bhd making in-roads, both domestically and internationally, in introducing, educating and marketing to the authorities, the existence of an alternative, environmentally friendly and sustainable energy source from industrial and municipal waste and the technology to harness it.

FUTURE OUTLOOK

The Company has moved to its new corporate headquarters. In line with the growth in the group's operations, and the need for real time accurate information as a management tool, the Group embarked on the first phase of replacing the existing computer system with the state of the art SAP Business One System (manufacturing, trading & services divisions). We consider the investment in the system as a necessity. Besides efficient transmission of information to the decision-makers in the Group, the system itself serves to lend credibility to the financial reports to the authorities.

While maintaining the base of the Group's operations in the fire safety and prevention industry, diversification per se has been carried out via fire engineering to cover a wider base, both upstream and related industries. This has been a key strategy for the Group's survival and growth to date.

In the difficult times, one of the major concerns of any corporation is liquidity and debt recovery. FITTERS has strived, as much as possible, to finance its operations through internally generated funds. In this aspect, the Group has been very selective on the projects offered for participation where ability for funding and the pay-master has been the main aspect for consideration. The areas of renewable energy [through Future NRG Sdn Bhd], railway engineering and infrastructure works [through FITTERS-Malnaga Sdn. Bhd.] and theming contracting/fabrication works (through Z'odd Design Sdn. Bhd.) are expected to feature quite prominently as income generating sources for the FITTERS Group in 2009.

ACKNOWLEDGEMENT

Finally, on behalf of the dynamic board of FITTERS, I wish to take this opportunity to thank all the employees of the Group, who have demonstrated true grit and gone beyond their scope of duties to contribute to the operational success and financial well-being of the Group. A note of thanks and appreciation is also in order to our shareholders for their confidence and commitment in supporting the Board. Last but not least, we look forward to the goodwill and continued support from our customers, principals, suppliers, contractors, associates, financiers and the various government departments and authorities, without whom, getting through a difficult 2008 and an even more challenging 2009 will not be possible. My thanks to my fellow board members for their contribution in making 2008 a great year for FITTERS.

MOHAMMAD NIZAR BIN IDRIS

Chairman

Dated this : 30 April 2009.

PROFILE OF THE BOARD OF DIRECTORS

EN. MOHAMMAD NIZAR BIN IDRIS

67 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 and is a member of Audit 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 companies 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 five Board meetings.

DATO' WONG SWEE YEE, DSSA

52 years, Malaysian.

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 and Employee Share Option Scheme ("ESOS") Committee, member of the Remuneration Committee and Risk Management 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 companies. Datin Goh Hooi Yin, his spouse and Mr. Wong Cheek Lung, his late father, are also the members of the Board. Mr. Wong Swee Seong, the Alternate Director to late 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 five Board meetings.

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

86 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; and chairman of the Association of Promotion for the Higher Education in Malaysia (APHEM). She is also an advisor with the Asian Strategy and Leadership Institute, Malaysia (ASLI) and the Malaysian Strategic Research Centre (MSRC).

She sits on the board of Leong Hup Holdings Berhad, Hirota Holdings Berhad, Malaysia Land Development Co. Berhad and Help International Corporation 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. One of the other Board meeting was attended by her alternate, En. Zahedi Bin Haji Mohd Zain.

PROFILE OF THE BOARD OF DIRECTORS (contd.)

MR. WONG CHEEK LUNG (Demise on 12/03/2009)

86 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 no other directorship in other public companies. 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.

He attended four of the Board meetings. One of the other Board meeting was attended by his alternate, Mr. Wong Swee Seong.

MR. KONG SIN SENG

54 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 Committee.

He started his career as an articled clerk with Reeves & Neylan, Chartered Accountants in the United Kingdom from 1978 to 1982 and subsequently joined 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 and is currently the Chief Executive Officer of Widetech (M) Berhad.

He is also on the Board of Widetech (Malaysia) Berhad since September 2004. He has no other directorship in other public companies. 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 five Board meetings.

EN. MOHAMAD JAMIL BIN MOHD YUSOF

66 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 companies. 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 all the five Board meetings.

EN. ZAHEDI BIN HAJI MOHD ZAIN

54 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.

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 companies. 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 two of the Board meetings in her absence and two Board meetings in her presence.

PROFILE OF THE BOARD OF DIRECTORS (contd.)

MR. WONG SWEE SEONG (Cease as Alternate Director to Wong Cheek Lung on 12/03/2009)

45 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.

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 companies. 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 four of the Board meetings in his presence and one of the Board meeting in his absence.

DATIN GOH HOOI YIN

49 years, Malaysian.

Bachelor of Science (Mathematics), 1st class Honours, University Malaya.

First appointment to the Board on 15 December 2008.

Executive, Non-Independent Director.

She started her career as a Systems Analyst with an insurance underwriting firm. She then joined an IT organization and worked in various positions (Systems Analyst, Consultant, Customer Support Manager, Consulting Manager, Manager) over a tenure of 8 years. She joined Master Pyroserve Sdn Bhd for a period of 3 years; assisting in the ISO accreditation and overseeing the maintenance operations.

She has no other directorship in other public companies. She is the spouse of Dato' Wong Swee Yee, the Managing Director and a Substantial Shareholder of the Company. There is no conflict of interest with the Company. There are no conviction for any offences within the last 10 years.

She has not attended any Board meeting held in the financial year ended 31 December 2008.

GROUP FINANCIAL HIGHLIGHTS

AS AT 31 DECEMBER 2008 AND FOR THE PRECEDING 4 YEARS

RM'000	2004	2005	2006	2007	2008
Revenue	85,528	143,332	128,421	146,452	163,789
Profit/(loss) before taxation	9,340	12,547	16,081	8,598	24,520
Taxation	(2,215)	(3,266)	(3,880)	(2,749)	(1,164)
Profit after taxation	7,125	9,281	12,201	5,849	23,356
Minority interests	(85)	(101)	(169)	(320)	(1,726)
Profit/(loss) for the year	7,040	9,180	12,032	5,529	21,630
Share Capital	41,452	41,452	62,177	65,579	65,579
Treasury Shares	-	-	-	-	(4,454)
Distributable Reserves	18,965	25,758	18,600	20,299	38,047
Non-Distributable Reserves	5,331	5,281	1,943	7,885	7,890
Shareholders' Fund	65,748	72,491	82,720	93,763	107,062
Fixed Assets	14,960	14,983	7,996	10,680	14,242
Investments	5,534	5,533	5,316	18,773	16,674
Development Property	2,003	2,129	-	-	30,569
Goodwill	14,996	14,996	14,992	15,113	4,848
Other Non-Current Assets	-	-	-	-	589
Deferred Tax Asset	-	-	4	-	149
Current Assets	89,244	103,268	116,804	141,763	133,901
Total Tangible Assets	111,741	125,913	130,120	171,216	196,124
Bank Borrowings	39,593	37,212	31,817	52,061	34,636
Net Tangible Assets	52,310	59,152	69,407	78,968	102,355
Weighted Average Share Capital	41,452	41,452	62,177	64,719	64,718
Net Tangible Assets per share (sen)	126.19	142.70	55.81	61.01	79.08
Earnings per share (sen)	16.98	22.15	9.68	4.30	16.71

GROUP QUARTERLY PERFORMANCE (UNAUDITED)

	1st QUARTER 31-Mar-2008 RM'000	2nd QUARTER 30-June-2008 RM'000	3rd QUARTER 30-Sep-2008 RM'000	4th QUARTER 31-Dec-2008 RM'000
CONDENSED CONSOLIDATED INCOME STATEMENT				
Revenue	31,307	43,112	49,822	39,100
Cost of sales	(25,808)	(36,552)	(44,526)	(43,070)
Gross profit / (loss)	5,499	6,560	5,296	(3,970)
Other income	34	41	29,927	34,506
Administrative expenses	(4,242)	(3,940)	(6,061)	(35,405)
Selling and marketing expenses	(705)	(616)	(60)	(806)
Finance costs	(300)	(348)	(288)	(175)
Profit / (loss) before tax	286	1,697	28,814	(5,850)
Income tax expense	(421)	(816)	(293)	178
(Loss)/Profit for the period	(135)	881	28,521	(5,672)
Attributable to :				
Equity holders of the parent	(224)	418	28,535	(6,859)
Minority Interests	89	463	(14)	1,187
	(135)	881	28,521	(5,672)
Earning per share (sen)	(0.17)	0.32	21.76	(5.44)

GROUP QUARTERLY PERFORMANCE (UNAUDITED) (contd.)

	1st QUARTER 31-Mar-2008 RM'000	2nd QUARTER 30-June-2008 RM'000	3rd QUARTER 30-Sep-2008 RM'000	4th QUARTER 31-Dec-2008 RM'000
CONDENSED CONSOLIDATED BALANCE SHEET				
ASSETS				
Non-current assets				
Property, plant and equipment	10,558	10,344	16,621	14,618
Investment properties	1,397	1,199	1,192	1,177
Prepaid lease payments	248	247	246	245
Goodwill on consolidation	15,113	15,113	15,113	4,360
Other Investment	17,370	17,370	17,370	15,497
Land held for property development	-	46,509	-	33,276
	44,686	90,782	50,542	69,173
Current Assets				
Inventories	11,661	14,542	16,884	11,684
Contract Work-in-progress	20,636	20,559	28,398	10,403
Trade Receivables	46,125	48,773	42,985	27,212
Other Receivables	19,731	10,301	11,924	41,169
Tax Recoverable	1,290	1,576	1,996	2,597
Marketable securities	6	6	6	6
Deposits with Licensed Banks	30,238	20	35,795	22,273
Cash and bank balances	7,871	4,770	5,669	14,661
	137,558	100,547	143,657	130,005
Asset held for disposal	38,912	38,912	44,846	-
	176,470	139,459	188,503	130,005
TOTAL ASSETS	221,156	230,241	239,045	199,178
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent				
Share Capital	65,579	65,579	65,579	65,579
Treasury Shares	-	-	(14)	(4,454)
Warrant Reserve	5,935	5,915	5,915	5,915
Revaluation Reserves	533	533	533	533
Capital Reserves	1,360	1,360	1,360	1,360
Exchange Reserves	60	48	59	81
Retained Earnings	20,075	20,493	45,146	38,287
	93,542	93,928	118,578	107,301
Minority Interests	407	870	1,162	141
Total equity	93,949	94,798	119,740	107,442
Non-current liabilities				
Long Term Borrowings	25,115	110	751	673
Other Long Term Liabilities	604	518	-	-
Deferred Taxation	500	496	525	206
	26,219	1,124	1,276	879
Current Liabilities				
Contract Work-in-progress	4,151	3,753	2,624	33,954
Short Term Borrowings	22,141	51,981	45,017	20,218
Trade Payables	15,536	19,498	16,352	36,049
Other Payables	57,850	57,326	53,144	-
Lease and Hire Purchase Creditors	309	282	-	-
Provision for Taxation	1,000	1,478	892	636
Liabilities for asset held for disposal	1	1	-	-
	100,988	134,319	118,029	90,857
Total liabilities	127,207	135,443	119,305	91,736
TOTAL EQUITY AND LIABILITES	221,156	230,241	239,045	199,178
Net Assets per Share (sen) **	71.32	71.61	91.31	88.67

Net assets per share is calculated based on Total Assets (including intangibles) minus Total Liabilities divided by the total number of ordinary shares.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors (“Board”) of FITTERS Diversified 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. The Company strives to provide the best solutions and services in the fire protection industry and other businesses it involves in while maximising shareholders’ value.

The Company is fully committed to good corporate governance practices and fair dealings in all its activities. It subscribes fully to the principles and best practices promoted by the Malaysian Code of Corporate Governance (“the Code”). This statement describes the practices that the Company had taken with respect to each of the key principles and the extent of its compliance with the Code during the financial year.

1. THE BOARD OF DIRECTORS

1.1 Responsibilities

The Board assumes full responsibilities for the overall performance of the FITTERS Group by setting strategic plans for the company and overseeing the conduct of the Company’s businesses. The Board also focuses on reviewing the adequacy and integrity of the Company’s internal control system, succession planning, identifying key risks and developing shareholder communication policy for the Company. The concept of transparency, accountability and integrity forms the foundation to which the Board discharges its duties.

The Board has appropriately delegated specific task to six Committees, i.e. Audit Committee, Executive Committee (EXCO), Nomination Committee, Remuneration Committee, Risk Management Committee and Employee Share Option Scheme (“ESOS”) Committee. These Committees have wide ranging authorities and make recommendations to the Board who holds the ultimate responsibility.

The Board maintains a supervisory control over management through the guardianship of the Executive Committee which ensures implementation of standard operating procedures and to ensure efficient management of the FITTERS Group.

1.2 Board Balance

The Board has six members providing a balanced mix of two Executives, one Non-Independent Non-Executive Directors and three Independent Non-Executive Directors, whose varied skills and vast experiences are relevant to the Group’s business operations. 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 judgement. 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 (contd.)

1.3 Meetings

The Board met on a scheduled basis of five times a year for the financial year ended 31 December 2008, at the registered office. Details of attendance of these meetings are as follows:

Directors	No. of Meetings Attended
En. Mohammad Nizar Bin Idris	5 / 5
Dato' Wong Swee Yee	5 / 5
Tan Sri Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohamed Ali	3 / 5
Mr. Wong Cheek Lung (demised on 12/03/2009)	4 / 5
Mr. Kong Sin Seng	5 / 5
En. Mohamad Jamil Bin Mohd Yusof	5 / 5
Alternate Directors	
En. Zahedi Bin Haji Mohd Zain	4 / 5
Mr. Wong Swee Seong (ceased on 12/03/2009)	5 / 5

The Board meets on matters reserved specifically for its decision to ensure the overall strategic direction and control of FITTERS Group is firmly in its hands. 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.

1.4 Supply of Information

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

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, and 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 are also extended to the Board.

All Directors have access to the advice and services of the Company Secretary, the Internal Auditor and the External Auditors. In the execution 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 2008.

1.5 Appointments to the Board

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

1.6 Re-election

In accordance with the Company's Articles of Association, all newly appointed Directors shall retire from office but shall be eligible for re-election in the next Annual General Meeting subsequent to their appointment. The Articles also provides that at least one third of the remaining Directors be subject to re-election by rotation at each Annual General Meeting. Directors over seventy years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

STATEMENT ON CORPORATE GOVERNANCE (contd.)

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 Company acknowledges that continuous education is vital for the Directors to gain insight into the state of the economy, technological development, latest regulatory developments and management strategies in relation to the FITTERS Group's core business.

Tan Sri Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohamed Ali, who is 86 years of age sits on various Boards of public as well as private companies and has been attending conferences and public events which kept her up to date on the developments in the country and around the world.

Datin Goh Hooi Yin was appointed with effect from 15 December 2008 and had completed the Mandatory Programme on 17 December 2008.

During the year ended 31 December 2008, the Directors had attended training conducted by the Company Secretary pertaining to the functions and powers of the board of directors, business judgment, reliance on information provided by others and substantial property transaction by director or substantial shareholder pursuant to the Companies (Amendment) Act 2007.

1.8 Board Committees

1.8.1 Audit Committee

The Company has an Audit Committee whose composition meets with the Bursa Malaysia Listing Requirements, where independent Directors form the majority and a member is a qualified accountant. The Audit Committee reviews issues of accounting policy and presentation for external financial reporting, monitors the work of the internal audit functions and ensures an objective and professional relationship is maintained with External Auditors. The Committee has full access to both the internal and external auditors who, in turn, have access at all times to the Chairman of the Committee. The role of the Audit Committee and the number of meetings held during the financial year as well as the attendance record of each member are set out in the Report of the Audit Committee in the Annual Report.

1.8.2 Nomination Committee

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

Chairman	En. Mohammad Nizar Bin Idris
Members	En. Mohamad Jamil Bin Mohd Yusof Mr. Kong Sin Seng

The Nomination Committee's functions are to:-

- (a) Recommend to the Board, candidates for all Directorships to be filled by the shareholders or the Board after considering the candidates' skills, knowledge, expertise and experience, professionalism and integrity. In the case of the candidates for the position of the independent non-executive Directors, the Nomination Committee should also evaluate the candidates' ability to discharge such responsibility / functions as expected from independent non-executive Directors.
- (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 any shareholder.
- (c) Recommend to the Board, Directors to fill seats on Board Committees.
- (d) Assess the effectiveness of the Board as a whole, assess the effectiveness of the committees of the Board and assess the contribution of each individual Director, including independent non-executive Directors and Managing Director.
- (e) Keep properly all the documents in relations to the assessments and evaluations carried out by the Nomination Committee in the discharge of its function.

STATEMENT ON CORPORATE GOVERNANCE (contd.)

1.8.2 Nomination Committee (contd.)

- (f) Review the required mix of skills and experience and other qualities including core competencies which non-executive directors shall bring to the Board.
- (g) Any other ad-hoc duties that may be required by the Board.

During the financial year 2008, 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 appear to be sufficiently adequate and capable in managing the Company and ensuring the Group's strategies are properly considered and implemented.

The NC also reviewed the qualification and experience of Datin Goh Hooi Yin before she is recommended to be appointed as an additional Executive Director of the Company.

1.8.3 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:

Chairman	En. Mohammad Nizar Bin Idris	Independent Non-Executive
Members	Dato' Wong Swee Yee En. Mohamad Jamil Bin Mohd Yusof	Executive Director Independent Non-Executive

The Remuneration Committee's functions are to:-

- (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.

During the financial year, the RC reviewed the remuneration package of Datin Goh Hooi Yin, who was appointed as an additional Executive Director of the Company in December 2008.

1.8.4 Executive Committee ("EXCO")

Executive Committee ("EXCO") is 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:-

- (a) To review operational and financial performance of all operating units under the Company.
- (b) To discuss operational issues, business development, business plans and budgets, personnel and all matters relating to the running of the operating units.
- (c) Act as a check and balance for major operational decisions that requires an independent and objective evaluation.
- (d) To act as an evaluation and consultation panel to facilitate prompt and effective decision making by the Board of Directors.
- (e) Enable faster response to operational issues.
- (f) Provide approvals based on authority levels sanction by the Board of Directors to facilitate effective running of the operational units.

STATEMENT ON CORPORATE GOVERNANCE (contd.)

1.8.4 Executive Committee (“EXCO”) (contd.)

The composition of the Committee is as follows: -

Chairman:	Dato’ Wong Swee Yee
Members:	Datin Goh Hooi Yin Mr. Su Thai Ping Mr. Fong Kum Kuan Mr. Law Jenn Dong Mr. Joseph Lam Wai Ms. Chong Wei Wei

1.8.5 Risk Management Committee

The Risk Management Committee assisted 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 of a risk management framework for monitoring of risk on a regular basis.

The Committee consist of at least one Independent Non Executive Director, members of EXCO and senior management / head of division.

