



INDUSTRONICS BERHAD
(23699-X)

Together *We Move Forward*



ANNUAL REPORT 2008

A silhouette of a person standing on a hill, looking out over a vast landscape under a deep blue sky with wispy clouds. The sun is low on the horizon, creating a bright glow behind the person.

Our Vision

To be the **market leader** in the various industries and segments where our products are deployed and used

To Achieve Our Vision

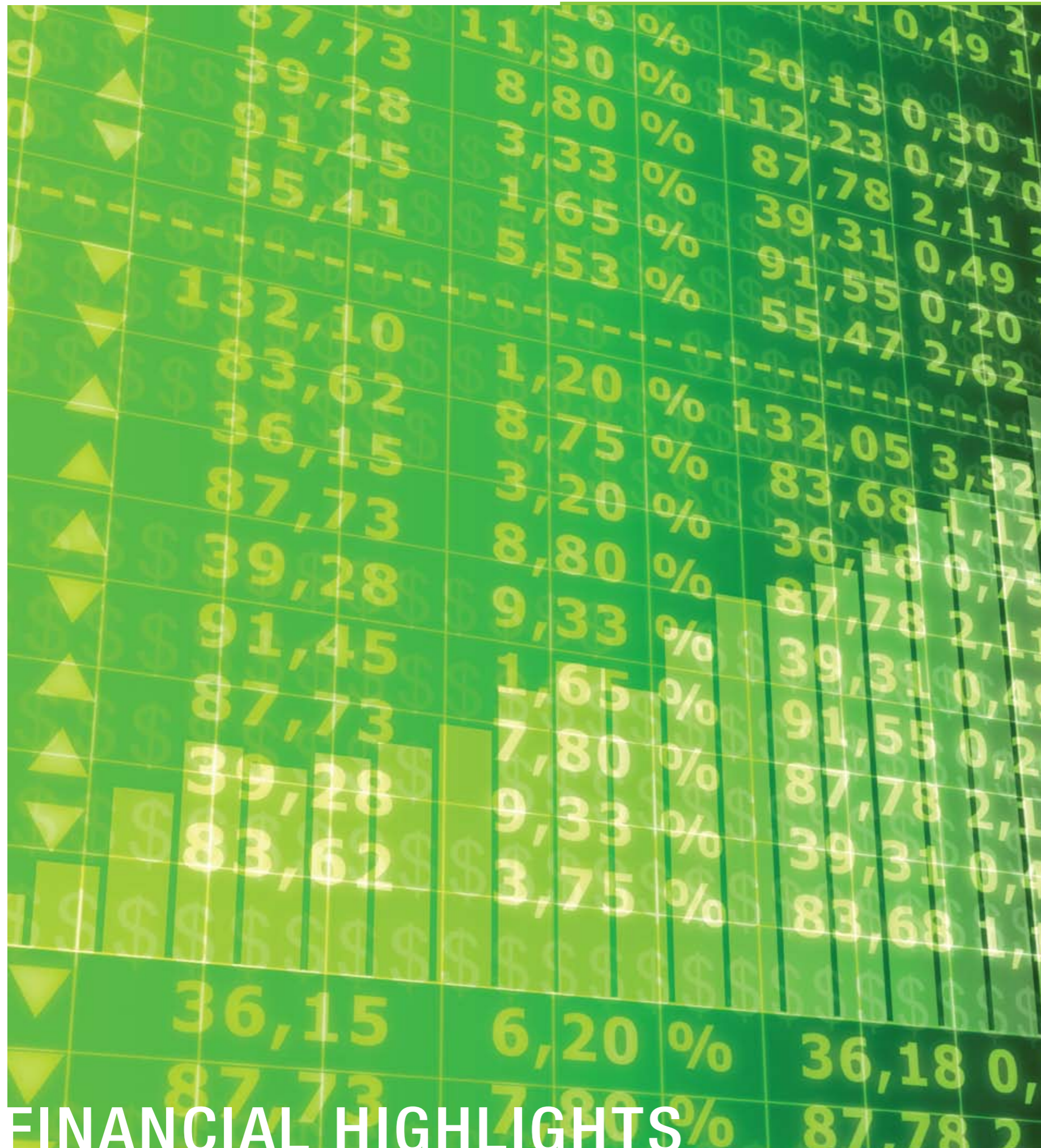
We are **responsible, team oriented, creative and passionate** about what we do



Our products and systems are installed in stadiums, transportation hubs, universities, highways, power plants, private homes and urban townships.

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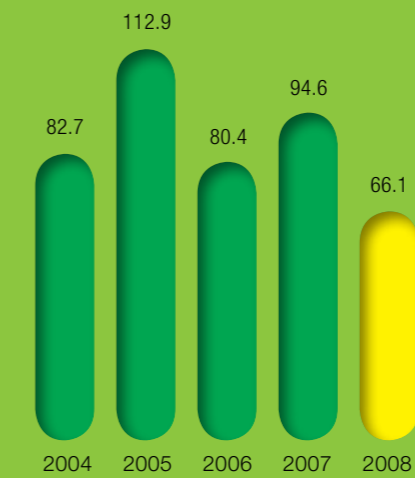
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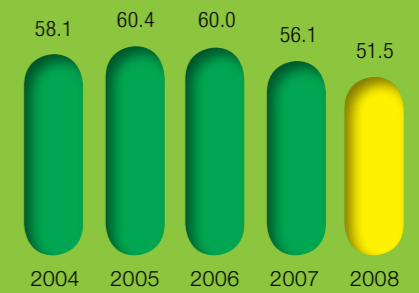
FINANCIAL HIGHLIGHTS

RM Million	2004	2005	2006	2007	2008
Revenue	82.7	112.9	80.4	94.6	66.1
Pre-tax Profit/(Loss)	4.3	4.6	2.5	(0.4)	(6.3)
Profit/(Loss) Attributable to Shareholders	2.4	3.0	1.9	(2.5)	(6.1)
Net Assets	58.1	60.4	60.0	56.1	51.5
SEN					
Earnings Per Share	2.7	3.3	2.1	(2.8)	(6.5)
Net Assets Per Share	63.9	66.8	58.0	62.1	54.9
Gross Dividend Per Share	3.0	3.0	3.0	-	-

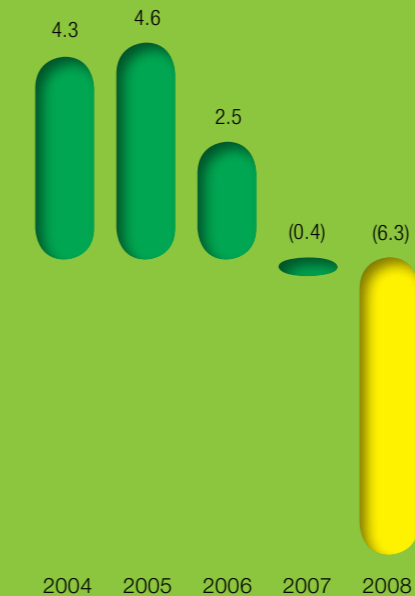
Revenue (RM million)



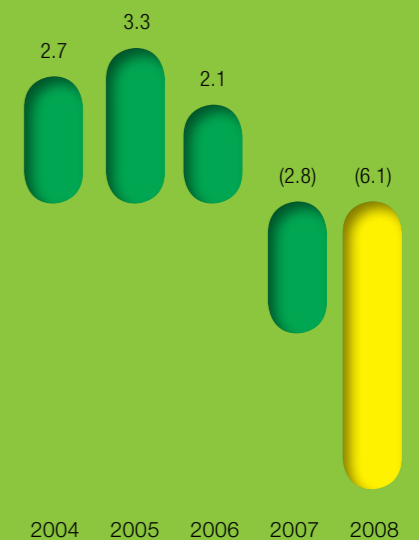
Net Assets (RM million)



Pre-tax Profit / (Loss) (RM million)



Earnings Per Share (Sen)



BOARD OF DIRECTORS

Dato' Haji Wan Abdullah B.W. Salleh
(Independent Non-Executive Chairman)

Dr. Lim Jit Chow
(Non-Executive Director)

Dr. Junid bin Abu Saham
(Independent Non-Executive Director)

Ooi Soon Kiam
(Independent Non-Executive Director)

Gan Boon Chuan
(Executive Director)

Pawan Kumar Ruia
(Non-Executive Director)

Deepak Kumar Ruia
(Executive Director)

Raj Kishor Khandelwal
(Non-Executive Director)

Mazlan bin Duaji
(Non-Executive Director)

Lim Jit Fu
(alternate to Dr. Lim Jit Chow)

Somesh Ganeriwal
(alternate to Pawan Kumar Ruia)

CHIEF EXECUTIVE OFFICER (ACTING)

Lim Jit Fu

AUDIT COMMITTEE

Ooi Soon Kiam *(Chairman)*

Dr. Junid Bin Abu Saham *(Member)*

Dato' Haji Wan Abdullah B.W. Salleh *(Member)*

NOMINATION COMMITTEE

Dato' Haji Wan Abdullah B.W. Salleh

Ooi Soon Kiam

Dr. Junid bin Abu Saham

REMUNERATION COMMITTEE

Dato' Haji Wan Abdullah B.W. Salleh

Ooi Soon Kiam

Dr. Junid bin Abu Saham

COMPANY SECRETARIES

Ng Pek Wan *(BC No. N867)*

Lee Lai Huat *(BC No. L787)*

AUDITORS

Ernst & Young (AF 0039)

Chartered Accountants

Level 23A, Menara Milenium

Jalan Damanlela, Pusat Bandar Damansara

50490 Kuala Lumpur

REGISTERED OFFICE

No. 9 Jalan Taming 3
Taman Tanming Jaya
43300 Seri Kembangan Selangor D.E.

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Fax : (603) 8961 6409

Homepage: www.industronics.com.my

SHARE REGISTRAR

Symphony Share Registrars Sdn. Bhd.
Level 26, Menara Multi Purpose
Capital Square

No. 8 Jalan Munshi Abdullah

50100 Kuala Lumpur

Tel : (603) 2721 2222

Fax : (603) 2721 2530

PRINCIPAL BANKERS

Malayan Banking Berhad

HSBC Bank Malaysia Berhad

RHB Bank Berhad

AmBank Berhad

EON Bank Berhad

SOLICITORS

Harjit & Co.

K . Y. Foo & Company

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad

(Second Board)

INVESTORS SERVICE

Shareholders, investors and members of public are invited to access the Company's website at www.industronics.com.my for information on the Group's operations and latest developments. For further details, please contact : -

Dr. Junid bin Abu Saham

Lead Independent Director

Industronics Berhad

Tel : (603) 8961 3024

Fax : (603) 8961 6409

email : lead-director@industronics.com.my

Melissa Liew

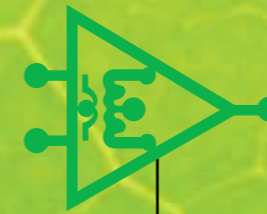
Investor Relations

Industronics Berhad

Tel : (603) 8961 3024

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email : IR@industronics.com.my



INDUSTRONICS BERHAD

- 100% Industritronics Automation Sdn. Bhd.
- 100% Industritronics Corporation Ltd.
- 100% Industritronics Manufacturing Sdn. Bhd.
- 100% Industritronics Multimedia Sdn. Bhd.
- 100% Olympex Sdn. Bhd.
- 100% ScreenRental Sdn. Bhd.
- 100% TTE Electronics Sdn. Bhd.
- 95% Ademco (Malaysia) Sdn. Bhd.
- 70% Industrial Electronics (S) Pte. Ltd.
- 69.2% Primeworth (M) Sdn. Bhd. — 100% PW Precision Sdn. Bhd.
- 55% Asian Advertising (M) Sdn. Bhd.
- 55% Dasar Spektrum (M) Sdn. Bhd.
- 51% Sukitronics Sdn. Bhd. — 100% SKT Innova Sdn. Bhd.
- 40% Floramerge Sdn. Bhd. — 100% Sukitronics PMC Sdn. Bhd.
- 24% PDX.Com Sdn. Bhd. — 100% Sukitronics Corporation Ltd.
- 81% Advance Power Trade Sdn. Bhd.
- 40% Accumax Technology Sdn. Bhd.

CORPORATE STRUCTURE

On behalf of the Board of Directors of Industronics Berhad ("Industronics" or "the Company"), I hereby present the Annual Report and the Financial Statements of the Group and the Company for the financial year ended 31 December 2008.

The General Economy

Global growth weakened markedly in the second half of 2008, as the downturn in the advanced economies intensified, adversely impact trade and export-reliant emerging and developing economies.

In the midst of the global economy slowdown, the Malaysian GDP grew marginally by 4.6% on the back of weaker external demand. The manufacturing sector also shrank sharply due to the contraction of external demand, with manufacturing output decelerating 10.4% in 4th Quarter 2008.