1.8.6 Employee Share Option Scheme (“ESOS”) Committee

The ESOS Option Committee was established to administer and implement the Company’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 Committee are as follows:

Chairman:	Dato’ Wong Swee Yee
Members:	Datin Goh Hooi Yin Mr. Kong Sin Seng

2. DIRECTORS’ REMUNERATION

During the financial year 2008, Remuneration Committee met 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.

The details of the remuneration for Directors of the Company during the financial year ended 31 December 2008 are as follows:

Aggregate Remuneration Categorization	Executive Directors (RM’000)	Non-Executive Directors (RM’000)
Fees	-	72
Salaries	896	209
Bonuses	102	-
Benefits-in-kind	8	-
Total	1,006	281

STATEMENT ON CORPORATE GOVERNANCE (contd.)

2. DIRECTORS' REMUNERATION (contd.)

The number of Directors of the Company whose total remuneration falls within the following bands:

Range of Remuneration	Number of Directors Executive Directors (RM'000)	Number of Directors Non-Executive Directors (RM'000)
Below RM50,000	-	3
RM50,001 to RM100,000	-	2
RM150,001 to RM200,000	-	1
RM650,001 to RM700,000	-	-
RM800,001 to RM850,000	1	-

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 Securities 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

As part of the Company's continuous investor relations and communication, the Company held dialogues and briefed various research and investment analysts on the FITTERS Group's strategies, performance and major developments.

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 their plans for the future. This also provides an opportunity for shareholders to have a dialogue with the Directors to share and exchange their views and opinions at the AGM.

STATEMENT ON CORPORATE GOVERNANCE (contd.)

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 regular reviews on compliance with internal control procedures and practices and to review the effectiveness of the risk management and governance processes within the Company. The Statement on Internal Control is set out in page 25 which provides an overview of the state of internal controls within the Group.

4.2 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 FITTERS Group's financial reporting process and the quality of its financial reporting. This applies to price-sensitive public reports and reports to regulators.

4.3 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 Diversified Berhad is pleased to present the Audit Committee's report for the financial year ended 31 December 2008.

COMPOSITION, MEMBERS AND MEETING

The Audit Committee was formed in June 1994. The current Audit Committee comprises of three members of the Board of which all are Independent Non-Executive Directors. The Chairman of the Audit Committee is a member of one of the professional accounting body as stipulated in Part II of the 1st 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
En. Mohammad Nizar Bin Idris	Independent Non-Executive	4 / 4
En. Mohamad Jamil Bin Mohd Yusof	Independent Non-Executive	4 / 4

The Company Secretary shall be the Secretary of the Committee.

Meetings shall be held not less than four times a year. When necessary/as required, the External Auditors may have meetings with the Committee to discuss matters affecting the Company. The Committee should meet with the External Auditors without executive board members present at least twice a year.

Representatives from senior management, the Finance Manager and the Internal Audit Manager would normally attend the meetings.

TERMS OF REFERENCE

The Terms of Reference of the Audit Committee is set out as follows:-

1. Membership

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 the Committee members have carried out their duties in accordance with their terms of reference.

2. Authority

The Committee should have explicit authority to investigate any activities within the terms of reference. It has unrestricted access to all employees, internal and external auditors.

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

3. Responsibilities

The duties of the Audit Committee shall be:-

- (a) To consider the appointment of the External Auditor, the audit fee and any question of resignation or dismissal;
- (b) To discuss with the External Auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- (c) 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.

AUDIT COMMITTEE REPORT (contd.)

TERMS OF REFERENCE (contd.)

3. Responsibilities (contd.)

- (d) To review the external auditors' management letter and management response;
- (e) To review the effectiveness of management information and other systems of control within the Company;
- (f) To review the quarterly and year-end financial statements of the board, prior to recommendation to the Board on their release and adoption, focusing particularly on:–
 - any change in accounting policies and practices;
 - significant adjustments arising from the audit;
 - the going concern assumption;
 - compliance with accounting standards and other legal requirements; and
 - major judgemental areas.
- (g) To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary)
- (h) To review 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;
- (i) To do the following, related internal audit functions:–
 - review the adequacy of the scope, functions and resources of the internal audit department and that it has the necessary authority to carry out its work;
 - review the internal audit's plan/programme and the findings therefrom and, where necessary, ensure that appropriate actions are taken on internal audit's recommendations;
 - review any appraisal or assessment of the performance of the internal audit staff;
 - approve any appointment or termination of internal audit staff; and
 - take cognisance of resignations of internal audit staff and provide the resigning staff an opportunity to submit his reasons for resignation;
- (j) To verify the allocation of options as being in compliance with the criteria pursuant to the ESOS, at the end of each financial year; and
- (k) To perform such other functions as may be agreed by the Audit Committee and the Board of Directors.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year 2008, 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.
- (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) Related party transactions and the shareholders' circular in relation to the recurrent related party transactions.
- (vi) The Internal Audit department's resource requirements, audit programme and plan (based on risk assessment) for the financial year.
- (vii) The internal control weaknesses, risk issues, recommendations proposed by the Internal Auditors and management's responses. The actions taken by management to improve the system of internal control based on the internal audit reports were also discussed.
- (viii) The Statement on Corporate Governance and Internal Control for disclosure in the Annual Report.
- (ix) Meetings with External and Internal Auditors without the presence of the Management.

AUDIT COMMITTEE REPORT (contd.)

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTIONS

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 2008, the Internal Audit Department carried out audits and follow-up audits on various operating units in the Group in accordance to the Annual Audit Plan.

Internal audit reports incorporating audit recommendations and management responses with regards to audit findings 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 were 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. At the Annual General Meeting on 27 June 2005, the ESOS was extended for a further period of five years, till 9 May 2011. To date no options have been granted and exercised during the financial year 2008.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Paragraph 15.27(a) of the Listing Requirements of Bursa Malaysia Securities Berhad

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 accepted 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; and
- 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 Listing Requirements of Bursa Malaysia Securities Berhad

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, risk profile and management policies and procedures. However, there are limitations that are inherent in any system of internal controls and that such control systems are designed to manage and control risks to an acceptable level. 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/mitigating 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 Internal Auditors for review by the Risk Management Committee and subsequent presentation to the Board.

INTERNAL AUDIT FUNCTION

The internal audit function provides assurance of the effectiveness of the system of internal controls within the Group. Internal Auditors conduct independent reviews of the key activities within the Group's operating units based on an annual internal audit plan which was approved by the Audit Committee.

KEY RISK CONTROL PROCESS

The Group has an established 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 reviews the performance of its business units. The Risk Management Committee ("RMC"), which comprises of all head of divisions, 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. Where it's relevant, the internal auditor's audit findings will also be communicated to relevant personnel for further actions.
- **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 Auditors, 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 of the Board of Directors passed on 21 May 2009..

ADDITIONAL COMPLIANCE INFORMATION

1. STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS DURING THE FINANCIAL YEAR 2008

No proceeds were raised from any corporate proposals during the financial year 2008.

2. SHARE BUY-BACK

During the financial year ended 31 December 2008, the Company bought back a total of 9,987,700 ordinary shares of RM0.50 each ("FITTERS shares") which are listed on the Main Board of Bursa Malaysia Securities Berhad on the open market. The details of the shares bought back during the year are as follow :

Monthly breakdown	No of "FITTERS shares" bought back/(resold) & retained as treasury shares	Buy-back price per share (RM)		Average cost per share (RM)	Total cost (including commission and brokerage paid)
		Lowest	Highest		
September	28,000	0.480	0.490	0.494	13,822.62
October	7,986,800	0.415	0.510	0.454	3,626,279.32
November	1,710,000	0.3850	0.480	0.411	703,460.29
December	412,900	0.410	0.460	0.434	179,280.00
	(150,000)	0.465	0.465	0.465	(69,240.57)

The Company had on 19 December 2008, resold 150,000 "FITTERS shares" on the open market. Except as above, all the "FITTERS shares" bought back during the financial year were held as treasury shares. As at 31 December 2008, a total of 9,987,700 "FITTERS shares" were held as treasury shares. None of the treasury held were cancelled during the financial year.

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

Employees Share Option Scheme ("ESOS") of the Company came into effect on 9 May 2001 and was extended for a further five years to 9 May 2011. No options have been granted and exercised during the financial year 2008.

On 28 November 2007, the Company issued a renounceable rights issue of 65,578,592 warrants at RM0.10 per warrant on the basis of one (1) new warrant for every two (2) existing ordinary shares of RM0.50 each. These warrants were listed on Bursa Malaysia Securities Berhad on 5 December 2007. The exercise period commenced on the date of issue of the warrants and it will mature five years from the date of issuance. All warrants remained unexercised as at 31 December 2008.

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

During the financial year 2008, 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 2008, 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 2008, there were no non-audit fees paid 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 2008 and the unaudited results previously announced.

8. PROFIT GUARANTEE

There were no profit guarantees made or given in relation to the financial year 2008.

ADDITIONAL COMPLIANCE INFORMATION (contd.)

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 2008.

10. ANALYSIS OF SHAREHOLDING

Authorised Share Capital	: RM500,000,000 (1,000,000,000 Ordinary Shares of RM0.50 each)
Issued and fully paid-up Shares	: RM65,578,592 (131,157,184 Ordinary Shares of RM0.50 each)
Capital	: Ordinary Shares of RM0.50 Each
Class of Shares	: Ordinary Shares of RM0.50 Each
Voting Rights	: One (1) Vote per Ordinary Share held

The following analysis of shareholding is as at 18 May 2009, a date not earlier than six weeks from the date of the notice of the Annual General Meeting.

List of Substantial Shareholders as per the Register of Substantial Shareholders:-

Substantial Shareholders	Direct		Indirect	
	No. of Shares	(%)	No. of Shares	(%)
Dato' Wong Swee Yee	36,369,456	30.30	3,097,008	2.58

Directors' Shareholding:-

Director	Direct		Indirect	
	No. of Shares	(%)	No. of Shares	(%)
Mohammad Nizar Bin Idris	-	-	-	-
Dato' Wong Swee Yee	36,369,456	30.30	3,097,008 ⁽¹⁾	2.58
Tan Sri Datuk Paduka Dr. Hajjah Saleha Bt Hj. Mohamed Ali	-	-	115,368 ⁽²⁾	0.10
Kong Sin Seng -	-	-	-	-
Mohammad Jamil Bin Mohd Yusof	-	-	-	-
Zahedi Bin Hj Mohd Zain	2,868	Negligible	112,500 ⁽³⁾	0.09
Datin Goh Hooi Yin	605,000	0.50	36,369,456 ⁽⁴⁾	30.30

Notes:

- (1) Deemed interest by virtue of shares held through his late father Mr. Wong Cheek Lung, his brother, Mr. Wong Swee Seong, and his spouse, Datin Goh Hooi Yin.
- (2) Deemed interest by virtue of her substantial shareholding in Sijas Holdings Sdn Bhd and Saleha & Anak-Anak Holdings Sdn Bhd and Zahedi bin Mohd Zain.
- (3) Deemed interest by virtue of his substantial shareholding in Sijas Holdings Sdn Bhd and Saleha & Anak-Anak Holdings Sdn Bhd.
- (4) Deemed interest by virtue of her being the spouse of Dato' Wong Swee Yee.

ADDITIONAL COMPLIANCE INFORMATION (contd.)

Distribution schedule of Ordinary shares of RM0.50:-

Size of Holdings	No. of Shareholders	Percentage (%)	No. of Shares	Percentage (%)
1 - 99	15	0.56	426	0.00
100 - 1,000	166	6.16	102,431	0.09
1,001 - 10,000	1,581	58.64	9,038,786	7.53
10,001 - 100,000	837	31.05	27,145,456	22.61
100,001 to less than 5% of issued shares	95	3.52	48,643,485	40.52
5% and above of issued shares	2	0.07	35,115,900	29.25
Total	2,696	100.00	120,046,484	100.00

Notes:

The number of 120,046,484 Ordinary Shares was arrived at after deducting 11,110,700 treasury shares retained by the Company from the issued and Paid-up Share Capital of 131,157,184 Ordinary Shares.

List of Thirty (30) Largest Securities Account Holders:-

No.	Names	No. Of Shares	Percentage (%)
1.	EB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Swee Yee	19,904,000	16.58
2.	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Swee Yee	15,211,900	12.67
3.	Loh Foong Ping	5,000,000	4.17
4.	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Kwee Hock	3,857,700	3.21
5.	Gan Siew Liat	3,358,700	2.80
6.	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Siew Lai	3,295,000	2.74
7.	Tee Tiam Lee	3,038,000	2.53
8.	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chin Chin Seong	2,700,000	2.25
9.	AMSEC Nominees (Tempatan) Sdn Bhd Assar Asset Management Sdn Bhd for Lembaga Kumpulan Wang Kawasan Konsesi Hutan	1,647,000	1.37
10.	Wong Swee Seong	1,300,000	1.08
11.	Wong Swee Yee	1,253,556	1.04
12.	Koh Heok Teo	1,250,000	1.04
13.	Wong Swee Seong	1,187,004	0.99
14.	Yon Yu Hon @ Hon Yew Hon	1,134,900	0.95
15.	Lai Lan @ Loon Lai Lan	1,087,800	0.91

ADDITIONAL COMPLIANCE INFORMATION (contd.)

List of Thirty (30) Largest Securities Account Holders (contd.)

No.	Names	No. Of Shares	Percentage (%)
16.	Teh Poh Guan	1,000,000	0.83
17.	Lim Kah Eng	833,800	0.69
18.	AMSEC Nominees (Tempatan) Sdn Bhd Assar Asset Management Sdn Bhd for Sarawak Timber Industry Development Corporation	832,500	0.69
19.	See Thoo Su Jean	736,300	0.61
20.	Goh Hooi Yin	605,000	0.50
21.	Fong Kum Kuan	605,000	0.50
22.	Wong Kim Yin	520,000	0.43
23.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Yon Yu Hon @ Hon Yew Hon	489,300	0.41
24.	Yeo Chin Huat	479,600	0.40
25.	Cha Fee Whye	425,000	0.35
26.	Lim Kwee Seng	398,000	0.33
27.	Yeo Peng Boon	349,000	0.29
28.	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teh Poo Seng	298,000	0.25
29.	Kuan Ah Boon	275,000	0.23
30.	SJ Securities Nominees (Asing) Sdn Bhd Pledged Securities Account for Lim Beng Tiong	260,000	0.22
Total		73,332,060	61.09

11. ANALYSIS OF WARRANT HOLDINGS

The following analysis of warrant holding is as at 18 May 2009, a date not earlier than six weeks from the date of the notice of the Annual General Meeting.

List of Substantial Warrant Holders:-

Substantial Warrant Holders	Direct		Indirect	
	No. of Warrants	(%)	No. of Warrants	(%)
Dato' Wong Swee Yee	21,709,588	33.10	1,598,504	2.44
Tee Tiam Lee	3,401,000	5.19	-	-

ADDITIONAL COMPLIANCE INFORMATION (contd.)

11. ANALYSIS OF WARRANT HOLDINGS (contd.)

Directors' Warrant Holding:-

Director	Direct		Indirect	
	No. of Warrants	(%)	No. of Warrants	(%)
Mohammad Nizar Bin Idris	-	-	-	-
Dato' Wong Swee Yee	21,709,588	33.10	1,598,504 ⁽¹⁾	2.44
Tan Sri Datuk Paduka Dr. Hajjah Saleha Bt Hj. Mohamed Ali	-	-	68,300 ⁽²⁾	0.10
Kong Sin Seng	-	-	-	-
Mohammad Jamil Bin Mohd Yusof	-	-	-	-
Zahedi Bin Hj Mohd Zain	2,000	Negligible	66,300 ⁽³⁾	0.10
Datin Goh Hooi Yin	352,500	0.54	21,709,588 ⁽⁴⁾	33.10

Notes:

- (1) Deemed interest by virtue of warrants held through his late father Mr. Wong Cheek Lung, his brother, Mr. Wong Swee Seong, and his spouse, Datin Goh Hooi Yin.
- (2) Deemed interest by virtue of warrants held through her family members and Sijas Holdings Sdn Bhd and Saleha & Anak-Anak Holdings Sdn Bhd by virtue of her substantial shareholdings in these two companies.
- (3) Deemed interest by virtue of warrants held through Sijas Holdings Sdn Bhd and Saleha & Anak-Anak Holdings Sdn Bhd by virtue of his substantial shareholdings in these two companies.
- (4) Deemed interest by virtue of warrants held through her spouse, Dato' Wong Swee Yee.

Distribution schedule of Warrant of RM0.50:-

Size of Holdings	No. of Shareholders	Percentage (%)	No. of Shares	Percentage (%)
1 – 99	6	0.45	300	0.00
100 - 1,000	170	12.82	109,850	0.17
1,001 - 10,000	720	54.30	3,107,852	4.74
10,001 - 100,000	369	27.83	12,835,650	19.57
100,001 to less than 5% of issued warrants	57	4.30	24,414,352	37.23
5% and above of issued warrants	4	0.30	25,110,588	38.29
Total	1,326	100.00	65,578,592	100.00

The Company had on 28 November 2007 issued a renounceable right issue of 65,578,592 warrants at RM0.10 per warrant on the basis of one (1) new warrant for every two (2) existing ordinary shares of RM0.50 each. The warrants will mature on 27 November 2012. All warrants remained unexercised as at 18 May 2009. The total number of warrant holders are 1,326.

ADDITIONAL COMPLIANCE INFORMATION (contd.)

List of Thirty (30) Largest Warrants Holders:-

No.	Names	No. Of Warrants	Percentage (%)
1.	Dato' Wong Swee Yee	7,953,638	12.13
2.	EB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato' Wong Swee Yee	7,650,000	11.67
3.	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato' Wong Swee Yee	6,105,950	9.31
4.	Tee Tiam Lee	3,401,000	5.19
5.	Loh Foong Ping	2,500,000	3.81
6.	Lim Kah Eng	2,238,300	3.41
7.	Chin Lai Ying	1,416,800	2.16
8.	Ho Swee Pow	1,400,000	2.13
9.	Trade Pioneer Limited	1,130,000	1.72
10.	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Siew Lai	822,100	1.25
11.	Leong Lai Shen	768,200	1.17
12.	Pang Yang Chung	700,000	1.07
13.	Wong Swee Seong	650,000	0.99
14.	ECML Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Ai Leng	650,000	0.99
15.	Koh Heok Teo	625,000	0.95
16.	Tan Yu Wei	600,000	0.91
17.	Wong Swee Seong	593,502	0.91
18.	Kong Sum Mooi	585,150	0.89
19.	Wong Lee Peng	580,000	0.88
20.	Yon Yu Hon @ Hon Yew Hon	567,450	0.87
21.	Chan Fee Whye	521,100	0.79
22.	Teh Poh Guan	500,000	0.76
23.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yau Yee Fong	400,000	0.61
24.	Lee Yok Lan	378,000	0.58
25.	Goh Hooi Yin	352,500	0.54
26.	Teoh Cha Boo	300,000	0.46
27.	Wong Ah Chai	300,000	0.46
28.	Wong Kim Yin	285,000	0.43
29.	Low Bong Eang	264,600	0.40
30.	Lai Lan @ Loow Lai Lan	256,100	0.39
Total		44,494,390	67.85

12. REVALUATION POLICY

Save as disclosed in Note 13 of the Notes to the Financial Statements on pages 69 to 72, the Company does not have any other revaluation policy on landed properties.

ADDITIONAL COMPLIANCE INFORMATION (contd.)

13. LIST OF PROPERTIES AS AT 31 DECEMBER 2008

	Description	Address	Net Book Value RM	Tenure	Date of last valuation / acquisition	Existing Use	Age Of Building (Year)
1	5 storey Office 1,779.20 m ²	No. 1 Jalan Tembaga SD 5/2 Bandar Sri Damansara 52200 Kuala Lumpur	8,504,825	Freehold	21-8-1991	Office	15
2	2 Storey shop house 143.07 m ²	12 Jalan Sagu 5 Taman Daya 81100 Johor Bahru Johor Darul Takzim	188,931	Freehold	5-4-1993	Office	15
3	3 Storey Shop house 143.07 m ²	66 Lintang Angsana Bandar Baru Ayer Itam 11500 Pulau Pinang	400,163	Leasehold Expire on 2093	24-2-1995	Office	14
4	2 Storey Shop office 130.0 m ²	13 Jalan Dato' Haji Megat Khas Taman Bandaraya Utama 31400 Ipoh Perak Darul Ridzuan	223,483	Leasehold Expire on 2093	10-4-1996	Office	14
5	Office Suite 56.39 m ²	No.568-8-28 Kompleks Mutiara Jalan Ipoh 51200 Kuala Lumpur	140,392	Freehold	9-5-2005	Vacant	9
6	Apartment 70.14 m ²	D-4-21 Block Rapis Pangsapuri Las Palmas Jalan Desa Ria Bandar Country Homes 48000 Rawang Selangor Darul Ehsan	66,120	Freehold	10-12-1999	Vacant	9
7	Shop Office 73.02 m ²	8-2A Jalan Desa 9/3 Bandar Country Homes 48000 Rawang Selangor Darul Ehsan	57,120	Freehold	10-12-1999	Vacant	9
8	1 storey terrace house 121.0 m ²	No. 162 Lorong Aneka Taman Aneka 71250 Pasir Panjang Port Dickson	74,455	Freehold	6-10-2000	Vacant	6
9	2 storey town house 149.8 m ²	A21, Block 4B Parcel 2515-C HS(M) 805 PT No. 2515, Mukim Dengkil, Precinct 16 Putrajaya	311,895	Freehold	20-4- 2001	Tenanted	5
10	Office 172.8 m ²	32-03(BK) 3rd Floor Taman Juara Jaya Merchant Square, Cheras Selangor Darul Ehsan	89,010	Freehold	21-12-2001	Vacant	7

ADDITIONAL COMPLIANCE INFORMATION (contd.)

13. LIST OF PROPERTIES AS AT 31 DECEMBER 2008 (contd.)

	Description	Address	Net Book Value RM	Tenure	Date of last valuation / acquisition	Existing Use	Age Of Building (Year)
11	Office 163.4 m2	32-03(FR) 3rd Floor Taman Juara Jaya Merchant Square, Cheras Selangor Darul Ehsan	86,430	Freehold	21-12-2001	Vacant	7
12	Office 336.22 m2	32-01, Block 3 Taman Juara Jaya Merchant Square, Cheras Selangor Darul Ehsan	191,250	Freehold	29-01-2004	Vacant	5
13	Apartment 185.81m2	D-18-6 East Lake Residence PT No. 9957, Lot 64411, Mukim Pekan Serdang, Daerah Petaling Selangor	473,300	Leasehold Expire on 15-5-2100	26-03-2004	Vacant	1
14	Land 20 acres	Geran 5668, Lot 451 Mukim of Ulu Telom District of Cameron Highlands, Pahang	1,206,612	Freehold	16-03-2007	Agriculture	-
15	2 storey town house 267 m2	TV1-L-25, Vista Harmoni Town Villa, Taman Bukit Cheras, Geran 54237, Lot 7957, Mukim of Cheras, District of Kuala Lumpur	358,069	Freehold	16-12-2008	Vacant	-
16	Land 34103 m2	H.S (D):115225 PT 8683 Mukim Setapak Daerah Kuala Lumpur	30,569,263	Leasehold Expire on 20-11-2106	12-12-2007	Land held for Development	-

ADDITIONAL COMPLIANCE INFORMATION (contd.)

14. RECURRENT RELATED PARTIES TRANSACTIONS OF A REVENUE OR TRADING NATURE CONDUCTED PURSUANT TO THE SHAREHOLDERS' MANDATE DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

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 11 June 2008, are set out below:

Nature of Transactions/ FITTERS Group	Mandated Related Party	From previous AGM to this AGM			
		Estimated value ⁽⁷⁾		Aggregate value ⁽⁸⁾	
		RM'000		RM'000	
Subcontract works ⁽¹⁾		Subcontract From	Subcontract To		
FES Group,	FMPS	200,000	-	17,415	-
FBS Group, FSB Group	Pipefab	-	1,000	-	-
	KAE	3,000	-	-	-
	Wai Soon Engineering	-	8,000	-	2,764
Sales and Purchases of goods and services ⁽²⁾		Sell to	Purchase From		
FDB, FES Group,	FMPS	2,000	1,000	-	140
FBS Group,	Pipefab	500	-	-	-
FSB Group,	FFT	-	7,000	-	133
ASB, FMKT, MPS, FSPL	Fsabah	2,000	100	429	-
	KAE ⁽⁴⁾	40,000	5,000	5,442	-
	Wai Soon Engineering	50	-	1	-
	FEng	-	200	-	7
	Z'odd	500	-	-	-
Royalty ⁽³⁾		Receivable	Payable		
FFT	AA (Asia)	-	500	-	12
Rental of office and warehouse ⁽⁵⁾		Rent To	Rent From		
FDB, MPS	FMPS	20	-	-	-
PTS	Fsabah	-	10	-	5
FMal	KAE	20	-	-	-
	FFT	100	-	24	-
	Wai Soon Engineering	100	-	-	-
	Z'odd	100	-	57	-
	Malnaga SB	-	10	-	-
Provision of management support for administration, information technology, human resources and training ⁽⁶⁾		Provided To	Provided From		
FDB, TSS,	FMPS	30	200	-	31
MPS, PTS	FFT	-	500	-	-
	KAE	30	-	-	-
Total Estimated Value		247,800	23,310	23,368	3,092

ADDITIONAL COMPLIANCE INFORMATION (contd.)

Notes: -

(1) Portions of certain contracts secured are subcontracted due to certain product expertise is 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 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 FITTERS Group in the 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) Sale 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) 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.

(4) 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.

(5) The warehouse located at AL 121, (Blok N), 13th Miles, Jalan Subang, 47000 Sungai Buloh, Selangor Darul Ehsan, which is sublet by PTS. A total of 3,448 square feet and 3,620 square feet of office and warehouse space is rented out to FFT and Z'odd respectively. The current rental rate per month is RM0.58 per square foot, which are subject to periodic review. The tenancy is extended for a period of 3 years commencing from 1 February 2008.

MPS rents a small office space from Fsbah at a rate of RM400 per month.

FDB rents out an office space to Z'odd, its subsidiary at RM2.50 per square feet 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.

(6) 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.

(7) 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 2008 Annual Report of the Company on the actual aggregate value of transactions contemplated pursuant to the Proposed Shareholders' Mandate.

(8) Aggregate value of sales/(purchases) are made up to 30 April 2009, being the latest practical date.

(9) Abbreviations used above

AA (Asia)	Australian Aerosols (Asia) Pty Ltd
ASB	Armatrade Sdn Bhd
FBS	FITTERS Building Services Sdn Bhd
FES	FITTERS Engineering Services Sdn Bhd
FEng	FITTERS Engineering Sdn Bhd
FFT	FITTERS Fire Technology Sdn Bhd
FDB	FITTERS Diversified Berhad (formerly known as FITTERS Holdings Berhad)
FMal	FITTERS-Malnaga Sdn Bhd
FMKT	FITTERS Marketing Sdn Bhd
FMPS	FITTERS-MPS Sdn Bhd
Fsbah	FITTERS (Sabah) Sdn Bhd
FSB	FITTERS Sdn Bhd
FSPL	FITTERS (S) Pte Ltd
KAE	Kawalan Api Engineering Sdn Bhd
MPS	Master Pyroserve Sdn Bhd
Pipefab	Pipefabricators Sdn Bhd
PTS	Pyro-Tech Systems Sdn Bhd
TSS	The Safety Shop Sdn Bhd
Wai Soon	Wai Soon Engineering Sdn Bhd
Z'odd	Z'odd Design 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 2008.

Principal activities

The principal activities of the Company are that of investment holding and the trading of fire safety materials, equipment and fire prevention system. The principal activities of the subsidiaries are detailed in Note 18 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 for the year	23,356,422	12,989,888
Attributable to:		
Equity holders of the Company	21,630,125	12,989,888
Minority interests	1,726,297	-
	<u>23,356,422</u>	<u>12,989,888</u>

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

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

- (i) disposal of certain building and strata title rights resulting in a gain of RM40,644,474 in respect of the Group as disclosed in Note 5 to the financial statements;
- (ii) the disposals of certain subsidiaries resulting in a gain of RM23,374,458 and RM724,495 in respect of the Group and of the Company respectively as disclosed Note 18 to the financial statements; and
- (iii) the provision for doubtful debts amounting to RM18,176,830 in respect of the Group as disclosed in Note 7 to the financial statements.

Dividends

The amount of dividends paid by the Company since 31 December 2007 were as follows:

In respect of the financial year ended 31 December 2007 as reported in the directors' report of that year.

	RM
First and final dividend of 4% less 26% taxation, on 131,157,184 ordinary shares, declared on 11 June 2008 and paid on 30 August 2008	<u>3,882,253</u>

DIRECTORS' REPORT (contd.)

Dividends (contd.)

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2008 in the form of 1 ordinary share of the Company for every 20 ordinary shares held will be proposed for shareholders' approval. The shares shall be distributed out of the treasury shares of the Company. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as appropriation of retained earnings in the financial year ending 31 December 2009.

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
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)	
YBhg Datin Goh Hooi Yin	Non-Independent Executive Director (appointed on 15 December 2008)
Mr Wong Cheek Lung	Non-Independent and Non-Executive Director (demised on 12 March 2009)
Mr Wong Swee Seong (alternate director to Wong Cheek Lung)	(resigned on 12 March 2009)

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 the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director 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 or the fixed salary of a full time employee of the Company as shown in Note 9 to the financial statements) 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 35 to the financial statements.

DIRECTORS' REPORT (contd.)

Directors' interest

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:

Company	Number of ordinary shares of RM0.50 each			
	1 January 2008	Bought	Disposal	31 December 2008
Direct interest				
Dato' Wong Swee Yee	40,169,456	-	(3,300,000)	36,869,456
Wong Swee Seong	2,487,004	-	-	2,487,004
Wong Cheek Lung	5,004	-	-	5,004
Zahedi bin Haji Mohd Zain	2,868	-	-	2,868
Datin Goh Hooi Yin	605,000*	-	-	605,000
Indirect interest				
Dato' Wong Swee Yee	3,097,008	-	-	3,097,008
Wong Swee Seong	40,779,460	-	(3,300,000)	37,479,460
Wong Cheek Lung	43,261,460	-	(3,300,000)	39,961,460
Tan Sri Datuk Paduka Dr Hajjah Saleha binti Haji Mohamed Ali	115,368	-	-	115,368
Zahedi bin Haji Mohd Zain	112,500	-	-	112,500
Datin Goh Hooi Yin	40,169,456*	-	(3,300,000)	36,869,456

Company	Number of warrants at RM0.10 each			
	1 January 2008	Bought	Disposal	31 December 2008
Direct interest				
Dato' Wong Swee Yee	21,709,588	-	-	21,709,588
Wong Swee Seong	1,243,502	-	-	1,243,502
Wong Cheek Lung	2,502	-	-	2,502
Zahedi bin Haji Mohd Zain	2,000	-	-	2,000
Datin Goh Hooi Yin	352,500*	-	-	352,500
Indirect interest				
Dato' Wong Swee Yee	1,598,504	-	-	1,598,504
Wong Swee Seong	22,064,590	-	-	22,064,590
Wong Cheek Lung	23,305,590	-	-	23,305,590
Tan Sri Datuk Paduka Dr Hajjah Saleha binti Haji Mohamed Ali	68,300	-	-	68,300
Zahedi bin Haji Mohd Zain	66,300	-	-	66,300
Datin Goh Hooi Yin	21,709,588*	-	-	21,709,588

* On date of appointment

Dato' Wong Swee Yee by virtue of his interest in shares in the Company is also deemed interested in shares in all 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.

DIRECTORS' REPORT (contd.)

Treasury shares

During the financial year, the Company repurchased 9,987,700 of its issued ordinary shares from the open market at an average price of RM0.45 per share. The total consideration paid for the repurchase including transaction costs was RM4,453,602. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act.

Warrants

On 28 November 2007, the Company issued a renounceable rights issue of 65,678,592 warrants at RM0.10 per warrant on the basis of one (1) new warrant for every two (2) existing ordinary shares of RM0.50 each.

The terms of the warrants are detailed in Note 27 to the financial statements.

Employee Share Options Scheme

The Company's Employee Share Options 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 which came into effect on 9 May 2001.

The ESOS was further extended for a period of five years up to 8 May 2011 and was approved at the Annual General Meeting held on 27 June 2005.

The ESOS has yet to be implemented as at the date of this report.

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 values as shown in the accounting records in the ordinary course of business have 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.
- (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

DIRECTORS' REPORT (contd.)

Other statutory information (contd.)

(e) As at the date of this report, there does not exist: (cont'd)

(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

Significant events during the financial year are disclosed in Note 38 to the financial statements.

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 dated 17 April 2009.

Dato' Wong Swee Yee

Zahedi bin Haji Mohd Zain

Kuala Lumpur, Malaysia

STATEMENT BY DIRECTORS/ STATUTORY DECLARATION

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 Diversified Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 44 to 104 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2008 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 17 April 2009.

Dato' Wong Swee Yee

Zahedi bin Haji Mohd Zain

Kuala Lumpur, Malaysia

Statutory declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, Chong Wei Wei, being the person primarily responsible for the financial management of FITTERS Diversified Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 44 to 104 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 17 April 2009.

Chong Wei Wei

Before me,

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FITTERS Diversified Berhad

Report on the financial statements

We have audited the financial statements of FITTERS Diversified Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 44 to 104.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2008 and of their financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' report of all subsidiaries of which we have not acted as auditors, which are indicated in Note 18 to the financial statement.
- (c) We are satisfied that the accounts 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.
- (d) The auditors' reports on the accounts 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.

Other matters

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

Ernst & Young
AF: 0039
Chartered Accountants

Low Khung Leong
No. 2697/01/11 (J)
Chartered Accountant

Kuala Lumpur, Malaysia
17 April 2009

INCOME STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
Revenue	3	163,788,647	146,452,427	17,187,000	5,415,000
Cost of sales	4	(149,610,826)	(115,042,122)	-	-
Gross profit		14,177,821	31,410,305	17,187,000	5,415,000
Other income	5	65,689,926	1,719,171	3,513,086	1,833,823
Selling and marketing expenses		(20,247,066)	(4,094,335)	(112,887)	(94,581)
Administrative expenses		(30,358,305)	(19,409,799)	(4,967,787)	(1,785,883)
Other operating expenses		(3,012,079)	-	-	-
Operating profit		26,250,297	9,625,342	15,619,412	5,368,359
Finance costs	6	(1,729,484)	(1,026,871)	(709,246)	-
Profit before tax	7	24,520,813	8,598,471	14,910,166	5,368,359
Income tax expense	10	(1,164,391)	(2,748,696)	(1,920,278)	(1,497,280)
Profit for the year		23,356,422	5,849,775	12,989,888	3,871,079
Attributable to:					
Equity holders of the Company		21,630,125	5,529,328	12,989,888	3,871,079
Minority interests		1,726,297	320,447	-	-
		23,356,422	5,849,775	12,989,888	3,871,079
Earnings per share attributable to equity holders of the Company (sen):					
Basic, for profit for the year	11	16.71	4.30		
Diluted, for profit for the year	11	16.71	4.27		
Dividend per share (sen)	12			2.96	2.92

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

BALANCE SHEETS AS AT 31 DECEMBER 2008

	Note	2008 RM	Group 2007 RM	Company 2008 RM	2007 RM
Assets					
Non-current assets					
Property, plant and equipment	13	13,995,759	10,431,070	9,127,751	2,595,916
Investment properties	14	1,177,046	1,403,270	-	-
Land held for property development	15	30,569,263	-	-	-
Prepaid land lease payments	16	245,715	248,572	-	-
Intangible assets	17	4,848,561	15,112,997	-	-
Investments in subsidiaries	18	-	-	30,996,112	31,232,864
Other investments	19	15,496,474	17,369,834	-	2,500,000
Other receivables	20	588,880	-	-	-
Deferred tax assets	31	149,294	-	-	-
		<u>67,070,992</u>	<u>44,565,743</u>	<u>40,123,863</u>	<u>36,328,780</u>
Current assets					
Inventories	21	11,684,479	13,775,579	-	-
Trade and other receivables	20	83,184,446	83,908,204	56,130,060	65,878,092
Tax recoverable		2,377,388	1,019,876	119,463	32,684
Marketable securities	23	650	6,539	-	-
Cash and cash equivalents	24	36,654,000	4,141,222	21,171,109	345,980
		<u>133,900,963</u>	<u>102,851,420</u>	<u>77,420,632</u>	<u>66,256,756</u>
Assets held for disposal	25	-	38,911,608	-	-
		<u>133,900,963</u>	<u>141,763,028</u>	<u>77,420,632</u>	<u>66,256,756</u>
Total assets		<u>200,971,955</u>	<u>186,328,771</u>	<u>117,544,495</u>	<u>102,585,536</u>
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	26	65,578,592	65,578,592	65,578,592	65,578,592
Treasury shares	26	(4,453,602)	-	(4,453,602)	-
Other reserves	27	7,889,561	7,885,143	6,448,418	6,468,423
Retained earnings	28	38,047,321	20,299,449	9,534,619	426,984
		<u>107,061,872</u>	<u>93,763,184</u>	<u>77,108,027</u>	<u>72,473,999</u>
Minority interests		141,155	317,679	-	-
Total equity		<u>107,203,027</u>	<u>94,080,863</u>	<u>77,108,027</u>	<u>72,473,999</u>
Non-current liabilities					
Borrowings	29	661,750	25,511,890	183,394	25,000,000
Deferred tax liabilities	31	170,694	462,724	170,431	120,564
		<u>832,444</u>	<u>25,974,614</u>	<u>353,825</u>	<u>25,120,564</u>
Current liabilities					
Borrowings	29	33,974,395	26,549,382	25,042,259	-
Trade and other payables	32	58,550,848	38,850,555	15,040,384	4,990,973
Tax payable		411,241	872,357	-	-
		<u>92,936,484</u>	<u>66,272,294</u>	<u>40,082,643</u>	<u>4,990,973</u>
Liabilities associated with assets held for disposal	25	-	1,000	-	-
		<u>92,936,484</u>	<u>66,273,294</u>	<u>40,082,643</u>	<u>4,990,973</u>
Total liabilities		<u>93,768,928</u>	<u>92,247,908</u>	<u>40,436,468</u>	<u>30,111,537</u>
Total equity and liabilities		<u>200,971,955</u>	<u>186,328,771</u>	<u>117,544,495</u>	<u>102,585,536</u>