Financial Report

The Group recorded a decrease in revenue by 30.1% to RM66.1 million from RM94.5 million. The drop in revenue is across the Group. The Group recorded a loss of RM6.0 million mainly contributed by the provisions of doubtful debts of RM4.1 million and inventories of RM4.5 million.

At the Company level, the revenue was RM36.7 million as compared to RM59.1 million in 2007. The Company recorded a loss of RM7.7 million for the financial year as compared to RM3.0 million in 2007. The loss at the Company level is mainly contributed by the provisions of inventory of RM4.4 million and doubtful debts of RM2.6 million.

Loss per share for the financial year under review is 6.48 sen (2007: 2.77 sen) with net assets per share as at 31 December 2008 of 55 sen (2007: 61 sen).

Economy and Business Outlook for 2009

The downturn in the major industrial countries and many developing economies in 2008, following the protracted financial crisis, is expected to weaken global growth prospects for 2009, with anticipated slow recovery. With many economies already in recession, the global economy is not expected to record any growth in 2009. The Malaysian economy is expected to experience the full impact of the global downturn in 2009.

Taking into account the prospect for a deepening global downturn and the support to the economy provided by the Malaysian Government, the real GDP growth of the Malaysian economy in 2009 is projected to be between -1% to 1%.

2008 Business Highlights and Operations Review

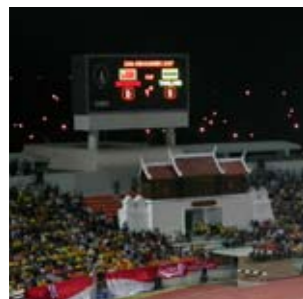
Industronics designs and manufactures its own range of Electronic Public Information Display Systems (PIDS) under the brand OLYMPEX. Apart from this, the Industronics Group is also an established engineering and systems solutions provider with an extensive and strong presence in many sectors including electronic products, telecommunications, security systems, mechanical & electrical engineering contracting, fabrication & manufacturing and industrial automation.

Industronics' services and solutions mostly centre around infrastructural development projects, airports and transportation hubs, roads & highways, power plants, stadiums & sports venues, financial bourses, commercial & industrial buildings & structures, urban townships, universities & educational institutions and other similar installations.



Chairman's Statement

Electronic Products



Industronics designs and manufactures its range of Electronic LED Digital Signage, Electronic Scoreboards & Large Screen Displays as well as its Public Information Display Systems (PIDS) under the brand OLYMPEX. These products cater to an extensive range of usage and applications that include public information display solutions for Airports & Transportation Hubs, Stadiums, Large Venues, Financial Bourses, Outdoor Advertising & Signage initiatives and Highways & Transportation Infrastructures.

Demand for OLYMPEX products internationally remained consistent with a significant portion of its sales coming in from the United States, Middle East, Indonesia, Australia and Pakistan. Exports to these countries were primarily of our Electronic Scoreboards, n-Matrix Large Screen Advertising Boards and Public Information Displays.

Our Electronic Scoreboards were sometimes provided with swim timing and track & field timing systems.

OLYMPEX n-Matrix display solutions, which are used primarily for large screen outdoor video and information display for advertising applications, saw popular demand in Pakistan.

Works for the Rail Information Displays for the Mandurah Railway Line in Perth, Western Australia which started in 2007 was completed in mid-2008.

The Passenger Information System (PIS) for the electrified double track project between Sentul and Batu Caves is currently in progress with site installation activities currently ongoing.

Whilst it is expected that the present global economic situation may be challenging,

Industronics display systems technology is proprietary to the organization and developments have been carried out toward providing high quality product offerings at comparatively competitive prices.

These efforts saw strategic successes where the newly developed OLYMPEX LED Integrated Pedestrian Crossing (IPC) aspects were introduced for use in Singapore. It is expected that the OLYMPEX Bus Destination & Information Display Systems, Wide Area Wireless Display Systems and other similar developments will follow suit.

Apart from this, Industronics has started reviewing the possibility in development of new product range such as LED Street Lighting and Building/Structure Lighting products.

Telecommunications, Audio Visual Systems and Intelligent Transport Systems (ITS)



This sector covers the business areas of integrated audio-visual systems, Intelligent Transport Systems (ITS) and Telecommunications equipment solutions and other major system integration projects involving Information and Communication Technology (ICT).

In 2008, the revenue and profits were largely from the take up of MTD East Coast Highway project, the Parliament Malaysia ICT project and the audio-visual system for Bank Negara Malaysia.

The Division is currently providing service and maintenance works for its Variable Message Signs (VMS) systems, which is a major part of the DBKL Integrated Traffic Information System. The contract was extended for an additional two years.

In the meantime, Industronics is aggressively pursuing several highway projects both locally and internationally. The organization is also presently expanding its international network through strategic partnerships and business cooperation and is likely to secure a major project in the Philippines in the near future.

Security Systems and Mechanical & Electrical (M&E) Engineering



The Industronics Group provides integrated systems and solutions for building and home security, fire protection systems and M&E Services through our subsidiaries Ademco (M) Sdn Bhd ("Ademco") and Sukitronics Sdn Bhd ("Sukitronics").

Industronics itself has been a major supplier of conventional, microprocessor and addressable Fire Alarm Detection Panels under the Industronics brand name since 1975.

In 2008, Ademco was mainly involved in the provision of ELVE systems to numerous housing developments, retail chain stores and hyper stores and government linked companies like Pos Malaysia Berhad and Bank Simpanan Nasional. These include Setia Avenue's shopping and office lots at Bandar Setia Alam and Bandar Eco Setia (Phase 7A and 8) in Shah Alam. Fire Alarm Systems were also supplied for the Sewerage Plant at Alor Setar and Kangar, Perodua Manufacturing Plant at Serendah, Luxury Apartment Oval Residence KLCC and Bank Negara HQ.

Ademco also conducted Training & Seminars for Consultants, Contractors, Jabatan Bomba (FRDM) and its Clients in Penang in September 2008 and took part in various exhibitions to actively promote its range of Fire Alarm Systems, Sensors and Devices.

Sukitronics is primarily focused on the growing business of M&E services for buildings, industrial plants, power stations, oil/petroleum downstream engineering sectors and other similar markets.

For 2008, Sukitronics group was fortunate to have spill-over projects from year 2007 and coupled with a sizeable and newly secured project in 2008, the company was able to sail through the 4th quarter turbulence.

At the company level, Sukitronics is expecting to complete the M&E works of NCC Project in Surabaya, Indonesia in year 2009. As for Melaka Refinery Phase II, the project has been re-negotiated to design and supply of Fire Fighting System. The settlement of this contract in year 2008 has resulted in the realization of some profit.

On the local front, the business environment for year 2009 and beyond remains tough and challenging for the M&E sectors. It is expected that there will be a lot of competition for local projects with profit margin slashing by most companies to stay in business.

Overseas projects, unfortunately, may also see a similar downward trend as a realistic result of the downward spiral of the global economy. The Sukitronics team had taken the necessary steps to face the challenges.

Fabrication & Manufacturing



Industronics' fabrication and manufacturing subsidiaries comprise Primeworth (M) Sdn Bhd ("Primeworth") and TTE Electronics Sdn Bhd ("TTE").

Primeworth's core business is its 19" rack and enclosures which is primarily targeted at the IT, Communications and Data Control Centres market.



Local sales and demand from overseas markets, especially from the UAE, were met with increasingly challenging alternatives from low cost producing countries. However, Primeworth's continuous focus on the efficiencies of its business processes, product design and quality management system are some of the contributing factors that help it remain competitive in such an environment. These activities, coupled with the close collaboration and business with its holding company, Industronics, for the manufacture of its many chassis, contributed strongly

to the company's revenue in 2008.

Aggressive marketing activities had also improved the company's presence in Brunei. Primeworth has also taken decisive steps to further expand its core products and services beyond its 19" racks and has positioned itself as a complete facilitator for sheet metal fabrication, be it the simple junction boxes or complicated custom-made enclosures for special projects and the close collaboration with the holding company for the manufacture of its many chassis to improve revenue streams.

TTE provides contract manufacturing, in house engineering and design solutions to both local and foreign companies that seek to outsource their product manufacturing needs.

In 2008, TTE had successfully carried out mass production for BGA PCB assembly after several

trial runs in the years before. A number of repeat orders for BGA production received were from medical/ healthcare related products, telecommunication and automation industries.

In August 2008, TTE had also successfully obtained product safety certification from TUV for the manufacturing and operating facilities of its switching power supply product. As such, the product is now approved to carry the TUV marking.

Whilst many of TTE's clients had reduced or stopped their production levels understandably due to the global economic slowdown, the company endeavours to actively seek and develop new markets and opportunities. TTE is presently working closely with several potential customers to provide mass production services primarily in the Automotive and IT data storage infrastructure business segments.

Industrial Automation



The Industronics Group provides environmental systems monitoring and telemetry solutions to the waterworks related industry and building automation solutions through its subsidiary, Industronics Automation Sdn Bhd ("IASB").

Most of IASB's revenue came from the environmental sector business primarily on Environmental Monitoring and SCADA works that included the maintenance works for the SMART Flood Detection System (FDS) and the FDS & Tidal Gate Automation Works with JPS.



However, as a result of the downward global economic trend and reduced spending, several business opportunities pursued unfortunately did not materialise. IASB is presently strategizing and working hard pursuing several significant potential business opportunities especially in the Financial Stimulus Packages announced by the Malaysian Government.

Board Changes

Tengku Dato' Shamsul Bahrin, the previous Chairman retired on 30 June 2008 following his decision not to seek re-election at the last Annual General Meeting in 2008. We extend our sincere thanks to Tengku Dato' Shamsul Bahrin for his past services and many contributions to the development of the Industronics Group over the years. His guidance and support will be missed.

Mr. Sanjay Kumar Garodia resigned on 30 June 2008 and in his place, Mr. Raj Kishor Khandelwal was appointed as Non-Executive Director on 30 June 2008. On 27 August 2008, both Encik Mazlan bin Duaji and myself were appointed as Non-Executive Directors. On the same day, Ms. Lim Hsiu Hoon resigned as Non-Executive Director. We thank the outgoing Directors for their efforts to the advancement of the Company and welcome the new Directors to the Board.

Following Dr Lim's retirement as Managing Director of Industronics on 6 May 2008, Mr. Lim Jit Fu, the General Manager of Industronics has been appointed as the Acting Chief Executive Officer on 30 June 2008.

Dividend

The Board of Directors does not recommend any payment of dividend for the financial year ended 31 December 2008.

Corporate Social Responsibility (CSR)

While there is no formal policy on Corporate Social Responsibility, we discharge our responsibilities to stakeholders and community in which we operate. At Industronics, our commitment to CSR has become an integral part of our business

Respect for employees

Recognising that employees are important assets, the Group continued to improve the welfare of all employees with safe and quality workplace and continuous learning and development of skills and competencies to meet changing challenges.

We also recognise and appreciate the services of its dedicated long service employees by rewarding them Long Service Award in our Annual Dinner. This award is a recognition of the employee's commitment and contribution towards the growth and success of the Group.

Community

The Company provides industrial training opportunities to undergraduates in disciplines that are relevant to the Company's operations. We recognise our obligation to share our technological knowledge to undergraduates as part of the Company's plans of working in partnership with institutions of higher learning.

Safe Products

The Group provides safe and reliable products and services in compliance to all environmental laws and regulations. Processes are constantly upgraded and services and products are improved to meet changing environmental laws, regulations and standards. Through this, we earn the confidence of our customers and improve our brand image

Acknowledgement

On behalf of the Board, I would like to thank our valued customers, suppliers, bankers, authorities, business partners and shareholders for their unwavering support and confidence in us.

I also wish to extend my sincere appreciation to the Board of Directors, the management and staff for their dedication and conscientious contribution. Our people, with their skills, knowledge, innovation and commitment, are the key assets to the development of the Industronics Group.

Dato' Haji Wan Abdullah B.W. Salleh*(Independent Non-Executive Chairman)***DATO' HAJI WAN ABDULLAH B.W. SALLEH,**

a Malaysian, aged 58, is an Independent Non-Executive Chairman of Industronics. He was appointed to the Board on 27 August 2008. Dato' Haji Wan Abdullah graduated from the University of Malaya in 1974 with an honours degree in Economics and obtained a Master degree in Economic Policy from the Boston University in 1987.

Dato' Haji Wan Abdullah is a retired top civil servant in the government service having served over 33 years in the Public Services as Senior Diplomatic and Administrative Officer at both the Federal and State levels. He last served as the Pahang State Secretary when he retired recently in November 2007. Dato' Haji Wan Abdullah has held several offices during his tenure in the public sector, amongst which were:

- Assistant Director in the Ministry of Trade & Industries (1974 -1978);
- Principal Assistant Secretary in Ministry of Finance (1979 - 1985);
- Chief Assistant District Officer in Tapah Land Office, Perak (1987 - 1993);
- Principal District Officer of Pekan Municipality (2 terms between 1997 - 2000);
- Director of Pahang State Economic Planning Unit (1997 -2000);
- Director for State of Pahang, in the Implementation and Coordination Unit of the Prime Minister Office at Putrajaya (2002 -2004);
- The Pahang State Financial Officer (2004 - 2006); and
- The Pahang State Secretary (2006 -2007)

In his tenure as a leading State Officer with the Pahang State Government, Dato' has been involved in bringing much foreign direct investment from abroad and economic development activities in the State.