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2008

Group	Note	Attributable to equity holders of the Company								
		<----- Non-distributable reserves ----->						Distributable		
		Share capital RM (Note 26)	Capital reserve RM (Note 27)	Warrant reserve RM (Note 27)	Asset revaluation reserve RM (Note 27)	Foreign currency translation reserve RM (Note 27)	Retained earnings RM (Note 28)	Total RM	Minority interest RM	Total equity RM
At 1 January 2007		62,177,592	1,360,010	-	533,179	49,470	18,599,911	82,720,162	1,678,235	84,398,397
Foreign currency translation		-	-	-	-	7,240	-	7,240	-	7,240
Profit for the year		-	-	-	-	-	5,529,328	5,529,328	320,447	5,849,775
Dividends	12	-	-	-	-	-	(3,829,790)	(3,829,790)	-	(3,829,790)
Issue of warrants		-	-	6,557,859	-	-	-	6,557,859	-	6,557,859
Cost of issuance of warrants not recognised in income statement		-	-	(622,615)	-	-	-	(622,615)	-	(622,615)
Issue of ordinary shares:										
Special issue	26	3,401,000	-	-	-	-	-	3,401,000	-	3,401,000
Partial disposal of subsidiary	18(c)	-	-	-	-	-	-	-	435,520	435,520
Acquisition of subsidiary during the year	18(a)	-	-	-	-	-	-	-	(2,116,523)	(2,116,523)
At 31 December 2007		65,578,592	1,360,010	5,935,244	533,179	56,710	20,299,449	93,763,184	317,679	94,080,863

Group	Note	Attributable to equity holders of the Company									
		<----- Non-distributable reserves ----->						Distributable			
		Share capital RM (Note 26)	Treasury shares RM (Note 26)	Capital reserve RM (Note 27)	Warrant reserve RM (Note 27)	Asset revaluation reserve RM (Note 27)	Foreign currency translation reserve RM (Note 27)	Retained earnings RM (Note 28)	Total RM	Minority interest RM	Total equity RM
At 1 January 2008		65,578,592	-	1,360,010	5,935,244	533,179	56,710	20,299,449	93,763,184	317,679	94,080,863
Foreign currency translation		-	-	-	-	-	24,423	-	24,423	-	24,423
Profit for the year		-	-	-	-	-	-	21,630,125	21,630,125	1,726,297	23,356,422
Dividends	12	-	-	-	-	-	-	(3,882,253)	(3,882,253)	-	(3,882,253)
Treasury shares purchased	26	-	(4,453,602)	-	-	-	-	-	(4,453,602)	-	(4,453,602)
Cost of issuance of warrants not recognised in income statement		-	-	-	(20,005)	-	-	-	(20,005)	-	(20,005)
Issuance of shares to minority interests		-	-	-	-	-	-	-	-	306,250	306,250
Acquisition of additional equity interest from minority shareholders		-	-	-	-	-	-	-	-	(899,192)	(899,192)
Disposal of subsidiary during the year	18(b)	-	-	-	-	-	-	-	-	(1,309,879)	(1,309,879)
At 31 December 2008		65,578,592	(4,453,602)	1,360,010	5,915,239	533,179	81,133	38,047,321	107,061,872	141,155	107,203,027

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2008 (contd.)

		<---- Non-distributable ---->			Distributable		
	Share capital RM	Treasury shares RM	Asset revaluation reserve RM	Warrant reserve RM	Retained earnings RM	Total equity RM	
Note	(Note 26)	(Note 26)	(Note 27)	(Note 27)	(Note 28)		
Company							
At 1 January 2007	62,177,592	-	533,179	-	385,695	63,096,466	
Profit for the year, representing total income and expense for the year	-	-	-	-	3,871,079	3,871,079	
Dividends	-	-	-	-	(3,829,790)	(3,829,790)	12
Issue of warrants	-	-	-	6,557,859	-	6,557,859	
Cost of issuance of warrants not recognised in income statement	-	-	-	(622,615)	-	(622,615)	
Issue of ordinary shares: Special Issue	3,401,000	-	-	-	-	3,401,000	26
At 31 December 2007	65,578,592	-	533,179	5,935,244	426,984	72,473,999	
At 1 January 2008	65,578,592	-	533,179	5,935,244	426,984	72,473,999	
Profit for the year, representing total income and expense for the year	-	-	-	-	12,989,888	12,989,888	
Dividends paid	-	-	-	-	(3,882,253)	(3,882,253)	12
Cost of issuance of warrants not recognised in income statement	-	-	-	(20,005)	-	(20,005)	
Treasury shares purchased	-	(4,453,602)	-	-	-	(4,453,602)	26
At 31 December 2008	65,578,592	(4,453,602)	533,179	5,915,239	9,534,619	77,108,027	

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

CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Cash flows from operating activities				
Profit before tax	24,520,813	8,598,471	14,910,166	5,368,359
Adjustments for:				
Interest income	(292,804)	(279,493)	(237,508)	(6,824)
Dividend income	-	-	(17,187,000)	(5,415,000)
Finance costs	1,729,484	1,026,871	709,246	-
Depreciation of investment property	33,575	26,643	-	-
Depreciation of property, plant and equipment	1,210,788	1,103,083	140,512	96,330
Amortisation of prepaid land lease payment	2,857	2,857	-	-
Property, plant and equipment written off	68,640	60	-	-
Net loss/(gain) on disposal of property, plant and equipment	387,781	(18,998)	-	(8,999)
Reversal of impairment in value of investment	(19,500)	-	-	-
Gain on disposal of marketable securities	-	(276,787)	-	-
Impairment of investment properties	366,690	-	-	-
Impairment in value of investments				
- marketable securities	5,889	-	-	-
- other investment	2,500,000	-	2,500,000	-
Impairment of property, plant and equipment	139,500	-	-	-
Inventories written-off	-	22,564	-	-
Inventories written down	2,421,309	-	-	-
Provision for doubtful debts	18,176,830	286,193	-	-
Bad debts written off	66,828	9,000	-	-
Impairment of goodwill	10,853,389	-	-	-
Write back of provision for doubtful debts	(107,157)	(73,283)	-	-
Gain arising from disposal/dilution of interest in subsidiaries	(23,374,458)	(54,480)	(724,495)	-
Deposits written off	12,120	-	-	-
Project cost written off	-	69,388	-	-
Balance carried forward	38,702,574	10,442,089	110,921	33,866

CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (contd.)

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
Cash flows from operating activities (contd.)					
Balance brought forward		38,702,574	10,442,089	110,921	33,866
Loss on disposal of investment properties		18,581	-	-	-
Gain on disposal of building and strata title right		(40,644,474)	-	-	-
Net unrealised foreign exchange losses		100,458	11,256	-	-
Operating (loss)/profit before working capital changes		(1,822,861)	10,453,345	110,921	33,866
Changes in working capital:					
Inventories		(1,099,888)	(4,593,325)	-	-
Due from/(to) customers on contracts		367,023	(4,872,490)	-	-
Receivables		(4,109,483)	73,044	(1,466,470)	555,147
Payables		14,215,075	1,471,526	546,860	(52,518)
Subsidiaries		-	-	38,851,970	(7,563,511)
Cash generated from/(used in) operations		7,549,866	2,532,100	38,043,281	(7,027,016)
Interest paid		(2,677,401)	(2,651,871)	(1,657,163)	(1,625,000)
Taxes paid		(3,358,005)	(3,430,984)	(1,957,190)	(183,790)
Net cash generated from/(used in) operating activities		1,514,460	(3,550,755)	34,428,928	(8,835,806)
Cash flows from investing activities					
Deposit paid for acquisition of land		-	(13,022,572)	-	-
Purchase of property, plant and equipment		(7,367,802)	(3,072,282)	(6,433,347)	(13,335)
Purchase of computer software		(488,145)	-	-	-
Acquisition of land held for development within assets held for disposal		-	(3,920,204)	-	-
Purchase of land and related development expenditure		(48,902,217)	-	-	-
Subscription of additional redeemable convertible preference shares		-	(13,484,334)	-	-
Investment in unquoted shares		(607,140)	-	-	-
Proceeds from disposal of marketable securities		-	434,002	-	-
Proceeds from disposal of property, plant and equipment		916,970	19,000	-	9,000
Proceeds from disposal of investment property		172,378	-	-	-
Proceeds from disposal of land and related development expenditure		-	2,061,297	-	-
Proceed from sale of building and strata title rights		50,058,749	-	-	-
Interest received		292,804	279,493	237,508	6,824
Proceeds received from issuance of new shares in a subsidiary to a minority shareholder		-	490,000	-	-
Issuance of share capital to minority interests		306,250	-	-	-
Net proceeds from disposal of subsidiary		62,730,456	-	1,280,000	-
Acquisition of subsidiary net of cash acquired		(1,000,000)	1,804,044	(318,753)	(410,000)
Net cash generated from/(used in) investing activities		56,112,303	(28,411,556)	(5,234,592)	(407,511)

CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (contd.)

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
Cash flows from financing activities					
Repayment of term loans		(21,739)	(22,850)	-	-
Repayment of hire purchase obligations and lease financing		(346,678)	(68,833)	(13,347)	-
Revolving credits and bankers' acceptances		(11,301,645)	13,077,738	-	-
Issue of special shares		-	3,401,000	-	3,401,000
Issue of warrants		(20,005)	5,935,244	(20,005)	5,935,244
Acquisition of treasury share		(4,453,602)	-	(4,453,602)	-
Dividends paid	12	(3,882,253)	(3,829,790)	(3,882,253)	(3,829,790)
Net cash (used in)/generated from financing activities		(20,025,922)	18,492,509	(8,369,207)	5,506,454
Net increase/(decrease) in cash and cash equivalents					
Effects of foreign exchange rate changes		37,600,841	(13,469,802)	20,825,129	(3,736,863)
Cash and cash equivalents at beginning of year		24,228	7,295	-	-
		(2,433,489)	11,029,018	345,980	4,082,843
Cash and cash equivalents at end of year	24	35,191,580	(2,433,489)	21,171,109	345,980
Acquisition of property, plant and equipment were by means of:					
Cash purchases		7,367,802	3,072,282	6,433,347	13,335
Finance lease arrangements		579,000	128,388	239,000	-
		7,946,802	3,200,670	6,672,347	13,335

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

1. Corporate information

The Company is a public limited company, incorporated and domiciled in Malaysia, and is listed on the Main Board of the Bursa Malaysia Securities. The registered office and the principal place of business of the Company is located at No 1, Jalan Tembaga SD 5/2, Bandar Sri Damansara, 52200 Kuala Lumpur.

The principal activities of the Company are that of investment holding and the trading of fire safety materials, equipment and fire prevention system. The principal activities of the subsidiaries are detailed in Note 18. There have been no significant changes in the nature of these principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 17 April 2009.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia. At the beginning of the current financial year, the Group and the Company had adopted new and revised Financial Reporting Standards ("FRSs") which are mandatory for financial periods beginning on or after 1 January 2008 as described fully in Note 2.3.

The financial statements of the Group and of the Company have also been prepared on a historical basis, except for freehold land included within property, plant and equipment.

The financial statements are presented in Ringgit Malaysia (RM).

2.2 Summary of significant accounting policies

(a) Subsidiaries and basis of consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(a) Subsidiaries and basis of consolidation (contd.)

(ii) Basis of consolidation (contd.)

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

(b) Intangible assets

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each balance sheet date.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

(c) Property, plant and equipment, and depreciation

All items of property, plant and equipment are initially recorded at cost.

Certain land and buildings were subsequently revalued and stated at their revalued amounts. However, these properties have not been revalued since as the Group availed itself to the transitional provisions of FRS 16 (Revised): Property, plant and equipment, by virtue of which these properties continue to be stated at their revalued amount less accumulated depreciation and impairment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(c) Property, plant and equipment, and depreciation (contd.)

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress are also not depreciated as these assets are not available for use. 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:

Buildings	2%
Plant and machinery	20%
Motor vehicles	20%
Tools and office equipment	10% - 33.33%
Furniture and fittings	10%
Renovations	10%

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

(d) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

(e) 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.

(f) Construction contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using 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 reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(f) Construction contracts (contd.)

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

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

(g) Impairment of non-financial assets

The carrying amounts of the Group's assets, other than investment property, construction contract assets, inventories, deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(h) Inventories

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

Cost is determined using the first in, first out method. The cost of raw materials comprises costs of purchase. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate production overheads.

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

(i) Financial instruments

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

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 recognised 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) Cash and cash equivalents

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

(ii) Other non-current investments

Non-current investments other than investments in subsidiaries and investment properties 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 profit or loss.

(iii) Marketable securities

Marketable securities are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of marketable securities are recognised in profit or loss. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in profit or loss.

(iv) 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.

(v) Trade payables

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(i) Financial instruments (contd.)

(vi) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(vii) 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.

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

(j) Leases

(i) Classification

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

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (Note 2.2(d)).

(ii) Finance leases - the Group as lessee

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. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss 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 in accordance with that for depreciable property, plant and equipment as described in Note 2.2(c).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(j) Leases (contd.)

(iii) Operating leases - the Group as lessee

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

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

(iv) Operating leases - the Group as lessor

Assets leased out under operating leases are presented on the balance sheets according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(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. 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 as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(m) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(n) 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. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries also make contributions to their respective countries' statutory pension schemes.

(o) Foreign currencies

(i) Functional and presentation currency

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

(ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(o) Foreign currencies (contd.)

(ii) Foreign currency transactions (contd.)

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

(iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the date of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

(p) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.2(f).

(ii) Sale of goods

Revenue is recognised net of sales taxes and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(iii) Revenue from services

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

(iv) Rental income

Rental income is recognised on a straight-line basis over the term of the lease. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

(v) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(p) Revenue recognition (contd.)

(vi) Dividend income

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

(q) Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets (or all the assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current assets or disposal groups (other than investment properties, deferred tax assets, employee benefits assets and financial assets) are measured in accordance with FRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

2.3 Changes in accounting policies and effects arising from adoption of new and revised FRSs

On 1 January 2008, the Group and the Company adopted the following revised FRSs, amendment to FRS and Interpretations:

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under FRS 129 Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	Scope of FRS 2

The revised FRS, amendment to FRS and Interpretations above do not have any significant impact on the financial statements of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

2. Significant accounting policies (contd.)

2.4 Standards and interpretations issued but not yet effective

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

FRSs and Interpretations	Effective for financial periods beginning on or after
FRS 7: Financial Instruments: Disclosures	1 January 2010
FRS 8: Operating Segments	1 July 2009
FRS 139: Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10: Interim Financial Reporting and impairment	1 January 2010

The new FRSs and Interpretations above are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application except for the changes in disclosures arising from the adoption of FRS 7 and FRS 8.

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

2.5 Significant accounting estimates and judgements

(a) Critical judgements made in applying accounting policies

There were no significant judgements made by management in the process of applying the accounting policies of the Group and the Company which may have significant effect on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

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

(i) Impairment of goodwill

The Group determines whether goodwill are impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill are allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill as at 31 December 2008 were RM4,360,416 (2007: RM15,112,997). Further details are disclosed in Note 17(b).

(ii) Provision for doubtful debts

The Group reviews the adequacy of provision for doubtful debts required on all outstanding receivables as at the balance sheet date. In assessing the extent of irrecoverable debts, the management have given due consideration to all pertinent information relating to the ability of the debtors to settle the debts. The carrying amounts in trade receivables of the Group which have been outstanding in excess of 12 months amounts to RM1,523,066 (2007: RM5,165,426) whilst those debts whose recoveries are subject to legal actions totalled RM Nil (2007: RM9,597,127). Further details are disclosed in Note 20.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

2. Significant accounting policies (contd.)

2.5 Significant accounting estimates and judgements (contd.)

(b) Key sources of estimation uncertainty (contd.)

(iii) Construction contracts

The Group recognises construction revenue and costs, including rendering of services, in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and costs, as well as the recoverability of the contract projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

(iv) Impairment of property, plant and equipment and investment property

The Group reviews the carrying amounts of its plant and equipment and investment property at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount which is the higher of its fair value less costs to sell or its value in use is estimated. In determining the assets' fair value, the Group will obtain the best available quotation for the amount at which the assets could be exchanged between knowledgeable, willing sellers in an arm's length transaction at the date of valuation.

In determining the value in use of an asset, which requires the determination of future economic benefits expected to be derived from the continued use and ultimate disposition of such asset, the Group makes estimates and assumption that involves significant judgement and estimation. While the Group believes that the assumptions are appropriate and reasonable, changes in these assumptions may affect the assessment of the value in use and could have an impact on the Group's financial position and results of operations.

The review has led to the recognition of an impairment loss on property, plant and equipment and investment property of RM139,500 and RM369,900 respectively. Further details are disclosed in Note 13 and 14.

3. Revenue

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Sale of goods	74,585,604	70,631,820	-	-
Rendering of services	8,329,525	9,336,378	-	-
Contract revenue	80,873,518	66,484,229	-	-
Dividend income from subsidiaries				
- tax-exempt	-	-	10,000,000	-
- non tax-exempt	-	-	7,187,000	5,415,000
	<u>163,788,647</u>	<u>146,452,427</u>	<u>17,187,000</u>	<u>5,415,000</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

4. Cost of sales

	Group	
	2008 RM	2007 RM
Cost of inventories sold	65,112,995	59,695,885
Contract costs	78,477,242	53,552,137
Other costs	6,020,589	1,794,100
	149,610,826	115,042,122

Other costs include provision for foreseeable loss of RM6,020,589 (2007: Nil).

5. Other income

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Interest income	292,804	279,493	237,508	6,824
Rental receivable from operating leases, other than those relating to investment properties	69,600	394,516	434,000	378,000
Administrative charges received from subsidiaries	-	-	1,440,000	1,440,000
Realised foreign exchange gain	239,968	553,900	-	-
Gain on disposal of property, plant and equipment	75,499	18,998	-	8,999
Gain on disposal of marketable securities	-	276,787	-	-
Gain arising from disposal of interest in subsidiary (Note 18)	23,374,458	54,480	724,495	-
Write-back of provision for doubtful debts	107,157	73,283	-	-
Insurance claim	-	24,959	-	-
Commission received	40,000	-	-	-
Gain on disposal of building and strata title right *	40,644,474	-	-	-
Other income	845,966	42,755	677,083	-
	65,689,926	1,719,171	3,513,086	1,833,823

* The Group through its subsidiary, Premier Equity Holdings Limited (formerly known as Premier Land Limited) ("PEHL") has entered into a Sale and Purchase Agreement ("SPA") with Spring Active Sdn Bhd ("the Purchaser") to dispose off Options Rights that confer Building Rights and Strata Rights (collectively "the Option Rights") for a mall in Setapak, Kuala Lumpur for a total consideration of RM80 million. The conditions precedent were fulfilled on 15 December 2008. Total consideration received up to balance sheet date amounted to RM50,058,749 with the balance receivable in 12 monthly instalments. Further details are disclosed in Note 15 and 20 (e).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

6. Finance costs

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Interest expense on:				
Bankers' acceptances	615,120	587,900	-	-
Hire purchase and finance lease	42,184	34,866	5,409	-
Bank overdrafts	313,799	319,722	-	-
Revolving credits	63,421	54,849	26,754	-
Term loans	1,641,720	1,654,534	1,625,000	1,625,000
Trust receipts	1,157	-	-	-
	<u>2,677,401</u>	<u>2,651,871</u>	<u>1,657,163</u>	<u>1,625,000</u>
Less: Amount capitalised	(947,917)	(1,625,000)	(947,917)	(1,625,000)
	<u>1,729,484</u>	<u>1,026,871</u>	<u>709,246</u>	<u>-</u>

7. Profit before tax

The following amounts have been included in arriving at profit before tax:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Auditors' remuneration:				
- statutory	161,091	130,238	30,000	24,000
- other services	1,850	-	-	-
Rent of buildings	1,391,478	1,828,097	-	-
Directors' remuneration (excluding benefits-in-kind) (Note 9)	2,561,331	2,033,825	523,400	428,400
Employee benefits expense (excluding directors' remuneration) (Note 8)	11,022,014	11,151,351	1,121,679	883,943
Depreciation of investment property (Note 14)	33,575	26,643	-	-
Property, plant and equipment				
- loss on disposal	463,280	-	-	-
- depreciation	1,210,788	1,103,083	140,512	96,330
- written off	68,640	60	-	-
- impairment	139,500	-	-	-
Direct operating expenses of investment properties:				
- revenue generating during the year	1,343	1,410	-	-
- non-revenue generating during the year	7,589	17,387	-	-
Amortisation of prepaid land lease payments (Note 16)	2,857	2,857	-	-
Impairment of investment properties (Note 14)	366,690	-	-	-
Impairment of goodwill (Note 17)	10,853,389	-	-	-
Provision for diminution of investment written back	(19,500)	-	-	-
Loss on disposal of investment property	18,581	-	-	-
Provision for doubtful debts	18,176,830	286,193	-	-
Bad debts written off	66,828	9,000	-	-
Foreign exchange losses:				
- realised	-	100,023	-	-
- unrealised	100,458	11,256	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

7. Profit before tax (contd.)

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Deposits written off	12,120	-	-	-
Inventories written off	-	22,564	-	-
Inventories written down	2,421,309	-	-	-
Project costs written off	-	69,388	-	-
Impairment in value of investment:				
- marketable securities	5,889	-	-	-
- other investments	2,500,000	-	2,500,000	-

8. Employee benefits expense

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Wages and salaries	9,191,165	9,273,502	695,927	688,949
Social security contributions	99,748	98,318	7,020	7,330
Contributions to defined contribution plan	975,061	918,556	77,491	77,324
Other benefits	756,040	860,975	341,241	110,340
	11,022,014	11,151,351	1,121,679	883,943

9. Directors' remuneration

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Executive directors' remuneration:				
Fees	92,243	82,145	-	-
Other emoluments	2,067,088	1,657,680	302,400	218,400
	2,159,331	1,739,825	302,400	218,400
Non-executive directors' remuneration:				
Fees	27,000	24,000	12,000	-
Other emoluments	325,000	270,000	209,000	210,000
	352,000	294,000	221,000	210,000
Total directors' remuneration (Note 7):	2,511,331	2,033,825	523,400	428,400
Estimated money value of benefit-in-kind	7,600	7,600	7,600	7,600
Total directors' remuneration including benefit-in-kind	2,518,931	2,041,425	531,000	436,000

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

9. Directors' remuneration (contd.)

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Executive:				
Salaries and other emolument	895,956	620,800	287,400	201,600
Bonus	102,250	40,000	15,000	16,800
Estimated money value of benefit-in-kind	7,600	7,600	7,600	7,600
	<u>1,005,806</u>	<u>668,400</u>	<u>310,000</u>	<u>226,000</u>
Non-executive:				
Salaries and other emolument	281,000	270,000	221,000	210,000
	<u>1,286,806</u>	<u>938,400</u>	<u>531,000</u>	<u>436,000</u>

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

	Number of directors	
	2008	2007
Executive directors:		
RM650,001 - RM700,000	-	1
RM800,001 - RM850,000	1	-
Non-executive directors:		
RM0 - RM50,000	3	3
RM50,001 - RM100,000	2	3
RM150,001 - RM200,000	1	-

10. Income tax expense

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Malaysian income tax:				
Current income tax	1,539,994	2,451,294	1,860,067	1,541,490
(Over)/underprovision in prior years	(41,023)	245,110	10,344	(44,210)
	<u>1,498,971</u>	<u>2,696,404</u>	<u>1,870,411</u>	<u>1,497,280</u>
Deferred tax (Note 31):				
Relating to origination and reversal of temporary differences	(477,062)	110,792	50,857	-
Relating to changes in tax rate	17,892	(17,234)	(990)	-
Under/(over) provision in prior years	124,590	(41,266)	-	-
	<u>(334,580)</u>	<u>52,292</u>	<u>49,867</u>	<u>-</u>
Total income tax expense	<u>1,164,391</u>	<u>2,748,696</u>	<u>1,920,278</u>	<u>1,497,280</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

10. Income tax expense (contd.)

Domestic current income tax is calculated at the statutory tax rate of 26% (2007: 27%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 25% from the current year's rate of 26%, effective year of assessment 2009. The computation of deferred tax as at 31 December 2008 has reflected these changes.

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

A reconciliation of income tax expense applicable to profit before tax 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:

	2008 RM	2007 RM
Group		
Profit before tax	24,520,813	8,598,471
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	6,375,411	2,321,587
Effect of income subject to tax rate of 20%	124,118)	(239,520)
Income not subject to tax	(16,974,029)	(663,624)
Expenses not deductible for tax purposes	8,897,694	1,128,235
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(124,700)	(32,171)
Deferred tax assets not recognised during the year	3,012,674	47,579
Effects of changes in tax rates on opening balance of deferred tax	-	(5,055)
Deferred tax recognised at different tax rates	17,892	(12,179)
(Over)/under provision of tax expense in prior years	(41,023)	245,110
Under/(over) provision of deferred tax in prior year	124,590	(41,266)
Income tax expense for the year	1,164,391	2,748,696
Company		
Profit before tax	14,910,166	5,368,359
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	3,876,643	1,449,457
Income not subject to tax	(2,788,369)	-
Expenses not deductible for tax purposes	822,650	92,033
Deferred tax recognised at different tax rates	(990)	-
Under/(over) provision of tax expense in prior years	10,344	(44,210)
Income tax expense for the year	1,920,278	1,497,280

Tax savings during the financial year arising from:

	Group	
	2008 RM	2007 RM
Utilisation of previously unrecognised tax losses	124,700	32,171

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

11. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computation.

	2008	2007
Earnings		
Earnings for the purpose of basic and diluted earnings per share, attributable to ordinary equity holders of the Company (RM)	21,630,125	5,529,328
Number of shares		
Weighted average number of ordinary shares in issue for basic earnings per share	129,436,276	128,529,562
Effect of dilutive potential ordinary shares on conversion of warrants	-	908,204
Weighted average number of ordinary shares in issue for diluted earnings per share	129,436,276	129,437,766
Earnings per share		
- Basic (sen)	16.71	4.30
- Diluted (sen)	16.71	4.27

During the year, the warrants have an anti-dilutive effect as the average market price of ordinary share during the period is lower than the exercise price of the warrants.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

12. Dividends

	Dividends in respect of Year		Dividends Recognised in Year	
	2007 RM	2006 RM	2008 RM	2007 RM
Recognised during the year:				
First and final dividend for 2006: 4% less 27% taxation, on 131,157,184 ordinary shares (2.92 sen per ordinary share)	-	3,829,790	-	3,829,790
First and final dividend for 2007: 4% less 26% taxation, on 131,157,184 ordinary shares (2.96 sen per ordinary share)	3,882,253	-	3,882,253	-
	<u>3,882,253</u>	<u>3,829,790</u>	<u>3,882,253</u>	<u>3,829,790</u>

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2008 in the form of 1 ordinary share of the Company for every 20 ordinary shares held will be proposed for shareholders' approval. The shares shall be distributed out of the treasury shares of the Company. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as appropriation of retained earnings in the financial year ending 31 December 2009.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

13. 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
Cost or valuation								
At 1 January 2007	4,255,760	4,254,035	2,079,088	4,808,887	1,192,932	597,505	2,529,203	19,717,410
Arising from acquisition of subsidiary companies	-	-	175,233	279,957	88,101	45,429	-	588,720
Additions	1,200,000	1,201,122	432,745	299,568	33,679	7,506	26,050	3,200,670
Disposals	-	-	(45,114)	(37,600)	-	-	-	(82,714)
Written off	-	-	-	(96,025)	(14,179)	-	-	(110,204)
Exchange differences	-	-	-	(321)	(123)	-	-	(444)
At 31 December 2007	5,455,760	5,455,157	2,641,952	5,254,466	1,300,410	650,440	2,555,253	23,313,438
Arising from disposal of subsidiary companies	-	(1,459,742)	(240,329)	(138,192)	(25,475)	-	-	(1,863,738)
Additions	6,062,163	639,730	701,407	201,980	341,522	-	-	7,946,802
Disposals	-	-	(411,510)	(45,585)	(35,000)	(116,000)	(1,942,453)	(2,550,548)
Written off	-	-	-	(59,186)	(12,518)	(62,233)	-	(133,937)
Exchange differences	-	-	-	4,049	1,547	-	-	5,596
At 31 December 2008	11,517,923	4,635,145	2,691,520	5,217,532	1,570,486	472,207	612,800	26,717,613
Accumulated depreciation and impairment								
At 1 January 2007	857,473	3,210,901	1,474,212	4,356,595	1,118,336	213,270	741,743	11,972,530
Depreciation charge for the year (Note 7)	72,502	261,479	391,308	234,138	41,377	102,279	-	1,103,083
Disposals	-	-	(45,113)	(37,599)	-	-	-	(82,712)
Written off	-	-	-	(95,995)	(14,149)	-	-	(110,144)
Exchange differences	-	-	-	(266)	(123)	-	-	(389)
At 31 December 2007	929,975	3,472,380	1,820,407	4,456,873	1,145,441	315,549	741,743	12,882,368
Arising from disposal of subsidiary companies	-	(121,086)	(52,071)	(27,514)	(4,438)	-	-	(205,109)
Depreciation charge for the year (Note 7)	111,954	278,687	474,007	227,783	30,265	88,092	-	1,210,788
Impairment loss recognised in profit or loss (Note 7)	-	-	-	-	-	-	139,500	139,500
Disposals	-	-	(411,507)	(23,182)	(11,375)	(57,990)	(741,743)	(1,245,797)
Written off	-	-	-	(34,268)	(7,007)	(24,022)	-	(65,297)
Exchange difference	-	-	-	3,851	1,550	-	-	5,401
At 31 December 2008	1,041,929	3,629,981	1,830,836	4,603,543	1,154,436	321,629	139,500	12,721,854
Net carrying amount								
At 31 December 2008	10,475,994	1,005,164	860,684	613,989	416,050	150,578	473,300	13,995,759
At 31 December 2007	4,525,785	1,982,777	821,545	797,593	154,969	334,891	1,813,510	10,431,070

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

13. Property, plant and equipment (contd.)

Company	Land and buildings* RM	Plant and machinery RM	Motor vehicles RM	Tools and office equipment RM	Furniture and fittings RM	Total RM
Cost or valuation						
At 1 January 2007	3,197,741	101,949	4,174	833,453	350,729	4,488,046
Additions	-	-	-	13,335	-	13,335
Disposal	-	-	-	(37,600)	-	(37,600)
At 31 December 2007	3,197,741	101,949	4,174	809,188	350,729	4,463,781
Additions	6,055,550	-	257,880	23,307	335,610	6,672,347
At 31 December 2008	9,253,291	101,949	262,054	832,495	686,339	11,136,128
Accumulated depreciation						
At 1 January 2007	611,817	101,945	4,173	762,200	328,999	1,809,134
Depreciation charge for the year (Note 7)	48,598	-	-	33,500	14,232	96,330
Disposal	-	-	-	(37,599)	-	(37,599)
At 31 December 2007	660,415	101,945	4,173	758,101	343,231	1,867,865
Depreciation charge for the year (Note 7)	88,051	-	17,192	28,559	6,710	140,512
At 31 December 2008	748,466	101,945	21,365	786,660	349,941	2,008,377
Net carrying amount						
At 31 December 2008	8,504,825	4	240,689	45,835	336,398	9,127,751
At 31 December 2007	2,537,326	4	1	51,087	7,498	2,595,916

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:

Group	Freehold land RM	Buildings RM	Total RM
31 December 2008			
- At cost	1,202,969	7,120,182	8,323,151
- At 1994 valuation	764,875	2,429,897	3,194,772
	1,967,844	9,550,079	11,517,923
Net carrying amount	1,967,844	8,508,150	10,475,994

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

13. Property, plant and equipment (contd.)

	Freehold land RM	Buildings RM	Total RM
Group (contd.)			
31 December 2007			
- At cost	1,202,969	1,058,019	2,260,988
- At 1994 valuation	764,875	2,429,897	3,194,772
	<u>1,967,844</u>	<u>3,487,916</u>	<u>5,455,760</u>
Net carrying amount	<u>1,967,844</u>	<u>2,557,941</u>	<u>4,525,785</u>
Company			
31 December 2008			
- At cost	2,969	6,055,550	6,058,519
- At 1994 valuation	764,875	2,429,897	3,194,772
	<u>767,844</u>	<u>8,485,447</u>	<u>9,253,291</u>
Net carrying amount	<u>767,844</u>	<u>7,736,981</u>	<u>8,504,825</u>
31 December 2007			
- At cost	2,969	-	2,969
- At 1994 valuation	764,875	2,429,897	3,194,772
	<u>767,844</u>	<u>2,429,897</u>	<u>3,197,741</u>
Net carrying amount	<u>767,844</u>	<u>1,769,482</u>	<u>2,537,326</u>

Revaluation of land and buildings

Certain land and buildings of the Group and 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 FRS 16 (Revised): Property, plant and equipment, these assets continue to be stated at their 1994 valuation less accumulated depreciation and impairment losses.

Net carrying amounts of property, plant and equipment held under hire purchase and finance lease arrangements are as follows:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Plant, machinery and tools	-	11	-	-
Motor vehicles	791,463	463,800	240,688	-
	<u>791,463</u>	<u>463,811</u>	<u>240,688</u>	<u>-</u>

Details of the terms and conditions of the hire purchase and finance lease arrangements are disclosed in Note 30.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

13. Property, plant and equipment (contd.)

As at balance sheet date, titles to certain land and building with net book value of RM1,300,287 (2007: RM1,326,253) have yet to be registered in the subsidiaries' name.

During the financial year, the Group reviews the carrying amounts of its plant and equipment to determine whether there is any indication of impairment. The review has led to the recognition of an impairment loss of RM139,500.

14. Investment properties

	Group	
	2008	2007
	RM	RM
Cost		
At 1 January	1,549,150	1,549,150
Additions	365,000	-
Disposals	(217,000)	-
At 31 December	<u>1,697,150</u>	<u>1,549,150</u>
Accumulated depreciation and impairment		
At 1 January	145,880	119,237
Depreciation charge for the year	33,575	26,643
Impairment loss recognised in profit or loss (Note 7)	366,690	-
Disposals	(26,041)	-
At 31 December	<u>520,104</u>	<u>145,880</u>
Net carrying amount	<u>1,177,046</u>	<u>1,403,270</u>
Estimated fair value of investment property by directors	<u>1,385,896</u>	<u>1,322,276</u>

During the year, a subsidiary, FITTERS Engineering Services Sdn Bhd entered into a settlement agreement with its debtor to settle its debt in the form of transfer of property with an aggregate value of RM365,000.

Investment properties with an aggregate carrying value of RM311,895 (2007: RM318,826) are pledged as securities for borrowings (Note 29).

As at balance sheet date, titles to investment properties with carrying amount of RM1,177,046 (2007: RM1,403,270) have yet to be registered in the subsidiaries' name.

During the financial year, the Group reviews the carrying amounts of its investment property to determine whether there is any indication of impairment. The review has led to the recognition of an impairment loss of RM366,690.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

15. Land held for property development

	Freehold land RM	Development cost RM	Total RM
Group			
At cost:			
At 1 January 2007/2008	-	-	-
Additions	44,906,063	17,018,726	61,924,789
Disposal	(22,738,119)	(8,617,407)	(31,355,526)
At 31 December 2008	<u>22,167,944</u>	<u>8,401,319</u>	<u>30,569,263</u>

Details of the acquisition during the year are disclosed in Note 38. The disposal relates to the sale of building and strata title rights as disclosed in Note 5.

16. Prepaid land lease payments

	Group	
	2008 RM	2007 RM
At 1 January	248,572	251,429
Amortisation for the year (Note 7)	(2,857)	(2,857)
At 31 December	<u>245,715</u>	<u>248,572</u>
Analysed as:		
Long term leasehold land	<u>245,715</u>	<u>248,572</u>

17. Intangible assets

	Computer software RM (Note a)	Goodwill RM (Note b)	Total RM
Group			
At 1 January 2007/2008	-	15,112,997	15,112,997
Additions	488,145	-	488,145
Acquisition of subsidiary	-	100,808	100,808
Impairment (Note 7)	-	(10,853,389)	(10,853,389)
At 31 December 2008	<u>488,145</u>	<u>4,360,416</u>	<u>4,848,561</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

17. Intangible assets (contd.)

(a) Computer software

Amortisation for the computer software and license has not commenced as the assets are not ready for its intended use.