Dato' Haji Wan Abdullah is also active in the private sector and is currently a Chairman to 3 private companies, a Director with the Astana Golf & Country Resort and Tioman Development Authority. He is also a Board member with the Majlis Ugama Islam & Adat Istiadat Melayu Pahang. Dato' does not hold any directorship in any other public companies.

Dato' Haji Wan Abdullah is a member of Audit Committee, Remuneration Committee and Nomination Committee of Industronics.

Dato' Haji Wan Abdullah does not have any family relationship with any director and/or major shareholder of the Company. There is no business relationship with the Company in which he has a personal interest. He has had no convictions for any offences within the laws.

Dr. Lim Jit Chow
(Non-Executive Director)

DR. LIM JIT CHOW,

a Malaysian, aged 69, is the founder of Industronics and its Managing Director from 1985 until his retirement on 1 May 2008. He was first appointed to the Board on 1 August 1985. Dr. Lim was a Colombo Plan Scholar and obtained his degree in Electrical Engineering at the University of Auckland, New Zealand in 1965. He continued his post-graduate studies in the same university and was awarded a Ph.D. degree in 1968.

In 1969, he served the Jabatan Telekom as an Assistant Controller in charge of the implementation of the first Malaysian Satellite Earth Station in Kuantan. He was later designated as Station Manager of the Earth Station. He joined University of Malaya in 1971 as lecturer in the Department of Electrical Engineering and was promoted to an Associate Professor of the University of Malaya in 1976.

Dr. Lim is a registered Professional Engineer and a Fellow of the Institution of Engineers Malaysia. Dr. Lim's wealth of experience in the electronics field contributes greatly to the development and progress of Industronics, notably the development of their own proprietary designs in the products manufactured by Industronics.

Dr. Lim does not hold any directorships in any other public companies. Dr. Lim is a substantial shareholder of Industronics. There is no other business relationship with the Company in which Dr. Lim has a personal interest. He has had no convictions for any offences within the laws.

Ooi Soon Kiam (Independent Non-Executive Director)

Ooi Soon Kiam,

a Malaysian, aged 65, is an Independent Non-Executive Director of Industronics. He was appointed to the Board on 29 May 2001. Mr. Ooi is an Arts graduate in Economics from the University of Malaya and a graduate in accounting from the University of British Columbia. He is a member of the Malaysian Institute of Accountants (MIA) and Canadian Institute of Chartered Accountants (CICA).

Mr. Ooi is the former technical director of Malaysian Accounting Standards Board. He has many years of working experience, inter-alia, as an educator in both public and private education institutions, as an economic and financial consultant to organisations and public enterprises. Currently, Mr. Ooi also sits on the Board of PK Resources Berhad.

Mr. Ooi is the Chairman of Audit Committee. He is also a member of the Nomination Committee and Remuneration Committee of Industronics.

Mr. Ooi does not have any family relationship with any director and/or major shareholder of the Company. There is no business relationship with the Company in which he has a personal interest. He has had no convictions for any offences within the laws.

Dr. Junid Bin Abu Saham
(Independent Non-Executive Director)

DR. JUNID BIN ABU SAHAM,

a Malaysian, aged 67, is an Independent Non-Executive Director of Industronics, appointed to the Board on 2 August 1994. A Colombo Plan Scholar who graduated with a Bachelor and Master's degree in Economics from the University of Canterbury, New Zealand in 1963 and 1965 respectively, Dr. Junid Saham later read Economics at the University of Hull, United Kingdom in 1974 where he graduated with Ph.D. under the Inter-British Universities Scholarship.

Dr. Junid Saham worked as an auditor with Arthur Andersen & Co. in Sydney and in London from 1969 to 1972. In 1975 he worked as an Investment Manager with Bank Rakyat. From 1976 to 1992, he was with Arab-Malaysian Merchant Bank Berhad where he held the position of General Manager for several years. Presently, he is a director of Dialog Group Berhad, Hunza Consolidated Berhad and several private companies. Dr. Junid Saham also sits on the Board of Areca Capital, a fund management company.

Dr. Junid is a member of Audit Committee, Nomination Committee and Remuneration Committee of Industronics.

Dr. Junid does not have any family relationship with any director and/or major shareholder of the Company. There is no business relationship with the Company in which he has a personal interest and he has never had any conviction for any offences within the laws.

Gan Boon Chuan (Executive Director)

GAN BOON CHUAN,

a Malaysian, aged 51, is an Executive Director of Industronics. He was appointed to the Board on 11 April 1996. Mr. Gan graduated with a Degree in Business Studies in 1982 and later on, a MBA with honour from Massey University, New Zealand in 1984. He first joined Industronics as a manager in 1989 responsible for the set up of the Communication Division and establishing both telecommunication and audio visual business in the Company. Mr. Gan was promoted to the position of General Manager in 1994 and was appointed as a director in 1996.

Mr. Gan does not hold any directorships in any other public companies. He does not have any family relationship with any director and/or major shareholder of the Company. There is no business relationship with the Company in which he has a personal interest. He has had no convictions for any offences within the laws.

Deepak Kumar Ruia
(Executive Director)

DEEPAK KUMAR RUIA,

an Indian national, aged 55, is an Executive Director of Industronics. He was appointed to the Board on 30 June 2007. Mr. Deepak K. Ruia is an experienced marketing person specializing in business start-ups and new product launches. He has 35 years of experience in marketing and technology fusion. He has a Post Graduate Diploma in Business Management specializing in Marketing, from The Xavier Institute of Communications, Mumbai. Mr. Deepak K. Ruia is experienced in many areas of Direct, Mass and Industrial Product Marketing and initiated the launch of the first business directory services in India. Mr. Deepak K. Ruia is also one of the pioneers to initiate the process of technology driven database of investors and pave the way for paperless trading. In this capacity, he was involved in creating over a million databases for multinationals. Other than specializing in the service industry, he was also involved in marketing chemicals, ceramic tiles and industrial rubber products – conveyor belts and industrial hoses. Mr. Deepak K. Ruia does not hold any directorship in any other public companies in Malaysia.

Mr. Deepak K. Ruia does not hold any share in Industronics. He also does not have any shareholding, directly or indirectly, in Bloom Billions Sdn Bhd, a substantial shareholder of Industronics. Bloom Billions Sdn Bhd has nominated Mr. Deepak K. Ruia in his professional capacity to sit on the Board of Industronics. Mr. Deepak K. Ruia is the brother of Mr. Pawan Kumar Ruia who is also a Director and deemed substantial shareholder of Industronics. There is currently no business relationship with Industronics in which he has a personal interest. He has had no convictions for any offences within the laws.

Pawan Kumar Ruia
(Non-Executive Director)

PAWAN KUMAR RUIA,

an Indian national, aged 51, is a Non-Executive Director of Industronics. He was appointed to the Board on 25 March 2009. Mr. Pawan K. Ruia is an industrialist with over 31 years of experience. He is a Bachelor of Commerce and Law graduate from Calcutta University and is a Chartered Accountant with The Institute of Chartered Accountants of India, a Cost & Works Accountant with The Institute of Cost & Works Accountants of India and has a Ph.D. in Management from the Intercultural Open University. Mr. Ruia's business canvas includes a diverse portfolio including heavy engineering, automotive and aircraft tyres, and sugar and derivatives. He heads the Ruia Group of companies which comprises Jessop & Co Ltd, Dunlop India Ltd, Falcon Tyres Ltd, Monotona Tyres Ltd, Globe Sugar Refineries Ltd and Ruia Hospital & Educational Research Institution in India. Mr. Ruia does not hold any directorship in any other public companies in Malaysia.

Mr. Pawan K. Ruia is deemed a substantial shareholder in Industronics by virtue of his interest in Bloom Billions Sdn Bhd, a substantial shareholder of Industronics. Mr. Ruia is nominated by Bloom Billions Sdn Bhd, to sit on the Board of Industronics. He is the brother of Mr. Deepak Kumar Ruia, who is currently an Executive Director of Industronics. There is currently no business relationship with Industronics in which he has a personal interest. He has had no convictions for any offences within the laws.

Raj Kishor Khandelwal *(Non-Executive Director)*

RAJ KISHOR KHANDELWAL,

an Indian national, aged 48, is a Non-Executive Director of Industronics Berhad. He was appointed to the Board on 30 June 2008. Mr. Khandelwal is the Vice President (Finance & Accounts) in Dunlop India Ltd in India. He is a Bachelor of Commerce, Law graduate and Master of Business Administration from Calcutta University, India. He is also a Cost and Works Accountant from The Institute of Cost and Works Accountants of India and Company Secretary from The Institute of Company Secretaries of India. From 1984 to 2008 he worked in various corporate in India as Cost Accountant - Hindustan Motors Ltd, Asst Secretary - Kamarhatty Company Ltd, Company Secretary- Martin Burn Ltd : Company Secretary & Commercial Auditor - Shalimar Paints Ltd., Vice President (Finance & Corporate Affairs) - IVL India and its group Companies, and Vice President (CFO and Company Secretary) - India Power Corporation Ltd prior to joining the Ruia Group in January 2008. He does not hold any directorships in any public companies in Malaysia.

Mr. Raj Kishor Khandelwal is nominated by Bloom Billions Sdn Bhd, a substantial shareholder of Industronics, to sit on the Board of Industronics. He is not a shareholder of Industronics and does not have any family relationships with any director and/or substantial shareholder. There is currently no business relationship with the Company in which he has a personal interest. He has had no convictions for any offences within the laws.

Mazlan Bin Duaji *(Non-Executive Director)*

MAZLAN BIN DUAJI,

a Malaysian, aged 52, is a Non-Executive Director of Industronics. He was appointed to the Board on 27 August 2008. Mr. Mazlan holds a degree in civil engineering from the University of Queensland, Australia. He is a civil engineer and businessman with over 28 years of experience in the construction industry in various capacities as a project manager and as a contractor for major infrastructure projects in the Asian region since 1980.

Mr. Mazlan Duaji is deemed a substantial shareholder in Industronics Berhad by virtue of his interest in HPM Development (Labuan) Pte. Ltd., a deemed substantial shareholder of Industronics Berhad. Mr. Mazlan Duaji is nominated by HPM Development (Labuan) Pte. Ltd. to sit on the Board of Industronics.

Mr. Mazlan Duaji does not hold any directorships in any public companies. There is currently no business relationship with the Company in which he has a personal interest. He has had no convictions for any offences within the laws.

Lim Jit Fu *(Alternate Director)*

LIM JIT FU,

a Malaysian, aged 48, is currently the Acting Chief Executive Officer cum General Manager of Industronics. He was appointed on 27 August 2008 as an alternate director to Dr. Lim Jit Chow. Mr. Lim graduated with a degree in Bachelor of Electrical & Electronics Engineering and Master of Business Administration from Texas Tech University, Texas, USA.

Mr. Lim has over 20 years working experience in the electronic and semiconductor industries. He has 4 years experience working with a leading multi-national semiconductor company in various positions – training development engineer, manufacturing and later moved to customer service planning. He joined Industronics in 1991 as Head Marketing Department and was promoted to General Manager in 1997.

Mr. Lim does not hold any directorships in any other public companies. He does not have any family relationship with any director and/or major shareholder of the Company. There is no other business relationship with the Company in which he has a personal interest. He has had no convictions for any offences within the laws.

Somesh Ganeriwal *(Alternate Director)*

SOMESH GANERIWAL,

an Indian national, aged 44, was appointed on 27 March 2009 as an alternate director to Mr. Pawan Kumar Ruia. Mr. Ganeriwal is the Vice President in Ryham Pte. Ltd. in Singapore. He holds a degree in Bachelor of Commerce, a Fellow member of The Institute of Chartered Accountants of India. From 1987 to 2003 he practiced chartered accountancy in India and joined as Finance Controller of Mangal Steel Enterprises Ltd. in India. He joined Swiss Singapore Overseas Enterprises Pte. Ltd. as General Manager – Finance & Marketing in 1999 prior to joining the Ruia Group in June 2007. He does not hold any directorship in any public companies in Malaysia.

Mr. Ganeriwal is an alternate to Mr. Pawan Kumar Ruia, nominated by Bloom Billions Sdn Bhd which is a substantial shareholder of Industronics, to sit on the Board of Industronics. He does not hold any shares in the Company and does not have any family relationship with any director and/or major shareholder of the Company. There is no other business relationship with the Company in which he has a personal interest. He has had no convictions for any offences within the laws.

Details of attendance of Directors at Board Meeting

A total of seven (7) Board meetings were held in the financial year ended 31 December 2008.