(b) Goodwill

During the financial year, the management has carried out a review of the recoverable amount of goodwill in its subsidiaries which were non-profit generating. This review led to the recognition of an impairment loss of RM10,853,389 (2007: RM Nil). The recoverable amount was based on value-in-use and was determined at the cash-generating unit (CGU) which consists of the Malaysian and United Kingdom based assets.

Impairment tests for goodwill

Allocation of goodwill

Goodwill has been allocated to the Group's CGUs identified according to country of operation and business segment as follows:

	Malaysia RM	United Kingdom RM	Total RM
At 31 December 2008			
Contracting	4,360,416	-	4,360,416
At 31 December 2007			
Trading and manufacturing	1,149,130	3	1,149,133
Contracting	12,974,844	-	12,974,844
Servicing	989,020	-	989,020
	15,112,994	3	15,112,997

Key assumptions used in value-in-use calculations

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. The key assumptions used for value-in-use calculations are:

	Gross margin		Growth rate		Discount rate	
	2008	2007	2008	2007	2008	2007
Trading and manufacturing	9.32	19.94	5.00	6.83	8.00	5.72
Contracting	14.65	14.60	4.00	47.30	8.00	6.20
Servicing	68.89	75.63	11.00	11.27	8.00	8.75

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

17. Intangible assets (contd.)

(b) Goodwill (contd.)

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

(i) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year, adjusted for market and economic conditions and internal resource efficiency.

(ii) Growth rate

The weighted average growth rates used are consistent with the long-term average growth rate for the industry.

(iii) Discount rate

The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

(iv) Raw materials price inflation

The basis used to determine the value assigned to the raw materials price inflation is the forecast price indices during the budget year for Malaysia, Singapore, Taiwan, Korea and the United States being where raw materials are sourced. Values assigned to key assumptions are consistent with external information sources.

Sensitivity to changes in assumptions

With regards to the assessment of value-in-use of the trading and manufacturing unit and the servicing unit, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the units to materially exceed their recoverable amounts.

18. Investment in subsidiaries

	Company	
	2008 RM	2007 RM
Unquoted shares at cost	31,082,725	31,345,270
Less: Accumulated impairment losses	(86,613)	(112,406)
	<u>30,996,112</u>	<u>31,232,864</u>

Details of the subsidiaries are as follows:

Name of Company	Group equity interest		Principal activities
	2008 %	2007 %	
Subsidiaries of the Company:			
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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

18. Investment in subsidiaries (contd.)

Details of the subsidiaries are as follows:

Name of Company	Group equity interest		Principal activities
	2008 %	2007 %	
Subsidiaries of the Company: (contd.)			
Master Pyrodor Sdn Bhd	100	100	Property holdings
FITTERS (S) Pte Ltd #	100	100	Trading and installation of fire safety materials and equipment
FITTERS Engineering Sdn Bhd	-	51	Galvanizing of pipes
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	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 Industries Sdn Bhd	100	100	Ceased operations
FITTERS-MPS Sdn Bhd	51	51	Design, installation and maintenance of fire protection systems
Master Pyroserve Sdn Bhd	100	100	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
Wintip Sdn Bhd #	100	100	Investment holding
Future NRG Sdn Bhd	51	-	Renewal energy development
Premier Equity Holdings Ltd	100	-	Investment holding
Subsidiaries of FITTERS Sdn Bhd:			
Jagapi Sdn Bhd	70	70	Trading of fire fighting equipment and accessories
FITTERS Property Development Sdn Bhd	100	100	Property development
FITTERS (Ipoh) Sdn Bhd	100	100	Trading and installation of fire safety materials and equipment

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

18. Investment in subsidiaries (contd.)

Details of the subsidiaries are as follows:

Name of Company	Group equity interest		Principal activities
	2008 %	2007 %	
Subsidiaries of FITTERS Sdn Bhd: (contd.)			
FITTERS (Sarawak) Sdn Bhd	100	100	Trading of fire safety materials and equipment
Cameron Fresh Farms Sdn Bhd	-	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
IT Vault Solutions Sdn Bhd	100	100	Ceased operations
FITTERS Fire Technology Sdn Bhd	100	51	Manufacture and supply of fire fighting equipment and materials
Modular Floor Systems (M) Sdn Bhd	100	100	Manufacture and trading of raised access-flooring systems
Subsidiary of FITTERS Building Services Sdn Bhd:			
Pyro-Tech Systems Sdn Bhd	100	100	Manufacture of fire rated doors including fire rated wooden doors with or without frames
Subsidiaries of FITTERS Engineering Services Sdn Bhd:			
FITTERS Engineering and 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
FITTERS-Malnaga Sdn Bhd #	51	51	Supply, installation and maintenance of rail-road
Z'odd Design Sdn Bhd #	51	51	Design, production, construction and installation for theme concept solutions contracting and turnkey projects
Subsidiaries of FITTERS -MPS Sdn Bhd:			
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
Subsidiary of Modular Floor Systems (M) Sdn Bhd:			
Titan Access Floors Limited #	100	100	Ceased operations
Subsidiary of Wintip Sdn Bhd			
Cosmopolitan Noble Sdn Bhd	100	-	Dormant

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

18. Investment in subsidiaries (contd.)

Except for FITTERS (S) Pte Ltd, Premier Equity Holdings Limited and Titan Access Floors Limited, which are incorporated in Republic of Singapore, British Virgin Island and United Kingdom respectively, all other subsidiaries are incorporated in Malaysia.

Audited by firms of auditors other than Ernst & Young

(a) Acquisition of subsidiaries

Acquisitions in 2008

On 5 February 2008, the Company acquired 1 ordinary share of USD1.00, representing the entire equity interests in Premier Equity Holdings Limited, a limited company incorporated in British Virgin Island, where its principal activity is that of investment holding. The consideration for the acquisition was USD1.00.

On 28 June 2008, the Company acquired 2 ordinary shares of RM1.00 each, representing the entire equity interests in Future NRG Sdn Bhd, a private limited company incorporated in Malaysia, whose principal activity is renewable energy development. The consideration for the acquisition was RM2.00 based. Subsequently, the Company subscribed for an additional 318,748 of ordinary shares from a total of RM624,996 ordinary shares issued. With the above subscriptions, the Company holds 51% equity interest in Future NRG Sdn Bhd.

On 31 July 2008, the Group acquired 2 ordinary shares of RM1.00 each, representing the entire equity interests in Cosmopolitan Noble Sdn Bhd, a private limited company incorporated in Malaysia, which remains dormant as at 31 December 2008. The consideration for the acquisition was RM2.00.

On 24 September 2008, the Group entered into a Share Sale Agreement to acquire the remaining 421,504 ordinary shares of RM1.00 each, representing 49% equity interest in FITTERS Fire Technology Sdn Bhd, a company incorporated in Malaysia, for a total cash consideration of RM1,000,000 together with all assets and liabilities therein. Upon completion of the acquisition, FITTERS Fire Technology Sdn Bhd became a wholly-owned subsidiary of the Group.

The acquisitions in 2007

On 27 February 2007, the Group acquired 51% equity interests in Z'odd Design Sdn Bhd, a private limited company incorporated in Malaysia, its principal activity is providing theme concept solutions contracting and turnkey projects which include design, production, construction and installation. The consideration for the acquisition was at RM1.00 based on willing-buyer-willing seller basis.

On 23 July 2007, the Company acquired 100% equity interests in Wintip Sdn Bhd, a private limited company incorporated in Malaysia, which principal activity is property holding. The consideration for the acquisition was at RM2.00 based on willing-buyer-willing seller basis.

The acquired subsidiaries have contributed the following results to the Group:

	2007 RM
Revenue	28,669,750
Profit for the year	<u>838,199</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

18. Investment in subsidiaries (contd.)

(a) Acquisition of subsidiaries (contd.)

If the acquisition had occurred on 1 January 2007, the Group's revenue and profit for the year would have been RM149,090,094 and RM5,494,928 respectively.

The assets and liabilities arising from the acquisitions are as follows:

	Fair value recognised on acquisition RM	Acquiree's carrying amount RM
Property, plant and equipment (Note 13)	588,720	588,720
Marketable securities	116	116
Contract work in progress	1,867,513	1,867,513
Trade and other receivables	10,561,610	10,561,610
Tax recoverable	169,004	169,004
Cash and bank balances	1,804,047	1,804,047
	<hr/> 14,991,010	<hr/> 14,991,010
Trade and other payables	16,609,255	16,609,255
Borrowings	618,828	618,828
	<hr/> 17,228,083	<hr/> 17,228,083
Fair value of net liabilities	(2,237,073)	
Less: Minority interest	2,116,523	
	<hr/> (120,550)	
Group's share of net liabilities	(120,550)	
Goodwill on acquisition	120,553	
	<hr/> 3	
Total cost of acquisition	<hr/> <hr/> <u>3</u>	

The cash inflow on acquisition is as follows:

	2007 RM
Purchase consideration satisfied by cash	3
Cash and cash equivalents of subsidiary acquired	(1,804,047)
	<hr/> (1,804,044)
Net cash inflow of the Group	<hr/> <hr/> <u>(1,804,044)</u>

On 16 August 2007, the Company subscribed to 99,998 new ordinary shares of RM1.00 each in Wintip Sdn Bhd at par for working capital purposes.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

18. Investment in subsidiaries (contd.)

(b) Disposal of interest in subsidiaries

On 16 January 2008, the Company entered into a Share Sale Agreement with Swiss Securities Asia Pte Ltd for the disposal of 100,000 ordinary shares of RM1.00 each representing 100% equity interest of Securiton (M) Sdn Bhd for a total cash consideration of RM80,000. The disposal was completed on 1 January 2008.

On 9 March 2007, the Group through its subsidiary, FITTERS Sdn Bhd entered into a Share Sale Agreement for the disposal of 250,000 ordinary shares of RM1.00 each representing 100% equity interest of Cameron Fresh Farms Sdn Bhd for a total cash consideration of RM30,000,000. Total cash consideration excludes RM31,084,853 which was paid separately to settle Cameron Fresh Farms Sdn Bhd's indebtedness to the Group. The disposal was completed on 31 July 2008.

On 31 December 2008, the Company entered into a Share Sale Agreement with Mr. How Boon Ngan, a minority shareholder of FITTERS Engineering Sdn Bhd ("FESB") for the disposal of 510,000 ordinary shares of RM1.00 each representing 51% equity interest of FESB for a total cash consideration of RM1,200,000. As the disposal was without significant conditions precedents, the sale was completed on that date.

The disposals had the following effects on the financial position of the Group as at the end of the year:

	2008 RM
Property, plant and equipment	1,658,629
Inventories	769,679
Trade and other receivables	3,464,638
Cash and bank balances	55,248
Trade and other payables	(1,495,398)
Borrowings	(1,212,000)
Bank overdraft	(420,851)
Current tax payable	40,406
Deferred tax liabilities (Note 31)	(106,744)
Net assets held for disposal	211,814
Debt due from former subsidiary settled by purchaser	37,334,853
	<hr/>
Net assets disposed	40,300,274
Less: Minority interest disposed	(1,309,879)
	<hr/>
	38,990,395
Total disposal proceed	
- cash consideration	31,280,000
- settlement of intercompany indebtedness	37,334,853
- direct expense relating to the disposal	(6,250,000)
	<hr/>
	62,364,853
Gain on disposal to the Group (Note 5)	23,374,458
	<hr/>
Cash inflow arising from disposals:	
Cash consideration	62,364,853
Cash and cash equivalents of subsidiaries disposed	365,603
	<hr/>
Net cash inflow of the Group	62,730,456

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

18. Investment in subsidiaries (contd.)

(b) Disposal of interest in subsidiaries (contd.)

	2008 RM
Company	
Cash consideration	1,280,000
Less: Cost of investment, net	(555,505)
	<hr/>
Gain on disposal to the Company	724,495
	<hr/>

(c) Dilution of interest in a subsidiary

During the previous financial year, the Company subscribed to 200,000 new ordinary shares of RM1.00 each in FITTERS Engineering Sdn Bhd ("FESB") at par for working capital purposes.

On 2 February 2007, the Company entered into a share subscription agreement to issue 196,000 ordinary shares of RM1.00 each at RM2.50 per share, representing 49% equity interest in the issued and paid-up share capital of FESB to a minority shareholder. The principal activity of the subsidiary is the operation of galvanizing plant. Dilution arising from the issuance of new shares to the minority shareholder is as follows:

	2007 RM
Consideration received	490,000
Less: Share of net assets disposed	(435,520)
	<hr/>
Gain arising from dilution of interest in a subsidiary	54,480
	<hr/>

Further, on the 1 August 2007, an additional 600,000 ordinary shares of RM1.00 each were issued at par value for the working capital of FESB operation. Of this, the Company subscribed to 306,000 new ordinary shares of RM1.00 each.

19. Other investments

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
At cost:				
Corporate memberships in golf clubs	140,000	140,000	-	-
Unquoted bonds	2,500,000	2,500,000	2,500,000	2,500,000
Unquoted preference shares	14,784,334	14,784,334	-	-
Unquoted ordinary shares	607,140	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	18,031,474	17,424,334	2,500,000	2,500,000
Less: Accumulated impairment losses	(2,535,000)	(54,500)	(2,500,000)	-
	<hr/>	<hr/>	<hr/>	<hr/>
	15,496,474	17,369,834	-	2,500,000
	<hr/>	<hr/>	<hr/>	<hr/>

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 29. Full impairment of the said bonds were recognised during the financial year, based on available information from the trustee of the bonds.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

20. Trade and other receivables

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Current				
Trade receivables				
Third parties	43,272,493	53,625,009	-	-
Related parties	1,302,286	1,073,775	-	-
Construction contracts (Note 22):				
Due from customers	14,349,595	13,534,376	-	-
Retention sums	5,447,551	5,077,129	-	-
	<u>64,371,925</u>	<u>73,310,289</u>	<u>-</u>	<u>-</u>
Less: Provision for doubtful debts:				
Third parties	(22,653,819)	(5,259,346)	-	-
Trade receivables, net	<u>41,718,106</u>	<u>68,050,943</u>	<u>-</u>	<u>-</u>
Other receivables				
Amount due from related parties:				
Subsidiaries	-	-	54,477,531	65,692,033
Related parties	2,375,375	525,605	1,579	585
	<u>2,375,375</u>	<u>525,605</u>	<u>54,479,110</u>	<u>65,692,618</u>
Deposit paid for acquisition of land	-	13,022,572	-	-
Deposit and prepayment	2,159,064	775,183	61,971	164,669
Other receivables	36,931,901	1,533,901	1,588,979	20,805
	<u>41,466,340</u>	<u>15,857,261</u>	<u>56,130,060</u>	<u>65,878,092</u>
Other receivables, net				
Total	<u>83,184,446</u>	<u>83,908,204</u>	<u>56,130,060</u>	<u>65,878,092</u>
Non-current				
Amount due from related parties	588,880	-	-	-

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

	Group	
	2008 RM	2007 RM
Balance as at 1 January	5,259,346	5,176,492
Add: Current year provision	18,176,830	286,193
Less: Write back of provision	(107,157)	(73,283)
Less: Bad debts written off	(675,200)	(130,056)
Balance as at 31 December	<u>22,653,819</u>	<u>5,259,346</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

20. Trade and other receivables (contd.)

- (a) Included in trade receivables and other receivables of the Group are amounts which have been outstanding in excess of 12 months amounting to RM1,523,066 (2007: RM5,165,426), out of which, RM935,157 (2007: RM634,686) is due from a related party, Kawalan Api Engineering Sdn Bhd. Details of the related party transactions are disclosed in Note 35.

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 debts as fully recoverable. Accordingly, no further provision has been made for doubtful recovery in respect of these debts.

- (b) Included in trade receivables is an amount of RM2,997,652 (2007: 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").

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.

The above case is still pending hearing of interlocutory applications at the High Court with the last hearing held on 27 August 2007. The High Court had fixed for the next hearing from 28 April 2008 to 30 April 2008 but the hearing did not proceed as the trial judge had other matters to attend since elevation to the Court of Appeal. Parties are seeking directions from the managing trial judge regarding the remaining trial dates which are now fixed from 9 to 11 June 2009.

The management has revisited the details of the Settlement Agreement, vis-a-vis the current standing of Main Contractor as a shell company that is in existence solely for the purposes of defending the lawsuit. There appears to be a less than even chance of recovery of any monies vide Main Contractor's counter-claim against customer as recovery after judgement is contingent on many factors outside the control of Main Contractor. In view of these latest developments, Armatrade will continue to assist Main Contractor in the legal suit as per the provisions in the settlement agreement. However, the directors, having considered all other available information, are now doubtful that the debts can be recovered. Accordingly, the amount has been provided for as doubtful debt during the financial year.

- (c) In prior year, the deposit paid for acquisition of land of RM13,022,572 relates to acquisition of land including deposit paid and incidentals incurred in an acquisition of certain freehold land. The deposit has been recognised as land held for property development upon completion of the agreement during the year.
- (d) In the previous financial year, included in the amount due from customer on contract was an amount recoverable on contract of RM6,599,475, comprising certified claims of RM3,292,141 and uncertified claims of RM3,307,334. The claims pertained to a contract between Z'odd Design Sdn Bhd ("Z'odd"), a 51% subsidiary of the Group, and a foreign based customer. The sub-contract agreement was signed on 18 July 2007. The customer had subsequently terminated the sub-contract agreement with Z'odd on 18 February 2008. The customer had also called on a bank guarantee of USD859,880 (approximately RM2,837,000) on 18 February 2008.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

20. Trade and other receivables (contd.)

- (d) Z'odd had initiated legal action to recover the aforementioned debts, the recovery of the bank guarantee called on as well as seeking other compensation for damages suffered. As the project was still ongoing Z'odd proceeded with a provisional attachment suit aimed at freezing the contractor's account in Dubai as well as getting a court order to have all monies due to the contractor to be paid into court until disposal of the main action, which is arbitration. As the decision on the provisional attachment is still pending due to jurisdictional issues, Z'odd was informed by the owners of the latter's intention to determine the contractor and that no more monies are deemed due to the contractor. In essence, the proposed provisional attachment, if/when successful, will be purely academic to a great extent as the source funds may not be forthcoming. What remains would be an expensive and arbitration process in a very difficult jurisdiction [Dubai] with no assurance on the degree and probability of success. And even in the event of success, the enforcement will be in an even more difficult jurisdiction [Belgium].

In view of the above uncertainties, pending a decision on whether to pursue arbitration, the directors deem that it would be prudent to make a provision for the above case as doubtful debts.