The details of attendance of each Director at the Board meetings held during the financial year ended 31 December 2008 are:

Name of Director	Attendance	% of Attendance
Dato' Haji Wan Abdullah B.W. Salleh *	2/3	67%
Dr. Lim Jit Chow	6/7	86%
Dr. Junid bin Abu Saham	7/7	100%
Ooi Soon Kiam	7/7	100%
Gan Boon Chuan	7/7	100%
Pawan Kumar Ruia #	3/7	43%
Deepak Kumar Ruia	5/7	71%
Mazlan bin Duaji *	3/3	100%
Raj Kishor Khandelwal +	4/4	100%
Tengku Dato' Shamsul Bahrin ^	3/3	100%
Sanjay Kumar Garodia @	2/3	67%
Wendy Lim Hsiu Hoon &	1/4	25%

* appointed on 27 August 2008

+ appointed on 30 June 2008

^ retired on 30 June 2008

@ resigned on 30 June 2008

& resigned on 27 August 2008

Mr. Pawan Kumar Ruia, whose attendance fell below the requirement as stated in Para. 15.05 (3) (c) of the Listing Requirements of Bursa Securities ("LR"), was granted a waiver by Bursa Securities from compliance with Para. 15.05 (3) (c) of LR on 24 March 2009.

THE CODE

The Board of Industronics Berhad ("Industronics") has adhered to the principles of the Malaysian Code of Corporate Governance ("the Code") as part of its duties to protect and to enhance all aspects of stakeholders' value.

The Board has continued its commitment in maintaining high standards of corporate governance and the effective application of the principles and best practices, as set out in the Code, throughout the Group.

Set out below is a statement which outlines the application by the Group of the principles of the Code and compliance with the best practices provisions set out therein, throughout the year ended 31 December, 2008.

BOARD OF DIRECTORS

The Board is collectively responsible for setting policies which promote the success of the Group. The Board is entrusted with the proper stewardship responsibility of providing strategic leadership, overseeing the business conduct, ensuring the adequacy and integrity of financial information and enhancing the effectiveness of the Group's system of internal control and risk management process.

The Board meets on a scheduled basis and additional meetings may be convened when necessary should major issues arise that need to be resolved between scheduled meetings. During the financial year ended 31 December 2008, seven (7) Board Meetings were held and details of the attendance record of each Director is listed on page 24 of this Annual Report.

Board Balance and Composition

The Board of Industronics has a good balance of members who are executive, non-executive and independent directors such that no one individual or a group of individuals in the Board can dominate the balance of power and authority. The Board comprises nine (9) members comprising seven (7) non-executive directors and two (2) executive directors. Three (3) of the non-executive directors are Independent Directors. In compliance with the Listing Requirements of Bursa Securities, three (3) of the nine (9) members of the Board are Independent Directors.

The Board considers that its composition and size consisting of Directors with diverse background and experience in business, corporate and technical knowledge, are optimum and well balanced.

In addition, the Independent Non-Executive Directors do not participate in the day-to-day management of the Company and do not engage in any business dealing or other relationship with the Company so that they are capable of exercising independent views, advice and judgment and act in the best interest of the Company and its shareholders.

There is a clear division of responsibility between the Chairman and the Acting Chief Executive Officer. The Chairman is responsible for ensuring the Board's effectiveness and conduct whilst the Acting Chief Executive Officer has overall responsibility over the operating units, organizational effectiveness and implementation of the Board's policies and decisions.

A brief profile and status of each director of the Company is presented in pages 19 to 23.

Supply of Information

Notice of meetings, setting out the agenda and accompanied by the relevant Board report and documents are provided to the Directors on a timely manner to allow the Directors to review and consider the agenda items to be discussed at Board meetings. All directors are encouraged to bring independent judgment to bear in decision-making.

Directors have access to all information within the Company whether as a full Board or in their individual capacity, in furtherance of their duties. In addition, all Directors have full access to the advice and the services of the Company Secretary including where necessary, the advice of independent professionals at the Company's expense.

The Board has constantly advised the executive management to implement plans and processes to provide timely, quality information to the Directors.

Appointment and Re-election of Directors

In accordance with the provisions of the Company's Articles of Association, at least one-third (1/3) of the Board of Directors are required to submit themselves for re-election by rotation at each annual general meeting. Directors who are appointed by the Board are subject to re-election by shareholders at the first annual general meeting after their appointment. Directors over seventy (70) years of age are required to submit themselves for re-appointment annually pursuant to Section 129(6) of the Companies Act, 1965.

The Articles of Association of the Company also requires all directors to retire from office once in every three (3) years, including the Managing Director and such Directors shall be eligible for re-election.

Nomination Committee

New appointments to the Board are recommended by the Nomination Committee of the Board, which comprises three (3) independent non-executive directors. The Nomination Committee is empowered to bring to the Board recommendations on the appointment of any new Executive and Non-Executive Directors by evaluating and assessing the suitability of candidates for Board membership. The role and responsibility of the Nomination Committee include :

- composition of the Board and its subsidiaries;
- criteria for Board membership;
- recommendation for appointment and removal of directors;
- size and membership of the Board; and
- regularly assess the independence of each member.

Directors' Remuneration

Remuneration Committee

The Remuneration Committee is primarily responsible for development and carries out review of the overall remuneration policy and packages for the executive directors. The Committee is made up entirely of independent non-executive directors.

The non-executive directors are remunerated on the basis of their anticipated time commitment and the responsibilities entailed in their role. The determination of the fees of non-executive directors is a matter for the Board as a whole, subject to shareholders' approval.

Details of the remuneration of Directors during the year under review are as follows:

	<u>Executive</u> RM	<u>Non-Executive</u> RM
Fee	-	196,000
Salaries, Employee Provident Funds & Allowances	991,508	46,000
Termination Benefit	565,550	-
Benefits-in-kind	33,283	-
Total	1,590,341	242,000

	<u>Executive</u>	<u>No. of Directors</u>	<u>Non-Executive</u>
RM 50,000 & below	-	8	-
RM 50,001 - RM150,000	1	-	-
RM150,001 - RM200,000	-	-	-
RM200,001 - RM250,000	-	-	-
RM250,001 - RM300,000	3	-	-
RM300,001 - RM350,000	1	-	-

Director's Training and Education

All Directors have completed the Mandatory Accreditation Programme as required by Bursa Malaysia Securities Berhad. For the year under review, all Directors will continue to undergo other relevant training programmes from time to time to keep abreast of changes in legislation/ regulations and further enhance their skills and knowledge.

Statement On Corporate Governance (cont'd)

BOARD COMMITTEE

The Board has established several Board Committees whose compositions and terms of reference are in line with the best practices of the Code. The functions and terms of reference of the Board Committees as well as authority delegated to these Board Committees have been clearly defined by the Board.

The Board Committees are as follows:-

- Audit Committee;
- Nomination Committee; and
- Remuneration Committee.

The composition of the Board Committees comprises members of the Board. The chairman of the committees will report to the Board on the outcome of the respective committee meetings and such reports are incorporated into the minutes of Board meetings.

INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

The Board acknowledges its role in representing and promoting the interest of the shareholders, and its accountability to shareholders for the performance and activities of the Group. The Board also recognizes the importance of timely and thorough dissemination of information to shareholders whereby announcements and releases of financial results on a quarterly basis provide the shareholders and investing public with a continuous overview of the Group's performances and operations.

The annual general meeting is the principal avenue for dialogue and interaction with the shareholders of the Company. Members of the Board and the auditors of the Company are ready to respond to all queries and undertake to provide clarification on issues and concerns raised by the shareholders.

Shareholders, investors and members of public are invited to access the Company's website at www.industronics.com.my and Bursa Malaysia's website at www.bursamalaysia.com.my for the latest corporate and market information on the Company and the Group.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board takes due care and responsibility in presenting a balance and fair assessment of the Group's financial statements. In this regard, the Board is primarily responsible to present a fair and comprehensive report of the financial affairs of the Group, which is prepared in accordance with the provisions of the Companies Act, 1965 and the approved accounting standards in Malaysia.

The Audit Committee plays a crucial role in reviewing information to be disclosed to ensure its accuracy, adequacy and compliance with the appropriate accounting standards.

The Statement by Directors pursuant to Section 169 of the Companies Act 1965 is disclosed on page 42 of this Annual Report. The Statement of Directors' Responsibility is set out on the following page of this Annual Report.

Statement On Corporate Governance (cont'd)

Internal Control

The Directors acknowledge its overall responsibility for maintaining a sound system of internal control to safeguard the shareholders' investment and the Company's assets. The Board has appointed Messrs. BDO Governance Advisory Sdn Bhd to undertake the internal control function for continuous review and maintenance of the system of internal control in the Group.

The Board shall work closely with the internal and external auditors to continuously improve the internal controls of the Group in terms of its integrity and adequacy.

The Statement of Internal Control, as set out on pages 32 to 33, provides an overview of the state of internal controls within the Group.

Relationship with Auditors

The Company has established a formal and transparent relationship with the Company's auditors through the Audit Committee. The role of the Audit Committee in relation to the external auditors is stated on pages 30 to 31.

DIRECTORS' RESPONSIBILITY STATEMENT

In preparing the annual financial statements of the Group and of the Company, the Directors are collectively responsible to ensure that these financial statements have been prepared in accordance with the applicable approved accounting standards in Malaysia, the provisions of the Companies Act, 1965 and the Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2008 and of their results and cash flows for the financial year ended on that date.

In preparing the financial statements for the year ended 31 December 2008 set out on pages 46 to 119 of this Annual Report, the Directors have:

- applied appropriate accounting policies on a consistent basis;
- made judgments and estimates that are reasonable and prudent;
- ensured applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on the going concern basis, unless it is inappropriate to presume that the Group and the Company will continue in business.

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

The Directors have the overall responsibility for taking such steps as are reasonable to them, to safeguard the assets of the Group and the Company, to prevent and detect fraud and other irregularities.

ESTABLISHMENT

The Audit Committee was established on 18 August 1994 to act as a Committee to the Board of Directors.

COMPOSITION AND MEETINGS

The composition of the Audit Committee and the attendance of each member at the Committee meetings during the year are set out below:

Chairman

Ooi Soon Kiam – Independent Non-Executive Director

Members

Dr. Junid bin Abu Saham – Independent Non-Executive Director

Dato' Haji Wan Abdullah B.W. Salleh – Independent Non-Executive Director (*appointed on 27 August 2008*)

Tengku Dato' Shamsul Bahrin – Independent Non-Executive Director (*retired on 30 June 2008*)

Name of Member	No. of Meetings attended
Ooi Soon Kiam	All 7 meetings
Dr. Junid bin Abu Saham	All 7 meetings
Dato' Haji Wan Abdullah B.W. Salleh	1 meeting upon his appointment
Tengku Dato' Shamsul Bahrin	3 meetings prior to his retirement

The Acting Chief Executive Officer, Financial Controller and Internal Audit Officers attended these meetings upon invitation by the Audit Committee. The Group's external auditors were invited to attend all of these meetings.

TERMS OF REFERENCE

The terms of reference of the Audit Committee are as follows;

Membership

The Audit Committee must be appointed by the Board of Directors from amongst their numbers, which fulfils the following requirements:

- the Audit Committee must be comprised of not fewer than 3 members.
- a majority of the members must be independent directors.
- at least one member of the Audit Committee must be a member of the Malaysian Institute of Accountants (MIA); or any other equivalent qualification recognised by MIA.

The Chairman shall be an independent, non-executive director appointed by the Board.

The Company Secretary shall act as Secretary to the Committee and shall provide the necessary administrative and secretarial services for the effective functioning of the Committee.

Objectives

The objective of the Audit Committee is to assist the Board in fulfilling its fiduciary responsibilities by reviewing the adequacy and integrity of the Company and the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Audit Committee shall also provide greater emphasis on the audit functions by increasing the objectivity and independence of External and Internal Auditors and providing a forum for discussion that is independent of the Management.

In addition, the Audit Committee shall encourage high standards of corporate disclosure and transparency in maintaining corporate responsibility, integrity and accountability to shareholders and other stakeholders.

Authority

The Audit Committee shall have the following authority as empowered by the Board of Directors:

- to investigate any activity within its term of reference ;
- to have the resources which are required to perform its duties ;
- to have full and unrestricted access to information and relevant to its activities, to the Internal and External Auditors, and to senior management of the Company and its subsidiaries ;
- to obtain independent professional or other advice as necessary; and
- to convene meetings with the External Auditors without the attendance of the executive board members, whenever deemed necessary.

Duties and Responsibilities

The duties and responsibilities of the Audit Committee are : -

- to consider the appointment, resignation and dismissal of the External Auditors and the audit fees;
- to review the nature and scope of the audit with Internal and External Auditors before the audit commences;
- to review the quarterly and annual financial statements before submission to the Board ;
- to review any related party transaction and conflict of interest situation that may arise ;
- to discuss problems and reservations arising from the interim and final audits and any matter the Auditors may wish to discuss;
- to review the audit reports by the Internal and External Auditors, the major findings and management's responses thereto;
- to review the effectiveness and efficiency of internal control systems ; and
- to consider other matters relating to audit.