- (e) Included in other receivables is an amount of RM29,941,251 which is the balance of the consideration receivable for the disposal of building and strata title rights. The balance is receivable in 12 instalments. Further details are disclosed in Notes 5 and 15.
- (f) Balances with related parties are unsecured, non-interest bearing, have no fixed terms of repayment and are to be settled in cash.

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest bearing.

As at 31 December 2008, the Group has a significant concentration of credit risk in the form of outstanding debts due from a customer representing 36% (2007: Nil) the total receivables.

21. Inventories

	Group	
	2008	2007
	RM	RM
At cost:		
Raw materials	6,684,191	8,319,020
Finished goods	4,211,377	5,456,559
	10,895,568	13,775,579
At net realisable value:		
Raw materials	436,483	-
Finished goods	352,428	-
	11,684,479	13,775,579

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

22. Due from/(to) customers on contracts

	Group	
	2008	2007
	RM	RM
Construction costs incurred to date	341,186,450	315,116,161
Attributable profits	25,808,662	34,022,988
	<u>366,995,112</u>	<u>349,139,149</u>
Less: Progress billings	(356,675,255)	(338,452,269)
	<u>10,319,857</u>	<u>10,686,880</u>
Due from customers on contract (Note 20)	14,349,595	13,534,376
Due to customers on contract (Note 32)	(4,029,738)	(2,847,496)
	<u>10,319,857</u>	<u>10,686,880</u>
Retention sums on contract, included within trade receivables	<u>5,447,551</u>	<u>5,077,129</u>

The costs incurred to date on construction contracts include the following charges made during the financial year:

	Group	
	2008	2007
	RM	RM
Hire of plant and machinery	89,681	80,620
Wages and salaries	1,939,931	208,731
Social security contributions	1,549	1,519
Contribution to defined contribution plans	60,804	24,567
	<u>2,091,965</u>	<u>315,437</u>

23. Marketable securities

	Group	
	2008	2007
	RM	RM
Shares quoted in Malaysia at cost	650	6,539
Market value of quoted shares	<u>477</u>	<u>5,178</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

24. Cash and cash equivalents

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Cash on hand and at banks	14,380,712	3,788,148	107,821	345,980
Deposits with licensed banks	22,273,288	353,074	21,063,288	-
Cash and bank balances	<u>36,654,000</u>	<u>4,141,222</u>	<u>21,171,109</u>	<u>345,980</u>

Deposits with other financial institutions of the Group amounting to RM20,000 (2007: RM253,074) pledged as securities for borrowings (Note 29).

Other information on financial risks of cash and cash equivalents are disclosed in Note 36.

For the purpose of the cash flow statements, cash and cash equivalents comprise the following as at the balance sheet date:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Cash and bank balances	14,380,712	3,788,148	107,821	345,980
Deposit with licensed banks	22,273,288	353,074	21,063,288	-
Bank overdrafts (Note 29)	(1,462,420)	(6,584,485)	-	-
	<u>35,191,580</u>	<u>(2,443,263)</u>	<u>21,171,109</u>	<u>345,980</u>
Cash and bank balances classified as held for sale (Note 25)	-	9,774	-	-
Total cash and cash equivalents	<u>35,191,580</u>	<u>(2,433,489)</u>	<u>21,171,109</u>	<u>345,980</u>

25. Asset held for disposal

On 9 March 2007, a subsidiary, FITTERS Sdn Bhd entered into a sale and purchase agreement ("SPA") for the disposal of 250,000 ordinary share of RM1.00 representing 100% equity interest in a subsidiary company, Cameron Fresh Farm Sdn Bhd for a total consideration of RM30,000,000 with all the assets and liabilities (which include inter-company indebtedness of RM38,689,020 as at 31 December 2007) therein, which shall be paid in the following manner:

- (i) upon execution of the SPA, a deposit of RM3,000,000; and
- (ii) a further sum of RM27,000,000 shall be paid on the completion date. Intercompany indebtedness will be paid separately by the purchaser.

Further details of the disposal, which was completed during the financial year, are provided in Note 18.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

25. Asset held for disposal (contd.)

Prior to the disposal, interest capitalised amounted to RM947,917 (2007: RM1,625,000) during the year.

	Group	
	2008	2007
	RM	RM
Freehold land	-	35,920,097
Other receivables	-	2,981,737
Cash and bank balance (Note 24)	-	9,774
	<u>-</u>	<u>38,911,608</u>
Liabilities associated with assets held for disposal		
Other payables and accruals	-	1,000
	<u>-</u>	<u>1,000</u>

26. Share capital and treasury shares

	Number of ordinary shares of RM0.50 each		Amount	
	2008	2007	2008	2007
	'000	'000	RM	RM
Share capital				
Authorised share capital				
At beginning/end of year	1,000,000	1,000,000	500,000,000	500,000,000
Issued and fully paid up				
At beginning of year	131,157	124,355	65,578,592	62,177,592
Special issue during the year	-	6,802	-	3,401,000
At end of year	<u>131,157</u>	<u>131,157</u>	<u>65,578,592</u>	<u>65,578,592</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

	Par value per share RM	Number of shares No.	Amount RM
Treasury shares			
At 1 January 2007/2008	0.50	-	-
Purchase of treasury shares	0.50	9,987,700	4,453,602
At 31 December 2008	<u>0.50</u>	<u>9,987,700</u>	<u>4,453,602</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

26. Share capital and treasury shares (contd.)

This amount relates to the acquisition cost of treasury shares net of the proceeds received on their subsequent sales and issuance.

The shareholders of the Company, by a special resolution passed in the Annual General Meeting held on 11 June 2008, granted their approval for the Company's plan to repurchase its own ordinary shares. The director of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 9,987,700 of its issued ordinary shares from the open market an average price of RM0.45 per share. The total consideration paid for the repurchase including transaction costs was RM4,453,602. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act.

27. Other reserves

	Asset revaluation reserve RM	Capital reserve RM	Warrant reserve RM	Foreign currency translation reserve RM	Total RM
Group					
At 1 January 2007	533,179	1,360,010	-	49,470	1,942,659
Issue of warrants	-	-	6,557,859	-	6,557,859
Cost of issuance of warrants not recognised in income statement	-	-	(622,615)	-	(622,615)
Foreign currency translation	-	-	-	7,240	7,240
At 31 December 2007	533,179	1,360,010	5,935,244	56,710	7,885,143
Cost of issuance of warrants not recognised in income statement	-	-	(20,005)	-	(20,005)
Foreign currency translation	-	-	-	24,423	24,423
At 31 December 2008	533,179	1,360,010	5,915,239	81,133	7,889,561
Company					
At 1 January 2007	533,179	-	-	-	533,179
Issue of warrant	-	-	6,557,859	-	6,557,859
Cost of issuance of warrants not recognised in income statement	-	-	(622,615)	-	(622,615)
At 31 December 2007	533,179	-	5,935,244	-	6,468,423
Cost of issuance of warrants not recognised in income statement	-	-	(20,005)	-	(20,005)
At 31 December 2008	533,179	-	5,915,239	-	6,448,418

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

(a) Capital reserve

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

27. Other reserves (contd.)

(b) Asset revaluation reserve

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

(c) Warrant reserve

On 28 November 2007, the Company issued 65,678,592 warrants at RM0.10 per warrant. These warrants were listed on the Bursa Malaysia Securities on 5 December 2007. The issuance resulted in a net proceed of RM5,935,244 to the Company.

Principal terms of the warrants are as follows:

- (a) The exercise period commenced on the date of issue of the warrants and it will end five years from the date of issuance. Warrants that are not exercised during the exercise period will thereafter lapse and cease to be valid.
- (b) The warrants are issued in registered form and constituted by a Deed Poll dated 18 October 2007.
- (c) The exercise price will be RM0.80 payable in full in respect of each new share of the Company issued upon the exercise of the warrant. Each warrant carries the entitlement to subscribe for one (1) new ordinary share of the Company.
- (d) In the event of an issue of shares or other securities convertible to shares by the Company, the warrant holders shall not have any participating right in respect of such issue although the exercise price and the number of additional warrants to be issued shall be adjusted, calculated and determined as per the Deed Poll, unless otherwise resolved by the Company in a general meeting.

None of the warrants issued was exercised during the financial year.

(d) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

28. Retained earnings

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the Section 108 of the Malaysian Income Tax Act, 1967 and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the Section 108 balance as at 31 December 2008 and 2007 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007.

As at 31 December 2008, the Company has tax exempt profits available for distribution of approximately RM12,724,000 (2007: RM12,724,000), subject to the agreement of the Inland Revenue Board.

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and the balance in the tax-exempt income account to frank the payment of dividends out of its entire retained earnings as at 31 December 2008.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

29. Borrowings

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Short term borrowings				
Secured:				
Term loans	25,860	25,860	-	-
Hire purchase and finance lease liabilities (Note 30)	331,194	270,471	42,259	-
	<u>357,054</u>	<u>296,331</u>	<u>42,259</u>	<u>-</u>
Unsecured:				
Bank overdrafts	1,462,420	6,584,485	-	-
Revolving credits	-	1,000,000	-	-
Bankers acceptances	7,154,921	18,668,566	-	-
Fixed rate loan	25,000,000	-	25,000,000	-
	<u>33,617,341</u>	<u>26,253,051</u>	<u>25,000,000</u>	<u>-</u>
	<u>33,974,395</u>	<u>26,549,382</u>	<u>25,042,259</u>	<u>-</u>
Long term borrowings				
Secured:				
Term loans	98,796	120,535	-	-
Hire purchase and finance lease liabilities (Note 30)	562,954	391,355	183,394	-
	<u>661,750</u>	<u>511,890</u>	<u>183,394</u>	<u>-</u>
Unsecured:				
Fixed rate loan	-	25,000,000	-	25,000,000
	<u>661,750</u>	<u>25,511,890</u>	<u>183,394</u>	<u>25,000,000</u>
Total borrowings				
Bank overdrafts	1,462,420	6,584,485	-	-
Revolving credits	-	1,000,000	-	-
Bankers acceptances	7,154,921	18,668,566	-	-
Term loans	124,656	146,395	-	-
Hire purchase and finance lease liabilities	894,148	661,826	225,653	-
Fixed rate loan	25,000,000	25,000,000	25,000,000	25,000,000
	<u>34,636,145</u>	<u>52,061,272</u>	<u>25,225,653</u>	<u>25,000,000</u>

The term loans are secured by the following:

- (i) First legal charge over a freehold land and buildings under the investment properties of a subsidiary as disclosed in Note 14; and
- (ii) Corporate guarantees by the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

29. Borrowings (contd.)

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.

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.

Other information on financial risks of borrowings are disclosed in Note 36.

30. Hire purchase and finance lease liabilities

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Future minimum lease payments:				
Not later than 1 year	368,160	294,674	56,268	-
Later than 1 year and not later than 2 years	254,350	261,405	56,268	-
Later than 2 years and not later than 5 years	350,008	146,938	150,011	-
Total minimum future lease payments	972,518	703,017	262,547	-
Less: Future finance charges	(78,370)	(41,191)	(36,894)	-
Present value of finance lease liabilities	894,148	661,826	225,653	-
Analysis of present value of finance lease liabilities:				
Not later than 1 year	331,194	270,471	42,259	-
Later than 1 year and not later than 2 years	232,110	220,410	45,588	-
Later than 2 years and not later than 5 years	330,844	170,945	137,806	-
Less: Amount due within 12 months	(331,194)	(270,471)	(42,259)	-
Amount due after 12 months	562,954	391,355	183,394	-

Other information on financial risks of hire purchase and finance lease liabilities are disclosed in Note 36.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

31. Deferred tax

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
At 1 January	462,724	410,432	120,564	120,564
Recognised in income statement (Note 10)	(334,580)	52,292	49,867	-
Arising from disposal of subsidiary (Note 18)	(106,744)	-	-	-
At 31 December	21,400	462,724	170,431	120,564
Presented after appropriate offsetting as follows:				
Deferred tax assets	(149,294)	-	-	-
Deferred tax liabilities	170,694	462,724	170,431	120,564
	21,400	462,724	170,431	120,564

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

Deferred tax liability of the Group:

	Property, plant and equipment RM
At 1 January 2007	420,954
Recognised in income statement	48,300
At 31 December 2007	469,254
Recognised in income statement	109,220
Arising from disposal of subsidiary company	(106,744)
At 31 December 2008	471,730

Deferred tax assets of the Group:

	Inventories RM	Provisions RM	Unused tax losses and unabsorbed capital allowances RM	Total RM
At 1 January 2007	-	-	(10,522)	(10,522)
Recognised in income statement	-	-	3,992	3,992
At 31 December 2007	-	-	(6,530)	(6,530)
Recognised in income statement	(346,518)	(103,812)	6,530	(443,800)
At 31 December 2008	(346,518)	(103,812)	-	(450,330)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

31. Deferred tax (contd.)

Deferred tax liability of the Company:

	Property, plant and equipment RM
At 1 January 2007/2008	127,094
Recognised in income statement	43,337
	<hr/>
At 31 December 2008	170,431
	<hr/>

	Unused tax losses and unabsorbed capital allowances RM
At 1 January 2007/2008	(6,530)
Recognised in income statement	6,530
	<hr/>
At 31 December 2008	-
	<hr/>

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2008	2007
	RM	RM
Unused tax losses	8,365,077	292,047
Unabsorbed capital allowances	52,749	48,791
Inventories	851,348	-
Provision for doubtful debts	2,658,873	-
	<hr/>	<hr/>
	11,928,047	340,838
	<hr/>	<hr/>

The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiaries and of the Company are subject to no substantial changes in shareholdings of those subsidiaries and the Company under Section 44(5A) and (5B) of Income Tax Act, 1967 and guidelines issued by the tax authority.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

32. Trade and other payables

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Current				
Trade payables				
Third parties	20,264,946	20,594,388	-	-
Related parties	715,202	446,631	-	-
Construction contracts:				
Due to customers (Note 22)	4,029,738	2,847,496	-	-
	<u>25,009,886</u>	<u>23,888,515</u>	-	-
Other payables				
Amounts due to related parties:				
Subsidiaries	-	-	14,181,098	4,678,547
Accruals	26,412,093	3,840,920	365,149	135,275
Deposits received	1,345,568	-	-	-
Other payables	5,106,218	11,121,120	494,137	177,151
Deferred income	677,083	-	-	-
	<u>33,540,962</u>	<u>14,962,040</u>	<u>15,040,384</u>	<u>4,990,973</u>
Total	<u>58,550,848</u>	<u>38,850,555</u>	<u>15,040,384</u>	<u>4,990,973</u>

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days.

(b) Amounts due to related parties

Amounts due to all related parties are non-interest bearing and are repayable on demand. The amounts are unsecured and are to be settled in cash.

(c) Other payables

Included in other payables is deposit received of RM Nil (2007: RM3,000,000) from the purchaser for the disposal of land as disclosed in Note 25.

Further details on related party transactions are disclosed in Note 35.

Other information on financial risks of other payables are disclosed in Note 36.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

33. Capital commitments

	Group	
	2008	2007
	RM	RM
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	47,700	47,700
Land held for development	250,000	32,572,975
Investment	-	119,034
	297,700	32,739,709
	297,700	32,739,709

34. Contingent liabilities

	Group	
	2008	2007
	RM	RM
Secured:		
Corporate guarantees given to banks for credit facilities granted to subsidiaries	240,660	240,660
Unsecured:		
Corporate guarantees given to banks for credit facilities granted to subsidiaries	64,965,660	59,325,000
Corporate guarantees given to corporations for credit facilities granted to subsidiaries	16,460,000	25,960,000
Corporate guarantees given to corporations for performance project by subsidiaries	134,000,000	-
	215,666,320	85,525,660
	215,666,320	85,525,660

35. Related party disclosures

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Company	
	2008	2007
	RM	RM
Transactions with subsidiaries		
Administration income receivable	1,440,000	1,440,000
Rental income	392,000	-
	1,832,000	1,440,000
	1,832,000	1,440,000

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

35. Related party disclosures (contd.)

	Group	
	2008	2007
	RM	RM
Transactions with related parties		
Kawalan Api Engineering Sdn Bhd		
- Contract fee	(170,832)	(1,059,710)
- Sales	(2,931,226)	(4,284,371)
FITTERS (Sabah) Sdn Bhd		
- Sales	(450,236)	(944,415)
- Rental	(4,800)	(4,800)
- Purchase of raw materials	187	23,049
Wai Soon Engineering Sdn Bhd		
- Sales	(6,375)	(8,355)
- Contract fee	2,515,607	2,705,165
- Purchase of raw materials	-	202

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.

The related party relationships are as follows:

Related party	Relationship
Kawalan Api Engineering Sdn Bhd ("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 Diversified 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 Diversified 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 Diversified Berhad, is also a director and major shareholder of Wai Soon Engineering Sdn. Bhd.

Information regarding outstanding balances arising from related party transactions as at 31 December 2008 are disclosed in Note 20 and Note 32.

Compensation of key management personnel

The Group considers the directors to be the key management personnel. Disclosure of their remuneration is made in Note 9.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

36. 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 risks (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

(b) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets except for deposits with licensed bank, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

The following tables set out the carrying amounts, the weighted average effective interest rates (WAEIR) as at the balance sheet date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

	Note	WAEIR %	Within 1 Year RM	1-2 Years RM	2-3 Years RM	3-4 Years RM	4-5 Years RM	More than 5 Years RM	Total RM
Group									
At 31 December 2008									
Fixed rate									
Hire purchase and finance									
lease liabilities	30	2.52	(331,194)	(232,110)	(168,203)	(125,998)	(36,643)	-	(894,148)
Fixed rate loan	29	6.50	(25,000,000)	-	-	-	-	-	(25,000,000)
Floating rate									
Deposit with licensed banks	24	3.24	22,273,288	-	-	-	-	-	22,273,288
Bank overdrafts	29	9.00	(1,462,420)	-	-	-	-	-	(1,462,420)
Bankers' acceptances	29	5.18	(7,154,921)	-	-	-	-	-	(7,154,921)
Term loans	29	6.75	(25,860)	(25,860)	(25,860)	(25,860)	(21,216)	-	(124,656)
At 31 December 2007									
Fixed rate									
Hire purchase and finance									
lease liabilities	30	2.35	(270,471)	(220,410)	(118,503)	(52,442)	-	-	(661,826)
Fixed rate loan	29	6.50	-	(25,000,000)	-	-	-	-	(25,000,000)
Floating rate									
Deposit with licensed banks	24	3.24	353,074	-	-	-	-	-	353,074
Bank overdrafts	29	9.25	(6,584,485)	-	-	-	-	-	(6,584,485)
Revolving credit	29	5.50	(1,000,000)	-	-	-	-	-	(1,000,000)
Bankers' acceptances	29	5.18	(18,668,566)	-	-	-	-	-	(18,668,566)
Term loans	29	6.75	(25,860)	(21,739)	(21,739)	(21,739)	(21,739)	(33,579)	(146,395)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

36. Financial instruments (contd.)

(b) Interest rate risk (contd.)