Quorum and Meeting Procedures

The Committee shall hold at least four (4) meetings a year with more meetings as the Committee deems necessary. The quorum for any meeting of the Audit Committee shall be at least 2 Independent Directors. In the absence of the Chairman, the members present must elect a Chairman for the meeting from amongst the members present.

ACTIVITIES DURING THE FINANCIAL YEAR

During the year, the Audit Committee carried out its duties as set out in its terms of reference.

The main activities undertaken by the Committee were as follows:

- Reviewed the engagement of an independent professional firm for the provision of Internal Audit services ;
- Reviewed the Internal and External Auditors' scope of works and annual audit plans for the Group;
- Reviewed management letters and audit report of the External Auditors;
- Reviewed the quarterly and annual reports of the Group prior to submission to the Board for consideration and approval;
- Reviewed internal audit reports and to monitor / follow up on remedial action.

INTERNAL AUDIT FUNCTION

The Board has engaged an independent professional firm for the provision of Internal Audit services to Industritronics Group for the year 2008/2009 to 2011. The professional firm reviews the adequacy and integrity of the system of internal control systems in key business areas within the Group independent of management and reports to the Audit Committee on a quarterly basis.

The professional firm will assist the Audit Committee to discharge their roles and responsibilities with regard to assessing the adequacy and integrity by undertaking an Internal Audit Plan for the next 3 years for the Industritronics Group.

The Board of Directors ("Board") of Industronics Berhad is pleased to set out below the Statement of Internal Control pursuant to paragraph 15.27(b) of the Bursa Malaysia Securities Berhad Listing Requirements. It was prepared in accordance with Bursa Securities' Statement of Internal Control – Guidance for Directors of Public Listed Companies. The Board acknowledges its responsibility to maintain a sound system of internal controls to safeguard the Group's assets in accordance with the Malaysian Code on Corporate Governance. The Board is committed to taking appropriate initiatives to further strengthen the transparency, accountability and efficiency of the Group's operations. The Board believes the practice of good corporate governance is an important continuous process and not just a matter to be covered as compliance in its annual report.

RESPONSIBILITY

The Board affirms the overall responsibility for maintaining a sound system of internal controls and for reviewing its adequacy and integrity so as to safeguard shareholders' investment and the Group's assets.

Due to inherent limitations in any system of internal control, the system is designed to manage and control risk appropriately rather than eliminate the risk of failure to achieve business objectives. Accordingly, the internal control system provides reasonable assurance and not absolute assurance against material misstatement or loss, and therefore risks should be continually monitored and managed at all times.

The Board takes cognisance the improvement points highlighted by the external auditors and recognizes that reviewing and enhancing the Group's system of internal control is a continuing process.

The Board has out-sourced the internal audit functions to BDO Governance Advisory Sdn Bhd (BDOGA), with the primary objective of assisting the Board in reviewing the adequacy and integrity of the Group's system of internal control to manage the risks areas faced by the Group.

Towards this purpose BDOGA has developed and presented an Internal Audit Plan approved by the Audit Committee.

BDOGA reviews the adequacy and integrity of the system of internal control independent of the management and reports to the Audit Committee on a quarterly basis.

Internal Control

Key elements of the Group's system of internal controls are as follows:

- **Operating structure with clearly defined lines of responsibility**

The operating structure includes defined delegation of responsibilities to the committees of the Board, the senior management and the operating units.

- **Independence of the Audit Committee**

The Audit Committee comprises non-executive members of the Board, with all being independent directors. The Committee holds regular meetings to deliberate on findings and recommendations and reports back to the Board.

- **Employees' competency**

Proper procedures are in place in respect of recruitment and termination of employees. Emphasis is placed on the quality and abilities of employees with continuing education, training and development being actively encouraged through various programmes.

- **Internal audit**

Periodical internal audits reviews are conducted by BDOGA to assess the adequacy and integrity of the systems of control, highlight significant control weaknesses and provide recommendations for business improvement.

- **Financial Reporting**

Regular monitoring and review of financial results by the management and formulation of action plan to address areas of concern.

- **ISO 9001: 2000**

An ISO 9001: 2000 Quality Management System, which is subject to regular review and improvement, continually manages and controls the quality requirement of the Group's products and services.

- **Insurance**

Adequate insurance of major assets i.e. stocks, buildings and machinery, property, plant and equipment for the Group is in place to ensure that the Group is sufficiently covered against any mishap that may result in material losses to the Group.

The Board remains committed to strengthening the Group's control environment and processes. Our quest for continuous improvement is ongoing, and appropriate action plans will be put in place, when necessary, to further enhance the Group's systems of internal control.

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FINANCIAL STATEMENTS

Directors' Report

for the financial year ended 31 December 2008

The Directors hereby present 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 include the design, manufacturing and installation of electronics and microprocessor controlled products, telecommunication system, audio video multimedia systems, intelligent transportation systems and information communication technology related system.

The principal activities of the subsidiaries and associates are described in Note 42 to the financial statements.

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

RESULTS

	GROUP RM	COMPANY RM
Loss for the year	(5,985,995)	(7,713,041)
Attributable to:		
Equity holders of the Company	(6,078,645)	(7,713,041)
Minority interests	92,650	-
	(5,985,995)	(7,713,041)

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 except for:

- the effect arising from the write-down of inventories of RM4,532,553 and RM4,356,241 in respect of the Group and of the Company respectively, during the financial year as disclosed in Note 4 and 8 to the financial statements; and
- the effect arising from the allowance for doubtful debts of RM4,064,254 and RM2,631,180 in respect of the Group and of the Company respectively, during the financial year as disclosed in Note 8 to the financial statements.

DIVIDENDS

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

The directors do not recommend any payment of dividend in respect of the current financial year ended 31 December 2008.

Directors' Report

(cont'd)

for the financial year ended 31 December 2008

DIRECTORS

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

Dr. Lim Jit Chow	
Dr. Junid bin Abu Saham	
Gan Boon Chuan	
Ooi Soon Kiam	
Deepak Kumar Ruia	
Raj Kishor Khandelwal	(appointed on 30 June 2008)
Mazlan bin Duaji	(appointed on 27 August 2008)
Dato' Wan Dollah @ Wan Abdullah B. W. Salleh	(appointed on 27 August 2008)
Pawan Kumar Ruia	(ceased to be a director on 8 January 2009 and re-appointed on 25 March 2009)
Lim Jit Fu	(ceased to be an alternate to Lim Hsiu Hoon on 27 August 2008 and appointed as alternate to Dr. Lim Jit Chow on the same date)
Somesh Ganeriwal	(appointed as alternate to Pawan Kumar Ruia on 25 November 2008 and ceased to be an alternate on 8 January 2009 and re-appointed as alternate to Pawan Kumar Ruia on 27 March 2009)
Tengku Dato' Shamsul Bahrin	(retired on 30 June 2008)
Sanjay Kumar Garodia	(resigned on 30 June 2008)
Lim Hsiu Hoon	(resigned on 27 August 2008)

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, other than those arising from the share options granted under the Employee Share Options Scheme ("ESOS").

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 10 of 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 39 to the financial statements.

Directors' Report

(cont'd)

for the financial year ended 31 December 2008

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DIRECTORS' INTERESTS

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

The Company	1.1.2008/ date of appointment	Number of Ordinary Shares of RM0.50 Each		
		Acquired	Sold	31.12.2008
<u>Direct Interest:</u>				
Dr. Lim Jit Chow	19,550,000 ⁽¹⁾	-	-	19,550,000
Gan Boon Chuan	162,500	170,000	-	332,500
Lim Jit Fu	155,400	200,000	-	355,400
<u>Indirect Interest:</u>				
Dr. Lim Jit Chow	2,340,000	-	-	2,340,000
Pawan Kumar Ruia	27,102,400	76,700	93,500	27,085,600
Mazlan bin Duaji	29,408,300 ⁽¹⁾	-	-	29,408,300

⁽¹⁾ On 11 July 2008, HPM Development (L) Pte. Ltd. entered into a Sale & Purchase Agreement with Dr. Lim Jit Chow for the acquisition of 19,550,000 ordinary shares of RM0.50 each. As at 31 December 2008, the transaction has yet to be completed.

According to Section 6A(6) of the Companies Act, 1965, Mazlan bin Duaji is deemed to have interest in the Company, via HPM Development (L) Pte. Ltd.

Subsequent to 31 December 2008 i.e. on 16 February 2009, the Company received a notification from Dr. Lim Jit Chow informing that the transaction has not been completed and the Sale & Purchase Agreement is therefore deemed terminated.

The Company	Exercise Price RM	Number of Options Over Ordinary Shares of RM0.50 Each			
		1.1.2008	Granted	Exercised	31.12.2008
Gan Boon Chuan	0.50	170,000	-	170,000	-
Lim Jit Fu	0.50	200,000	-	200,000	-

The options over ordinary shares of the Company were granted pursuant to the ESOS of the Company.

Dr. Lim Jit Chow, Pawan Kumar Ruia and Mazlan bin Duaji, by virtue of their interest in shares in the Company, are also deemed interested in shares of 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

(cont'd)

for the financial year ended 31 December 2008

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ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM46,193,000 to RM47,631,500 by way of the issuance of 2,877,000 ordinary shares of RM0.50 each for cash pursuant to the Company's ESOS at an average exercise price of RM0.50 per ordinary share.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

TREASURY SHARES

There were no shares repurchased during the financial year.

As at 31 December 2008, the Company held as treasury shares a total of 1,131,000 of its 95,263,000 issued ordinary shares. Such treasury shares are held at a carrying amount of RM545,154 and further relevant details are disclosed in Note 28(b) to the financial statements.

INDUSTRONICS BERHAD EMPLOYEE SHARE OPTION SCHEME

The Company's Employee Share Options Scheme ("ESOS" or the "Scheme") was approved by the shareholders at the Extraordinary General Meeting held on 10 February 2003 and become effective on 21 March 2003. The ESOS was in force for a period of five (5) years commencing 21 March 2003 and expired on 20 March 2008.

The salient features and other terms of the ESOS, details of share options exercised during the financial year, and outstanding at the end of the financial year are disclosed in Note 29 to the financial statements.

Directors' Report

(cont'd)

for the financial year ended 31 December 2008

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 allowance 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 had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in these financial statements 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 methods 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 the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Directors' Report

(cont'd)

for the financial year ended 31 December 2008

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 44 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 16 April 2009.

Lim Jit Fu

Gan Boon Chuan

Kuala Lumpur, Malaysia
16 April 2009

Statement By Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, Lim Jit Fu and Gan Boon Chuan, being two of the Directors of Industronics Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 46 to 119 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.

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Signed on behalf of the Board in accordance with a resolution of the Directors dated 16 April 2009.

Lim Jit Fu

Gan Boon Chuan

Kuala Lumpur, Malaysia

16 April 2009

Statutory Declaration

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

I, Wong Ping Kong, being the officer primarily responsible for the financial management of Industronics Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 46 to 119 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.

Wong Ping Kong
Financial Controller
(MIA 5951)

Subscribed and solemnly declared by the abovenamed Wong Ping Kong at Kuala Lumpur in the Federal Territory on 16 April 2009.

Before me,

Mohd Radzi bin Yasin
No. W 327
Pesuruhjaya Sumpah
Kuala Lumpur, Malaysia

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Independent auditors' report to the members of Industronics Berhad

(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Industronics 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 46 to 119.

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 qualified audit opinion.

Basis of Qualified Opinion

- (i) The financial statements of the Group and of the Company for the year ended 31 December 2006 were audited by another firm of auditors who rendered an unmodified opinion on those financial statements in their report dated 28 April 2007. We did not observe the counting of the physical inventories as of 31 December 2006 so as to satisfy ourselves as to the quantities, ownerships and conditions of those inventories since that date was prior to our initial engagement as auditors for the Company and certain of its subsidiaries. The records of the Company and its subsidiaries do not permit adequate retroactive audit procedures on the inventory quantities, ownerships and conditions as at 1 January 2007.
- (ii) As disclosed in Note 22 to the financial statements, the unidentified differences between the Company's and a subsidiary's carrying value of inventories based on physical inventory counts and the recorded amounts in their respective books as at 31 December 2007 were adjusted to the income statements of the Group and of the Company for the year ended 31 December 2007. The inventory records of the Company and the said subsidiary do not permit us to carry out adequate appropriate audit procedures so as to satisfy ourselves as to the appropriateness of the said adjustments and consequently the appropriateness of the carrying value of inventories as at 1 January 2008 of the Company. The matter referred to above does not have any effect on the Group's financial statements for the year ended 31 December 2008.

Our audit report on the financial statements for the year ended 31 December 2007 was modified accordingly.

Independent auditors' report to the members of Industronics Berhad

(Incorporated in Malaysia)

Report on the financial statements (cont'd)

Qualified Opinion

In our opinion, except for:

- (i) the effect, if any, on the corresponding figures of the Group and of the Company for the year ended 31 December 2007 of the adjustments, in respect of matter (i) and (ii) referred to in the Basis of Qualified Opinion paragraph; and
- (ii) the effect, if any, on the financial statements of the Company for the year ended 31 December 2008, in respect of matter (ii) referred to in the Basis of Qualified Opinion paragraph,

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 of the Group and of the Company for the year then ended.

Report on other legal and regulatory requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 42 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act except as disclosed in Note 42 to the financial statements.

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
16 April 2009

Consolidated Income Statement

for the year ended 31 December 2008

	Note	2008 RM	GROUP 2007 RM
Revenue	3	66,082,096	94,566,770
Cost of sales	4	(45,430,228)	(69,554,227)
Gross profit		<u>20,651,868</u>	<u>25,012,543</u>
Other income	5	1,331,260	2,240,407
Administrative expenses		(16,947,602)	(18,157,884)
Selling and marketing expenses		(4,902,048)	(5,024,657)
Other expenses		(5,563,288)	(3,530,177)
Operating (loss)/profit		<u>(5,429,810)</u>	<u>540,232</u>
Investing results	6	(379,315)	(246,916)
Finance costs	7	(476,990)	(696,726)
Loss before tax	8	<u>(6,286,115)</u>	<u>(403,410)</u>
Income tax	11	300,120	(1,186,806)
Loss for the year		<u>(5,985,995)</u>	<u>(1,590,216)</u>
Attributable to:			
Equity holders of the Company		(6,078,645)	(2,499,163)
Minority interests		92,650	908,947
		<u>(5,985,995)</u>	<u>(1,590,216)</u>
Earning per share attributable to equity holders of the Company (sen):			
- Basic, for loss for the year	12	<u>(6.48)</u>	<u>(2.77)</u>

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

Consolidated Balance Sheet

as at 31 December 2008

	Note	2008 RM	GROUP 2007 RM
ASSETS			
Non-current assets			
Property, plant and equipment	14	14,939,344	16,643,885
Investment properties	15	1,219,895	1,259,659
Prepaid land lease payments	16	1,483,094	1,502,210
Investment in associates	18(a)	-	1
Due from an associate	18(b)	-	73,826
Other investments	20	411,888	806,195
Development costs	21	23,466	102,486
		<u>18,077,687</u>	<u>20,388,262</u>
Current assets			
Inventories	22	11,406,731	20,252,374
Trade receivables	23	21,153,450	25,076,271
Other receivables, deposits and prepayments	24	1,351,759	1,041,549
Due from customers on contract	25	2,973,906	3,915,947
Tax recoverable		2,903,777	1,834,143
Cash and bank balances	27	23,848,754	24,603,628
		<u>63,638,377</u>	<u>76,723,912</u>
TOTAL ASSETS		<u>81,716,064</u>	<u>97,112,174</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	28	47,631,500	46,193,000
Treasury shares	28	(545,154)	(545,154)
Reserves	30	4,416,285	10,412,553
		<u>51,502,631</u>	<u>56,060,399</u>
Minority interests		<u>7,315,350</u>	<u>7,222,700</u>
Total equity		<u>58,817,981</u>	<u>63,283,099</u>
Non-current liabilities			
Borrowings	31	640,128	1,099,832
Deferred tax liabilities	33	685,612	988,559
		<u>1,325,740</u>	<u>2,088,391</u>
Current liabilities			
Provisions	34	140,298	46,969
Borrowings	31	2,497,114	4,087,981
Trade payables	35	7,909,433	13,422,082
Other payables and accruals	36	7,697,563	9,925,103
Due to customers on contract	25	2,741,810	3,891,738
Current tax payables		586,125	366,811
		<u>21,572,343</u>	<u>31,740,684</u>
Total liabilities		<u>22,898,083</u>	<u>33,829,075</u>
TOTAL EQUITY AND LIABILITIES		<u>81,716,064</u>	<u>97,112,174</u>

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

Consolidated Statement Of Changes In Equity

for the year ended 31 December 2008

Consolidated Cash Flow Statement

for the year ended 31 December 2008

Group	Note	Attributable to Equity Holders of the Company									
		Non-Distributable Reserves					Distributable				
		Share Capital	Share Premium	Treasury Shares	Share Option Reserve	Revaluation Reserves	Foreign Currency Reserve	Retained Earnings	Total	Minority Interests	Total Equity
		RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 January 2007		45,476,500	-	(540,328)	-	1,999,481	38,894	12,663,334	59,637,881	7,396,160	67,034,041
Share option granted under ESOS	29	-	-	-	15,318	-	-	-	15,318	-	15,318
Currency translation differences		-	-	-	-	-	(7,148)	-	(7,148)	-	(7,148)
Realisation due to disposal of properties		-	-	-	-	(106,588)	-	282,075	175,487	(102,407)	73,080
Net expense recognised directly in equity		-	-	-	-	(106,588)	(7,148)	282,075	168,339	(102,407)	65,932
(Loss)/profit for the year		-	-	-	-	-	-	(2,499,163)	(2,499,163)	908,947	(1,590,216)
Total recognised income/ (expense) for the year		-	-	-	-	(106,588)	(7,148)	(2,217,088)	(2,330,824)	806,540	(1,524,284)
Dividends	13	-	-	-	-	-	-	(1,973,650)	(1,973,650)	-	(1,973,650)
Dividend paid to minority shareholders of a subsidiary company		-	-	-	-	-	-	-	-	(980,000)	(980,000)
Issuance of ordinary shares pursuant to ESOS	28	716,500	330	-	(330)	-	-	-	716,500	-	716,500
Shares repurchased		-	-	(4,826)	-	-	-	-	(4,826)	-	(4,826)
At 31 December 2007		46,193,000	330	(545,154)	14,988	1,892,893	31,746	8,472,596	56,060,399	7,222,700	63,283,099
At 1 January 2008		46,193,000	330	(545,154)	14,988	1,892,893	31,746	8,472,596	56,060,399	7,222,700	63,283,099
Share option granted under ESOS		-	-	-	12,659	-	-	-	12,659	-	12,659
Currency translation differences		-	-	-	-	-	69,718	-	69,718	-	69,718
(Loss)/profit for the year		-	-	-	-	-	-	(6,078,645)	(6,078,645)	92,650	(5,985,995)
Issuance of ordinary shares pursuant to ESOS	28	1,438,500	402	-	(402)	-	-	-	1,438,500	-	1,438,500
Transfer to retained earnings		-	-	-	(1,926)	-	-	1,926	-	-	-
At 31 December 2008		47,631,500	732	(545,154)	25,319	1,892,893	101,464	2,395,877	51,502,631	7,315,350	58,817,981

	GROUP	
	2008 RM	2007 RM
Cash Flows From Operating Activities		
Loss before tax	(6,286,115)	(403,410)
Adjustments for:		
Interest income	(554,911)	(515,916)
Dividend income	(14,993)	(14,944)
Bad debts written off	37,615	681,082
Deposits written off	14,000	-
Gain on disposal of quoted investment	-	(230,085)
Provisions for maintenance warranties	93,329	46,969
Property, plant and equipment written off	3,863	13,845
Amortisation of development cost	79,020	165,706
Impairment loss on transferable membership in golf clubs	129,000	135,000
Interest expense	246,562	400,350
Depreciation of property, plant and equipment	1,450,385	1,801,603
Depreciation of investment properties	39,764	39,763
Amortisation of prepaid lease rental payments	19,116	19,116
Loss on disposal of property, plant and equipment	62,820	13,850
Gain on disposal of property, plant and equipment	(4,315)	(127,861)
Write down of inventories	4,532,553	989,233
Reversal of write-down of inventories	(45,016)	-
Allowance for doubtful debts		
- third parties	3,990,428	1,384,411
- written back - third parties	(216,130)	(492,772)
- due from an associate	73,826	320,000
Net unrealised foreign exchange loss/(gains)	705,750	(57,554)
Impairment loss/(reversal of impairment loss) on quoted investments	265,308	(296,345)
Inventories written off	-	62,431
Reversal of previously accrued litigation claims	-	(431,596)
Termination benefits/accrued termination benefits	165,000	600,000
Impairment of investment properties	-	653,290
Share options granted under ESOS	12,659	15,318
Operating profit before working capital changes	4,799,518	4,771,484
Decrease in inventories	4,358,106	15,360,724
(Increase)/decrease in trade and other receivables	(919,052)	1,493,576
Decrease in amount due from customers	942,041	2,565,299
Decrease in amount due to customers	(1,149,928)	(20,222,189)
(Decrease)/increase in trade and other payables	(7,740,189)	6,966,205
Cash generated from operations	290,496	10,935,099
Interest paid	(246,562)	(400,350)
Tax refunded	212,373	95,823
Tax paid	(1,061,943)	(1,380,446)
Net cash (used in)/generated from operating activities	(805,636)	9,250,126

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

Consolidated Cash Flow Statement

(cont'd)

for the year ended 31 December 2008

	GROUP	
	2008 RM	2007 RM
Cash Flows From Investing Activities		
Increase in amount due from an associate	-	(25,263)
Purchase of property, plant and equipment	(304,851)	(954,585)
Purchase of investment in quoted investment	-	(9,600)
Proceeds from disposal of property, plant and equipment	328,740	922,647
Proceeds from disposal of quoted investment	-	1,178,743
Proceed from insurance claim on property, plant and equipment	4,432	-
Interest received	554,911	515,916
Dividend received	11,416	12,101
Net cash generated from investing activities	<u>594,648</u>	<u>1,639,959</u>
Cash Flows From Financing Activities		
Dividends paid	-	(1,973,650)
Dividend paid to minority shareholders of a subsidiary company	-	(980,000)
Net repayment of bankers acceptance and trust receipts	(1,127,139)	(1,599,661)
Increase in pledged fixed deposits	(3,399,127)	(1,696,209)
Proceeds from issuance of ordinary shares pursuant to ESOS	1,438,500	716,500
Purchase of treasury shares	-	(4,826)
Repayment of term loan	(205,466)	(558,873)
Repayment of hire purchase liabilities	(572,583)	(505,854)
Net cash used in financing activities	<u>(3,865,815)</u>	<u>(6,602,573)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(4,076,803)	4,287,512
Effects of foreign exchange rate changes	68,185	(7,214)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>19,567,754</u>	<u>15,287,456</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>15,559,136</u>	<u>19,567,754</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR COMPRISED:		
Cash and bank balances	23,848,754	24,603,628
Less: Fixed deposits not readily available for use	(6,729,156)	(3,330,029)
	<u>17,119,598</u>	<u>21,273,599</u>
Bank overdrafts - unsecured	(1,560,462)	(1,705,845)
	<u>15,559,136</u>	<u>19,567,754</u>

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

Income Statement

for the year ended 31 December 2008

		COMPANY	
		2008 RM	2007 RM
Revenue	3	36,745,919	59,080,052
Cost of sales	4	(27,904,722)	(43,559,296)
Gross profit		<u>8,841,197</u>	<u>15,520,756</u>
Other income	5	880,184	1,324,565
Administrative expenses		(8,887,258)	(9,483,718)
Selling and marketing expenses		(4,148,648)	(4,039,930)
Other expenses		(4,232,246)	(6,310,082)
Operating loss		<u>(7,546,771)</u>	<u>(2,988,409)</u>
Investing results	6	(374,132)	1,306,606
Finance costs	7	(204,360)	(337,817)
Loss before tax	8	<u>(8,125,263)</u>	<u>(2,019,620)</u>
Income tax	11	412,222	(960,949)
Loss for the year		<u>(7,713,041)</u>	<u>(2,980,569)</u>

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

Balance Sheet

as at 31 December 2008

Statement Of Changes In Equity

for the year ended 31 December 2008

		COMPANY	
		2008 RM	2007 RM
ASSETS			
Non-current assets			
Property, plant and equipment	14	8,674,507	9,290,022
Investment properties	15	224,964	229,659
Prepaid land lease payments	16	1,054,969	1,067,835
Investments in subsidiaries	17	2,534,723	2,599,540
Due from subsidiaries	26	272,946	3,507,786
Investment in associates	18(a)	-	1
Due from an associate	18(b)	-	73,826
Other investments	20	340,888	665,195
Development costs	21	23,466	102,486
		<u>13,126,463</u>	<u>17,536,350</u>
Current assets			
Inventories	22	7,264,608	9,951,581
Trade receivables	23	8,963,922	14,302,710
Other receivables, deposits and prepayments	24	880,934	346,563
Due from customers on contract	25	1,772,000	2,382,449
Due from subsidiaries	26	593,494	377,906
Tax recoverable		2,194,442	1,419,509
Cash and bank balances	27	15,354,625	17,762,062
		<u>37,024,025</u>	<u>46,542,780</u>
TOTAL ASSETS		<u>50,150,488</u>	<u>64,079,130</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	28	47,631,500	46,193,000
Treasury shares	28	(545,154)	(545,154)
Reserves	30	(5,828,801)	1,884,240
Total equity		<u>41,257,545</u>	<u>47,532,086</u>
Non-current liabilities			
Borrowings	31	34,868	68,184
Deferred tax liabilities	33	20,679	341,545
		<u>55,547</u>	<u>409,729</u>
Current liabilities			
Provisions	34	108,698	46,969
Borrowings	31	89,835	1,146,097
Trade payables	35	1,356,116	3,982,213
Other payables and accruals	36	6,085,007	7,647,487
Due to customers on contract	25	863,800	3,303,846
Due to subsidiaries	26	333,940	10,703
		<u>8,837,396</u>	<u>16,137,315</u>
Total liabilities		<u>8,892,943</u>	<u>16,547,044</u>
TOTAL EQUITY AND LIABILITIES		<u>50,150,488</u>	<u>64,079,130</u>