	Note	WAEIR %	Within 1 Year RM	1-2 Years RM	2-3 Years RM	3-4 Years RM	4-5 Years RM	More than 5 Years RM	Total RM
Company									
At 31 December 2008									
Fixed rate									
Hire purchase and finance lease liabilities	30	3.54	(42,259)	(45,588)	(48,917)	(52,246)	(36,643)	-	(225,653)
Fixed rate loan	29	6.50	(25,000,000)						(25,000,000)
Floating rate									
Deposit with licensed banks	24	3.24	21,063,288	-	-	-	-	-	21,063,288
At 31 December 2007									
Fixed rate									
Fixed rate loan	29	6.50	-	(25,000,000)	-	-	-	-	(25,000,000)

Interest on financial instruments subject to floating interest rates is contractually repriced at intervals of less than 6 months except for term loans and floating rate loans which are repriced annually. Interest on financial instruments at fixed rates are fixed until the maturity of the instrument. The other financial instruments of the Group and of the Company that are not included in the above tables are not subject to interest rate risks.

(c) Foreign currency risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States Dollar, Sterling Pound, Arab Emir Dirham, Bahrain Dinar and Euro. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. Approximately 10% of the Group's sales are denominated in currencies other than the unit's functional currency of the operating unit making the sale, whilst approximately 18% of costs are denominated in the unit's functional currency.

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 currencies						Total RM
	Ringgit Malaysia RM	Arab Emir Dirham RM	Bahrain Dinar RM	Sterling Pound RM	Euro RM	United States Dollar RM	
At 31 December 2008							
Ringgit Malaysia	-	139,445	149,599	3,246,775	196,762	(327,718)	3,404,863
Singapore Dollars	(1,760,723)	-	-	-	-	-	(1,760,723)
	(1,760,723)	139,445	149,599	3,246,775	196,762	(327,718)	1,644,140
At 31 December 2007							
Ringgit Malaysia	-	8,908,174	245,171	1,797,196	1,571,126	(841,113)	11,680,554
Singapore Dollars	(799,800)	-	-	-	-	-	(799,800)
	(799,800)	8,908,174	245,171	1,797,196	1,571,126	(841,113)	10,880,754

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

36. Financial instruments (contd.)

(c) Foreign currency risk (contd.)

As at balance sheet date, the Group had entered into forward foreign exchange contracts with the following notional amounts and maturities:

	Currency	Within 1 Year RM	Total Nominal Amount RM
As at 31 December 2008			
Forwards used to hedge trade receivables	GBP	2,160,528	2,160,528
As at 31 December 2007			
Forwards used to hedge trade receivables	USD	397,140	397,140

(d) Liquidity risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall 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 at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

(e) Credit risk

The Group's credit risk is primarily attributable to receivables. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, marketable securities and non-current investments, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

As at 31 December 2008, the Group has a significant concentration of credit risk in the form of outstanding debts due from a customer representing 36% (2007: Nil) the total receivables.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

36. Financial instruments (contd.)

(f) Fair values

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximated their fair values except for the following:

	Carrying amount RM	Group Fair value RM
At 31 December 2008		
Marketable securities	650	477
Fixed rate term loans	25,000,000	24,865,313
Hire purchase and finance lease creditors	894,148	892,766
<hr/>		
At 31 December 2007		
Marketable securities	6,539	5,178
Fixed rate term loans	25,000,000	27,203,455
Hire purchase and finance lease creditors	661,826	673,011
<hr/>		

The methods and assumptions used by management to determine fair values of financial instruments other than those whose carrying amounts reasonably approximate their fair values are as follows:

(i) Borrowings

Fair value has been determined using discounted estimated cash flows. The discount rates used are the current market incremental lending rates for similar type of lending, borrowing and leasing arrangements.

(ii) Marketable securities

The fair value of quoted shares is determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.

37. Segment information

(a) Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(b) Business segments

The Group is organised into two 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

37. Segment information (contd.)

(c) Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers. The Group's business segments operate in three geographical areas, Malaysia, Singapore and United Kingdom.

(d) Allocation basis and transfer pricing

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

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

	Fire and safety products and services RM	Service and contracting RM	Automotive parts and equipment RM	Investment holding RM	Elimination RM	Consolidated RM
2008						
Revenue and expenses						
Revenue						
External sales	82,000,068	81,755,390	33,189	-	-	163,788,647
Results						
Segment results	23,352,454	(21,501,240)	(3,155,317)	54,512,346	(26,957,946)	26,250,297
Finance costs						(1,729,484)
Taxation						(1,164,391)
Profit after taxation						23,356,422
Minority interest						(1,726,297)
Net profit for the year						21,630,125
Assets and liabilities						
Segment assets	77,909,873	38,106,903	1,280,644	203,728,700	(122,580,847)	198,445,273
Unallocated assets						2,526,682
Total assets						200,971,955
Segment liabilities	52,140,400	48,421,625	1,498,728	83,228,085	(92,101,845)	93,186,993
Unallocated liabilities						581,935
Total liabilities						93,768,928
Other information						
Capital expenditure	904,860	340,063	-	6,701,879	-	7,946,802
Depreciation and amortisation	539,204	563,742	3,762	140,512	-	1,247,220
Impairment of property, plant and equipment	145,389	366,690	-	13,353,389	-	13,865,468
Provision for doubtful debts	2,221,243	12,957,935	2,997,652	-	-	18,176,830
Inventories written down	1,783,110	516,403	121,796	-	-	2,421,309
Non cash expenses	28,311	18,581	-	(7,380)	-	39,512

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

37. Segment information (contd.)

2007	Fire and safety products and services RM	Automotive parts and equipment RM	Investment holding RM	Elimination RM	Consolidated RM
Revenue and expenses					
Revenue					
External sales	146,356,478	95,949	-	-	146,452,427
Results					
Segment results	11,171,082	(56,648)	5,365,908	(6,855,000)	9,625,342
Finance costs					(1,026,871)
Taxation					(2,748,696)
Profit after taxation					5,849,775
Minority interest					(320,447)
Net profit for the year					5,529,328
Assets and liabilities					
Segment assets	176,368,445	3,823,909	141,497,145	(136,380,604)	185,308,895
Unallocated assets					1,019,876
Total assets					186,328,771
Segment liabilities	65,279,574	885,301	68,801,559	(44,053,607)	90,912,827
Unallocated liabilities					1,335,081
Total liabilities					92,247,908
Other information					
Capital expenditure	3,200,670	-	-	-	3,200,670
Depreciation and amortisation	1,117,134	15,449	-	-	1,132,583
Non cash expenses	379,921	10,141	-	-	390,062

(c) Geographical segments

The following table provides an analysis of the Group's revenue by geographical segment:

Revenue by geographical segments

	2008 RM	2007 RM
Malaysia	154,496,789	145,960,539
Singapore	9,291,858	491,888
	<u>163,788,647</u>	<u>146,452,427</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

37. Segment information (contd.)

(c) Geographical segments (contd.)

The following is an analysis of the carrying amount of segment assets and capital expenditure, analysed by geographical segments:

	Segment assets		Capital expenditure	
	2008	2007	2008	2007
	RM	RM	RM	RM
Malaysia	195,752,320	184,867,906	7,933,638	3,200,670
Singapore	2,682,575	426,638	13,164	-
United Kingdom	10,378	14,351	-	-
	<u>198,445,273</u>	<u>185,308,895</u>	<u>7,946,802</u>	<u>3,200,670</u>

38. Other significant events

- (i) On 9 March 2007, a subsidiary entered into a Sale and Purchase Agreement to dispose of 250,000 ordinary shares of RM1.00 representing 100% equity interest in Cameron Fresh Farms Sdn Bhd for a total cash consideration of RM30 million together with all the assets and liabilities therein. The disposal was completed during the financial year and resulted in a gain of RM23,528,682 for the Group.
- (ii) On 16 January 2008, the Company entered into a Share Sale Agreement with Swiss Securitas Asia Pte Ltd for the disposal of 100,000 ordinary shares of RM1 each representing 100% equity interest in Securiton (M) Sdn Bhd, a wholly owned subsidiary, for a total cash consideration of RM80,000 only. The disposal was completed on 31 July 2008 and resulted in a gain of RM9,119 and RM5,793 in respect of the Group and of the Company.
- (iii) On 5 February 2008, the Company entered into a Share Sale Agreement to acquire the equity interest of 1 ordinary share of USD1.00 representing 100% equity interest in issued and paid-up share capital of Premier Equity Holdings Limited (formerly known as Premier Land Limited) for a total cash consideration of USD1.00.
- (iv) On 21 March 2008, a subsidiary of the Company, Premier Equity Holdings Limited (formerly known as Premier Land Limited) ("PEHL") has entered into a Sale and Purchase Agreement ("SPA") with Spring Active Sdn Bhd ("the Purchaser") to dispose of Options Rights that confer Building Rights and Strata Rights (collectively "the Option Rights") for a mall in Setapak, Kuala Lumpur for a total consideration of RM80 million ("the Option Price") only ("the Proposed Disposal"). The conditions precedent was fulfilled on the 15 December 2008.
- (v) On 28 June 2008, the Company has entered into a Joint Venture Agreement ("JVA") with Plasma Renewable Energy Sdn Bhd ("PRE") to subscribe/acquire and invest in the equity of a new joint venture company ("JVC") called Future NRG Sdn Bhd (FNRG) for purposes of a joint venture on a 60% (FITTERS) : 40% (PRE) basis (hereinafter referred to as "Joint Venture"). The initial issued and paid up capital shall be RM 2.00 comprising of 2 ordinary shares of RM1.00 each.

Subsequently, the Company subscribed for an additional 318,748 ordinary shares from a total of RM624,996 ordinary shares issued. With the above subscriptions, the Company holds 51% equity interest in Future NRG Sdn Bhd.

- (vi) On 24 September 2008, the Company, through its wholly owned subsidiary, FITTERS Sdn Bhd entered into a Share Sale Agreement with Mr. Fong Kum Kuan and Australian Aerosols (Asia) Pty Ltd to acquire the remaining equity interest of 421,504 ordinary share of RM1.00 representing 49% equity interest in issued and paid-up share capital of FITTERS Fire Technology Sdn Bhd for a total cash consideration of RM1,000,000. Upon completion of the acquisition, the Group held a 100% equity interest in FITTERS Fire Technology Sdn Bhd.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (contd.)

38. Other significant events (contd.)

- (vii) On 31 December 2008, the Company entered into a Share Sale Agreement for the disposal of 510,000 ordinary shares of RM1 each representing 51% equity interest in FITTERS Engineering Sdn Bhd, for a total cash consideration of RM1,200,000 only. As the disposal was without significant conditions precedents, the disposal was completed on that date and resulted in a loss of RM163,343 and RM718,702 in respect of the Group and of the Company respectively.

- (viii) In the previous financial year, the Group through its wholly owned subsidiary, Wintip Sdn Bhd, entered into a sale and purchase agreement with FBO Land (Setapak) Sdn Bhd (formerly known as Danau Kota Development Sdn Bhd) ("FBO") and Platinum Victory Development Sdn Bhd ("PVDSB") for the acquisition of a portion of that piece of land for a cash consideration of RM36,708,498 measuring approximately 435,000 square feet held under Pajakan Negeri 27308, Lot 26220, Mukim Setapak, Daerah Kuala Lumpur, Wilayah Persekutuan and RM13,022,572 was paid to the vendor as deposit. The acquisition was completed during the year.

NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Third Annual General Meeting of FITTERS Diversified Berhad (Company No. 149735-M) will be held at No. 1, Jalan Tembaga SD 5/2, Bandar Sri Damansara, 52200 Kuala Lumpur on Monday, 29 June 2009 at 11.00 a.m. for the following purposes:

A G E N D A

ORDINARY BUSINESS	Resolution No.
1. To receive the Audited Financial Statements for the financial year ended 31 December 2008 together with the Directors' and Auditors' Reports thereon.	
2. To approve a First and Final Share Dividend of one (1) ordinary share for every twenty (20) existing ordinary shares held in the Company for the financial year ended 31 December 2008.	1
3. To re-elect En. Mohammad Nizar Bin Idris, who retires pursuant to Article 83 of the Company's Articles of Association.	2
4. To re-elect Datin Goh Hooi Yin, who retires pursuant to Article 90 of the Company's Articles of Association.	3
5. To re-appoint Tan Sri Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohamed Ali, who retires pursuant to Section 129(2) of the Companies Act, 1965.	4
6. To approve the payment of Directors' fees for the financial year ended 31 December 2008.	5
7. To re-appoint Messrs Ernst & Young the retiring Auditors, and to authorise the Board of Directors to fix their remuneration.	6
SPECIAL BUSINESS	
8. To consider and, if thought fit, to pass with or without modifications, the following Resolutions:	
(a) Authority For Directors To Allot And Issue Shares	7
<p>“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 the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the issued and paid-up share capital of the Company for the time being, subject always to the approvals of the relevant regulatory authorities AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares to be issued on Bursa Securities AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.”</p>	
(b) Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ('Proposed Renewal of Shareholders' Mandate')	
<p>“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:-</p>	

NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING (contd.)

ORDINARY BUSINESS

Resolution No.

i	FITTERS (Sabah) Sdn Bhd.....	8
ii	Wai Soon Engineering Sdn Bhd.....	9

as set out in section 2.4 of the Circular to the Shareholders dated 5 June 2009 which shall be considered and approved as separate mandates, provided that:-

- (a) 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;
- (b) 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:-

- (a) the conclusion of the next AGM of the Company in 2010, at which time it will lapse, unless by a resolution passed at that meeting whereby the authority is renewed;
- (b) 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
- (c) 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."

- | | | |
|-----|--|----|
| (c) | Proposed Renewal of Share Buy-Back Mandate | 10 |
|-----|--|----|

"THAT subject to the Companies Act, 1965, the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other prevailing laws, rules, regulations and orders issued and/or amended from time to time by the relevant regulatory authorities, the Company be and is hereby authorised to renew the approval granted by the shareholders of the Company at Twenty-Second Annual General Meeting of the Company held on 11 June 2008, authorising the Company to purchase and/or hold up to 10% of the issued and paid-up share capital of the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors of the Company may deem fit and expedient in the interest of the Company and an amount not exceeding the retained profits of the Company, be allocated by the Company for the Proposed Share Buy-Back. The retained profits of the Company stood at RM9,534,619.00 for the financial year ended 31 December 2008.

NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING (contd.)

ORDINARY BUSINESS

Resolution No.

AND THAT upon completion of the purchase by the Company of its own shares, the Directors of the Company be and are hereby authorised to cancel such shares or retain such shares as the Treasury Shares or a combination of both. The Directors of the Company are further authorised to resell the Treasury Shares on Bursa Securities or distribute the Treasury Shares as dividends to the shareholders of the Company or subsequently cancel the Treasury Shares or any combination of the three.

AND FURTHER THAT the Directors of the Company be and are hereby authorised to carry out the Proposed Share Buy-Back immediately upon the passing of this resolution until:

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the authority shall lapse, unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next AGM is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occur first but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and to take all steps as are necessary and/or to do all such acts and things as the Directors of the Company deem fit and expedient in the interest of the Company to give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, amendments and/or variations as may be imposed by the relevant authorities."

- 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.

BY ORDER OF THE BOARD
FITTERS Diversified Berhad

NG YIM KONG
Company Secretary

Kuala Lumpur
5 June 2009

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 No. 1, Jalan Tembaga SD 5/2, Bandar Sri Damansara, 52200 Kuala Lumpur 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 TWENTY-THIRD ANNUAL GENERAL MEETING (contd.)

EXPLANATORY NOTES ON SPECIAL BUSINESS

a) Authority for Directors to Allot and Issue Shares

The Ordinary Resolution No. 7, 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.

b) Proposed Renewal of Shareholders' Mandate

The Ordinary Resolutions No. 8 and 9, 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 Shareholders dated 5 June 2009 attached to the Annual Report.

c) Proposed Renewal of Share Buy-Back Mandate

The Proposed Ordinary Resolution No. 10 under item 8(c) above, is to seek the renewal of authority for the Company to purchase and/or hold up to 10% of the issued and paid-up share capital of the Company on Bursa Malaysia Securities Berhad. For further information on the Proposed Renewal of Share Buy-Back Mandate, please refer to the Circular to Shareholders dated 5 June 2009 enclosed together with the Company's 2008 Annual Report.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT the First and Final Share Dividend of one (1) ordinary share for every twenty (20) existing ordinary shares held in the Company for the financial year ended 31 December, 2008 will be crediting into respective shareholders' Central Depository Account on 28 July 2009 to Depositors registered in the Record of Depositors at the close of business on 14 July 2009.

A Depositor shall qualify for entitlement only in respect of:

- a) shares transferred to the Depositor's Securities Account before 5.00 p.m. on 14 July 2009 in respect of ordinary transfers; and
- b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD
FITTERS Diversified Berhad

NG YIM KONG
Company Secretary

5 June 2009

STATEMENT ACCOMPANYING NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING

1. Directors who are standing for re-election and re-appointment at the Twenty-Third Annual General Meeting of the Company are as follows:-

- (i) En. Mohammad Nizar Bin Idris
- (ii) Datin Goh Hooi Yin
- (iii) Tan Sri Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohamed Ali

2. Details of attendance of Directors at Board Meetings held during the financial year ended 31 December 2008 are available on pages 8 to 10 of the Annual Report.

3. Place, date and time of the Twenty-Third Annual General Meeting.

Date of Meeting	Time of Meeting	Place of Meeting
Monday, 29 June 2009	11.00 a.m.	No. 1, Jalan Tembaga SD 5/2, Bandar Sri Damansara 52200 Kuala Lumpur

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(Company No : 149735-M)
(Incorporated in Malaysia)

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

of _____
(Address)

being a member/members of FITTERS Diversified 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 Diversified Berhad to be held at No. 1, Jalan Tembaga SD 5/2, Bandar Sri Damansara, 52200 Kuala Lumpur on 29 June 2009 at 11.00 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).....%

Table with 4 columns: NO, FOR, AGAINST. Rows 1-5 for Resolutions 1-5.

Table with 4 columns: NO, FOR, AGAINST. Rows 6-10 for Resolutions 6-10.

(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).

Dated this _____ day of _____ 2009

(Signature/Common Seal of Shareholder)

(*Delete if not applicable)

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 No. 1, Jalan Tembaga SD 5/2, Bandar Sri Damansara, 52200 Kuala Lumpur, 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 appointor 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.

FOLD THIS FLAP FOR SEALING

FOLD HERE

Affix
stamp

THE COMPANY SECRETARY
FITTERS Diversified Berhad (149735-M)
No. 1, Jalan Tembaga SD 5/2,
Bandar Sri Damansara,
52200 Kuala Lumpur.

FOLD HERE