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

		<----- Non-Distributable Reserves ----->					Distributable	Total
		Share	Share	Treasury	Share	Revaluation	Retained	Equity
		Capital	Premium	Shares	Option	Reserves	Earnings/ (Accumulated	RM
		RM	RM	RM	RM	RM	Losses)	RM
Company	Note	(Note 28)	(Note 30)	(Note 28)	(Note 30)	(Note 30)	(Note 30)	RM
At 1 January 2007		45,476,500	-	(540,328)	-	1,908,782	4,927,019	51,771,973
Dividends	13	-	-	-	-	-	(1,973,650)	(1,973,650)
Loss for the year		-	-	-	-	-	(2,980,569)	(2,980,569)
Share option granted under ESOS		-	-	-	2,658	-	-	2,658
Issuance of ordinary shares pursuant to ESOS		716,500	330	-	(330)	-	-	716,500
Shares repurchased		-	-	(4,826)	-	-	-	(4,826)
At 31 December 2007		<u>46,193,000</u>	<u>330</u>	<u>(545,154)</u>	<u>2,328</u>	<u>1,908,782</u>	<u>(27,200)</u>	<u>47,532,086</u>
At 1 January 2008		46,193,000	330	(545,154)	2,328	1,908,782	(27,200)	47,532,086
Loss for the year		-	-	-	-	-	(7,713,041)	(7,713,041)
Issuance of ordinary shares pursuant to ESOS	28	1,438,500	402	-	(402)	-	-	1,438,500
Transfer to retained earnings		-	-	-	(1,926)	-	1,926	-
At 31 December 2008		<u>47,631,500</u>	<u>732</u>	<u>(545,154)</u>	<u>-</u>	<u>1,908,782</u>	<u>(7,738,315)</u>	<u>41,257,545</u>

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

Cash Flow Statement

for the year ended 31 December 2008

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	COMPANY	
	2008 RM	2007 RM
Cash Flows From Operating Activities		
Loss before tax	(8,125,263)	(2,019,620)
Adjustments for:		
Interest income	(368,875)	(451,754)
Dividend income	(14,993)	(1,031,440)
Bad debts written off	6,000	342,871
Gain on disposal of quoted investment	-	(153,681)
Provisions for maintenance warranties	61,729	46,969
Property, plant and equipment written off	595	11,492
Amortisation of development cost	79,020	165,706
Impairment loss on subsidiaries	64,817	-
Impairment loss on transferable membership in golf clubs	59,000	91,000
Interest expense	27,496	122,215
Depreciation of property, plant and equipment	546,372	642,857
Depreciation of investment properties	4,695	4,695
Amortisation of prepaid lease rental payments	12,866	12,866
Gain on disposal of property, plant and equipment	-	(6,929)
Write down of inventories	4,356,241	521,020
Allowance for doubtful debts		
- third parties	2,312,793	257,929
- written back - third parties	(69,818)	(401,825)
- advances due from subsidiaries	206,620	4,051,592
- amount due from subsidiaries	37,941	299,303
- due from an associate	73,826	320,000
Impairment loss/(reversal of impairment loss) on quoted investments	265,308	(212,485)
Inventories written off	-	62,431
Termination benefits/accrued termination benefits	165,000	600,000
Share options granted under ESOS	-	2,004
Unrealised loss on foreign exchange	808,243	-
Operating profit before working capital changes	509,613	3,277,216
(Increase)/decrease in inventories	(1,669,268)	18,017,381
Decrease/(increase) in trade and other receivables	1,747,199	(2,800,811)
Decrease in amount due from customers	610,449	3,157,145
Decrease in amount due to customers	(2,440,046)	(20,810,081)
(Decrease)/increase in trade and other payables	(4,188,577)	4,016,957
Decrease/(increase) in net amount due from subsidiary companies	69,708	(46,032)
Cash (used in)/generated from operations	(5,360,922)	4,811,775
Interest paid	(27,496)	(122,215)
Tax paid	(680,000)	(800,000)
Net cash (used in)/generated from operating activities	(6,068,418)	3,889,560

Cash Flow Statement

(cont'd)

for the year ended 31 December 2008

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	COMPANY	
	2008 RM	2007 RM
Cash Flows From Investing Activities		
Increase in amount due from an associate	-	(25,263)
Investment in subsidiary	-	(209,228)
Purchase of property, plant and equipment	(96,452)	(221,509)
Purchase of investment in quoted investment	-	(9,600)
Proceeds from disposal of property, plant and equipment	-	10,500
Proceeds from disposal of quoted investment	-	636,572
Decrease/(increase) in amount from subsidiary companies (non current)	3,028,220	(1,787,602)
Interest received	368,875	451,754
Dividend received	11,416	1,028,597
Net cash generated from/(used in) investing activities	3,312,095	(125,779)
Cash Flows From Financing Activities		
Dividends paid	-	(1,973,650)
Net repayment of revolving credit and bankers acceptances	(350,196)	(1,649,804)
Increase in pledged fixed deposits	(11,151)	(1,690,451)
Proceeds from issuance of ordinary shares pursuant to ESOS	1,438,500	716,500
Purchase of treasury shares	-	(4,826)
Repayment of term loan	(170,586)	(521,565)
Repayment of hire purchase liabilities	(58,451)	(109,933)
Net cash generated from/(used in) financing activities	848,116	(5,233,729)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,908,243)	(1,469,948)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	13,877,192	15,347,140
CASH AND CASH EQUIVALENTS AT END OF YEAR	11,968,949	13,877,192
CASH AND CASH EQUIVALENTS AT END OF YEAR COMPRISED:		
Cash and bank balances	15,354,625	17,762,062
Less: Fixed deposits not readily available for use	(3,329,156)	(3,318,005)
	12,025,469	14,444,057
Bank overdrafts - unsecured	(56,520)	(566,865)
	11,968,949	13,877,192

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

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Second Board of Bursa Malaysia Securities Berhad. The registered office and principal place of business of the Company is located at 9, Jalan Taming 3, Taman Tanming Jaya, 43300 Seri Kembangan, Selangor Darul Ehsan.

The principal activities of the Company include the design, manufacturing and installation of electronics and microprocessor controlled products, telecommunication system, audio video multimedia systems, intelligent transportation systems and information communication technology related system. The principal activities of the subsidiary companies and associated companies are disclosed in Note 42. 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 16 April 2009.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

These 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 FRSs as described in Note 2.3.

These financial statements have also been prepared on a historical basis, except for freehold land and buildings included within property, plant and equipment which are presented at their fair values.

These 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 are eliminated in full. Unrealised losses are eliminated on consolidation unless costs cannot be recovered. Uniform accounting policies are adopted in the consolidated financial statements for similar transactions and events in similar circumstances.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary Of Significant Accounting Policies (cont'd)

(a) Subsidiaries and Basis of Consolidation (cont'd)

(ii) Basis of Consolidation (cont'd)

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.

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) Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. In applying the equity method, unrealised gains on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associates, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Notes To The Financial Statements

(cont'd)

31 December 2008

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary Of Significant Accounting Policies (cont'd)

(b) Associates (cont'd)

The most recent available management financial statements of the associates are used by the Group in applying the equity method. Where the dates of the management financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associates 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.

(c) Intangible Assets

Development costs

All research costs are recognised in the profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. The expenditure capitalised includes the cost of material, manpower cost and an appropriate proportion of overheads. Product development expenditures which do not meet these criteria are expensed when incurred.

Development costs, considered to have finite useful lives, are stated at cost less any impairment losses and are amortised using the straight-line basis over a period of five (5) years. Impairment is assessed whenever there is an indication of impairment and the amortisation period and method are also reviewed at least at each balance sheet date.

Notes To The Financial Statements

(cont'd)

31 December 2008

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary Of Significant Accounting Policies (cont'd)

(d) Property, Plant and Equipment and Depreciation

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

Subsequent to initial recognition, property, plant and equipment, except for freehold land and buildings, are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land is stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated impairment losses. Buildings are stated at cost or valuation less accumulated depreciation and any accumulated impairment losses. Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. Revaluations are made at least once in every five years based on a valuation by an independent valuer on an open market value basis. Revaluations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from that which would be determined using fair values at the balance sheet date. Any revaluation surplus is credited to the revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss to the extent of the decrease previously recognised. A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in profit or loss. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained earnings.

Freehold land has an unlimited useful life and therefore is not depreciated. 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	10% - 20%
Factory, tools and equipment	10% - 15%
Motor vehicles	20%
Computer and office equipment	10% - 33%
Furniture, fittings and renovation	5% - 15%

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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary Of Significant Accounting Policies (cont'd)

(e) Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

No depreciation is provided on the freehold land within investment properties as it has an indefinite useful life. Depreciation on the building is provided on the straight lines basis to write off the cost of investment properties to its residual value over its estimated useful life.

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.

(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.

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 assets, other than construction contract assets, inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary Of Significant Accounting Policies (cont'd)

(g) Impairment of Non-Financial Assets (cont'd)

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 prorata 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.

(h) Inventories

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

Cost is determined using the weighted average method. The cost of raw materials comprises costs of purchase. The costs of finished goods and work-in-progress comprise raw materials, direct labour, other direct costs and appropriate proportions of production overheads based on normal operating capacity.

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 instruments.

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

(i) Cash and Cash Equivalents

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

Notes To The Financial Statements

(cont'd)

31 December 2008

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary Of Significant Accounting Policies (cont'd)

(i) Financial Instruments (cont'd)

(ii) Other Investments

Investments in transferable memberships in golf clubs 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.

Investments in quoted shares 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 investments in quoted shares are recognised in profit or loss. On disposal of the investments in quoted shares, the difference between net disposal proceeds and the carrying amount is recognised in profit or loss.

(iii) Receivables

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

(iv) Payables

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

(v) 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.

(vi) 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.

Notes To The Financial Statements

(cont'd)

31 December 2008

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary Of Significant Accounting Policies (cont'd)

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

(ii) Finance leases - the Group and the Company as lessees

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 Group's and 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(d).

(iii) Operating Leases - the Group and the Company as lessees

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease.

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 Company 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 (Note 2.2(p)(iv)). 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary Of Significant Accounting Policies (cont'd)

(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 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 is the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary Of Significant Accounting Policies (cont'd)

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

(ii) Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay 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.

(iii) Share-based Compensation

The Company's Employee Share Options Scheme ("ESOS"), an equity-settled, share-based compensation plan, allows the Group's employees to acquire ordinary shares of the Company. For share options granted after 31 December 2004, the total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

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

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

(iv) Termination Benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and the Company recognise termination benefits as a liability and an expense when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after balance sheet date are discounted to present value.

Notes To The Financial Statements

(cont'd)

31 December 2008

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary Of Significant Accounting Policies (cont'd)

(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 separate financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect 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 dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

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

	2008	2007
	RM	RM
Singapore Dollar	2.41	2.29
Chinese Renminbi	0.51	0.45
100 Vietnam Dong	0.02	0.02

Notes To The Financial Statements

(cont'd)

31 December 2008

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary Of Significant Accounting Policies (cont'd)

(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 discounts 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 is recognised net of service taxes and discounts as and when the services are performed.

(iv) Rental Income

Rental income is recognised on a straight-line basis over the term of the lease on an accrual basis.

(v) Interest Income

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

(vi) Dividend Income

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

(vii) Management Fees

Management fees are recognised when services are rendered.

(q) Government Grants

Government grants are recognised initially at their fair value in the balance sheet as deferred income where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Grants that compensate the Group for expenses incurred are recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Grants that compensate the Group for the cost of an asset are recognised as income on a systematic basis over the useful life of the asset.

Notes To The Financial Statements

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31 December 2008

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary Of Significant Accounting Policies (cont'd)

(r) Related Parties

A party is considered to be related to the Group if:

- (i) the party, directly or indirectly through one or more intermediaries,
 - controls, is controlled by, or is under common control with, the Group;
 - has an interest in the Group that gives it significant influence over the Group; or
 - has joint control over the Group;
- (ii) the party is an associate;
- (iii) the party is a jointly-controlled entity;
- (iv) the party is a member of the key management personnel of the Group or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significantly voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

(s) Jointly Controlled Operation

The Company has an interest in a joint venture which is a jointly controlled operation. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled operation exists when two or more venturers combine their operations, resources and expertise to manufacture, market and distribute jointly a particular product.

The expenses incurred and share of income earned are recognised directly to the income statement.

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 FRSs and Interpretations:

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

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

Notes To The Financial Statements

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31 December 2008

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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, Amendments to 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 of 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

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(a) Critical Judgements Made in Applying Accounting Policies

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

(i) Allowance for bad and doubtful debts

The Group makes allowance for doubtful debts based on objective evidence and the circumstances that affect the recoverability of receivables and counterparties.

Allowances are applied to receivables and counterparties where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically reviewed historical bad debts, customer creditworthiness and current economic trends when making a judgement to evaluate the allowance for doubtful debts on receivables and counterparties where the expectation is different from the original estimate, such difference will impact the carrying amounts.

(ii) Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

Notes To The Financial Statements

(cont'd)

31 December 2008

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.5 Significant Accounting Estimates and Judgements (cont'd)

(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) Write-down of inventories

Significant judgement is exercised by Management when determining items of inventories considered slow-moving and the amount of write-down required to net realisable value. Management takes into consideration the useful life of these inventories, their alternative uses, the possible technological obsolescence, the number of customers who still rely on the Group and the Company to provide maintenance service and other numerous factors before determining the amount of write-down required.

(ii) Useful lives of property, plant and equipment

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of the property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of property, plant and equipment is based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The Group also performs annual review of the assumptions made on useful lives to ensure that they continue to be valid.

(iii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits. The total carrying value of recognised tax losses and capital allowances of the Group was RM402,700 (2007: RM287,572) and the unrecognised tax losses and capital allowances of the Group was RM11,669,890 (2007: RM11,996,991).

(iv) Contracts accounting

The Group recognises contracts revenue and expenses in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that costs incurred for work performed to date bear to the estimated total costs.

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

(v) Maintenance warranties

The Company gives an average one (1) year warranty on certain products and undertakes to repair or replace items that fail to perform satisfactorily due to manufacturing defect. A provision is recognised for expected warranty claims on products sold during the year, based on past experience of the level of repairs. Assumptions used to calculate the provision for warranties were based on current sales levels and current data on repairs and replacement costs on past one year warranty period for all products sold.

Notes To The Financial Statements

(cont'd)

31 December 2008

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.5 Significant Accounting Estimates and Judgements (cont'd)

(b) Key Sources of Estimation Uncertainty (cont'd)

(vi) Income tax

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that have been initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(vii) Material litigations

The Group determines whether a present obligation in relation to a material litigation exists at the balance sheet date by taking into account all available evidence, including the opinion of its solicitors and subsequent events after the balance sheet date. On the basis of such evidence, the Group evaluates if a provision needs to be recognised in the financial statements. Further details of the material litigations involving the Group are given in Note 43.

3. REVENUE

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Revenue comprises:				
Construction contract	52,505,577	81,117,376	36,745,919	59,080,052
Sales of goods	12,858,922	12,410,401	-	-
Rendering of services	717,597	1,038,993	-	-
	<u>66,082,096</u>	<u>94,566,770</u>	<u>36,745,919</u>	<u>59,080,052</u>

Notes To The Financial Statements

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31 December 2008

4. COST OF SALES

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Cost of sales comprises:				
Construction contract and other related costs	39,946,915	59,483,367	27,904,722	43,559,296
Cost of goods sold	5,011,195	9,268,224	-	-
Cost of services rendered	472,118	802,636	-	-
	<u>45,430,228</u>	<u>69,554,227</u>	<u>27,904,722</u>	<u>43,559,296</u>
Included in cost of sales are the following:				
Inventories written off	-	62,431	-	62,431
Write down of inventories	4,422,989	713,497	4,356,241	521,020
Reversal of write-down of inventories	(45,016)	-	-	-
Depreciation of property, plant and equipment	447,937	485,799	-	-
Provision for maintenance warranties	93,329	46,969	61,729	46,969
Rent of equipment	-	42,560	-	42,560
Rent of premises	22,800	44,740	-	-

5. OTHER INCOME

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Allowance for doubtful debts written back - third parties	216,130	492,772	69,818	401,825
Gain on disposal of property, plant and equipment	4,315	127,861	-	6,929
Gain on foreign exchange				
- realised	212,671	262,820	118,684	139,777
- unrealised	159,165	73,986	-	-
Government grant	80,249	51,489	80,249	51,489
Interest income				
- fixed deposits and short term deposits	554,320	515,483	368,875	451,754
- others	591	433	-	-
	<u>554,911</u>	<u>515,916</u>	<u>368,875</u>	<u>451,754</u>
Management fees receivable from a subsidiary company	-	-	36,000	36,000
Rental income				
- subsidiary companies	-	-	174,300	182,400
Reversal of previously accrued litigation claims	-	431,596	-	-
Other income	103,819	283,967	32,258	54,391
	<u>1,331,260</u>	<u>2,240,407</u>	<u>880,184</u>	<u>1,324,565</u>

Notes To The Financial Statements

(cont'd)

31 December 2008

6. INVESTING RESULTS

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Dividend income				
- Subsidiary companies	-	-	-	1,020,000
- Quoted shares	14,993	14,944	14,993	11,440
	<u>14,993</u>	<u>14,944</u>	<u>14,993</u>	<u>1,031,440</u>
Gain on disposal of quoted investments (Impairment loss)/reversal of impairment loss on quoted investments	-	230,085	-	153,681
Impairment loss on transferable membership in golf clubs	(129,000)	(135,000)	(59,000)	(91,000)
Impairment loss on investment properties	-	(653,290)	-	-
Impairment loss on investments in subsidiaries	-	-	(64,817)	-
	<u>(379,315)</u>	<u>(246,916)</u>	<u>(374,132)</u>	<u>1,306,606</u>

7. FINANCE COSTS

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Interest expense:				
- bank overdrafts	108,986	151,503	20,808	43,301
- term loans	21,063	53,385	2,546	36,796
- hire purchase	66,072	86,518	4,142	3,851
- bankers' acceptances	34,080	53,273	-	8,094
- revolving credit facilities	-	28,633	-	28,633
- letter of credit	14,943	20,371	-	1,540
- trust receipts	1,418	-	-	-
- other interest	-	6,667	-	-
	<u>246,562</u>	<u>400,350</u>	<u>27,496</u>	<u>122,215</u>
- other finance costs	230,428	296,376	176,864	215,602
	<u>476,990</u>	<u>696,726</u>	<u>204,360</u>	<u>337,817</u>

Notes To The Financial Statements

(cont'd)

31 December 2008

8. LOSS BEFORE TAX

The following amounts have been included at arriving at loss before tax:

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Employee benefits expenses (Note 9)	16,073,357	16,918,757	9,243,412	10,312,309
Non-executive directors' remuneration excluding benefits-in-kind (Note 10)	257,000	177,500	242,000	167,500
Allowance for doubtful debts				
- third parties	3,990,428	1,384,411	2,312,793	257,929
- due from subsidiaries (non current)	-	-	206,620	4,051,592
- due from subsidiaries (current)	-	-	37,941	299,303
- due from an associate	73,826	320,000	73,826	320,000
Amortisation of development costs	79,020	165,706	79,020	165,706
Amortisation of prepaid land lease	19,116	19,116	12,866	12,866
Auditors' remuneration:				
Current year				
- Auditors of the Company	150,000	108,667	65,000	50,000
- Other auditors	31,474	11,339	20,000	-
Underprovision in prior year	92,085	16,625	68,000	3,000
	273,559	136,631	153,000	53,000
Bad debts written off	37,615	681,082	6,000	342,871
Deposits written off	14,000	-	-	-
Depreciation of property, plant and equipment				
- included in administrative expenses	456,076	672,947	-	-
- included in other expenses	546,372	642,857	546,372	642,857
	1,002,448	1,315,804	546,372	642,857
Depreciation of investment properties	39,764	39,763	4,695	4,695
Loss on disposal of property, plant and equipment	62,820	13,850	-	-
Loss on foreign exchange				
- realised	24,001	27,941	-	-
- unrealised	864,915	16,432	808,243	-
Rent of equipment				
- included in administrative expenses	930	-	150	-
- included in selling and marketing expenses	525	5,147	525	5,147
Rent of premises				
- included in administrative expenses	362,110	151,470	127,800	-
Property, plant and equipment written off	3,863	13,845	595	11,492
Write-down of inventories				
- included in other operating expenses	109,564	275,736	-	-

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Notes To The Financial Statements

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31 December 2008

9. EMPLOYEE BENEFITS EXPENSES

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Wages and salaries	13,390,421	14,486,356	7,662,248	8,624,303
Social security contributions	131,865	130,179	66,483	69,160
Contributions to defined contribution plan	1,410,941	1,481,618	814,078	907,485
Share options granted under ESOS (Note 29)	12,659	15,318	-	2,004
Termination benefits	565,550	600,000	565,550	600,000
Estimated benefits-in-kind	83,283	51,950	33,283	51,950
Other benefits	478,638	153,336	101,770	57,407
	<u>16,073,357</u>	<u>16,918,757</u>	<u>9,243,412</u>	<u>10,312,309</u>

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM2,358,554 (2007: RM2,867,686) and RM1,590,341 (2007: RM1,885,138) respectively as further disclosed in Note 10.

10. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Executive directors' remuneration:				
- fees	-	24,000	-	-
- other emoluments	2,275,271	2,791,736	1,557,058	1,833,188
Total remuneration	<u>2,275,271</u>	<u>2,815,736</u>	<u>1,557,058</u>	<u>1,833,188</u>
Estimated money value of benefits-in-kind	83,283	51,950	33,283	51,950
Total remuneration including benefits-in-kind (Note 9)	<u>2,358,554</u>	<u>2,867,686</u>	<u>1,590,341</u>	<u>1,885,138</u>
Non-executive directors' remuneration:				
- fees	211,000	155,000	196,000	145,000
- other emoluments	46,000	22,500	46,000	22,500
Total remuneration (Note 8)	<u>257,000</u>	<u>177,500</u>	<u>242,000</u>	<u>167,500</u>
	<u>2,615,554</u>	<u>3,045,186</u>	<u>1,832,341</u>	<u>2,052,638</u>
Total directors' remuneration	<u>2,532,271</u>	<u>2,993,236</u>	<u>1,799,058</u>	<u>2,000,688</u>
Estimated money value of benefits-in-kind	83,283	51,950	33,283	51,950
Total directors' remuneration including benefits-in-kind	<u>2,615,554</u>	<u>3,045,186</u>	<u>1,832,341</u>	<u>2,052,638</u>

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Notes To The Financial Statements

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31 December 2008

10. DIRECTORS' REMUNERATION (cont'd)

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 emoluments	924,920	1,130,112	924,920	1,130,112
- fees	-	24,000	-	-
- bonus	-	43,400	-	43,400
- defined contribution plan	66,588	59,676	66,588	59,676
- termination benefits	565,550	600,000	565,550	600,000
- estimated money value of benefits-in-kind	33,283	51,950	33,283	51,950
	<u>1,590,341</u>	<u>1,909,138</u>	<u>1,590,341</u>	<u>1,885,138</u>
Non-Executive:				
- fees	202,000	149,000	196,000	145,000
- other emoluments	46,000	22,500	46,000	22,500
	<u>1,838,341</u>	<u>2,080,638</u>	<u>1,832,341</u>	<u>2,052,638</u>

Included in termination benefits is a motor vehicle transferred to a director at its net book value of RM165,000 (2007: RMNil) as disclosed in Note 14(e) and Note 39.

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:		
RM50,001 - RM150,000	1	1
RM150,001 - RM200,000	-	-
RM200,001 - RM300,000	3	1
RM300,001 - RM350,000	1	1
RM600,001 - RM700,000	-	1
RM700,001 - RM750,000	-	-
	<u>5</u>	<u>4</u>
Non-Executive directors:		
RM50,000 and below	<u>8</u>	<u>7</u>

Notes To The Financial Statements

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31 December 2008

11. INCOME TAX

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Malaysian income tax:				
Current income tax	41,548	1,046,292	3,577	759,283
(Over)/underprovision in prior years	(38,721)	117,383	(94,933)	86,121
	<u>2,827</u>	<u>1,163,675</u>	<u>(91,356)</u>	<u>845,404</u>
Deferred tax (Note 33):				
Relating to origination and reversal of temporary differences	(270,048)	(116,610)	(318,993)	(27,468)
Relating to changes in tax rates	(36,593)	(42,765)	(13,587)	(29,522)
Underprovision in prior years	3,694	182,506	11,714	172,535
	<u>(302,947)</u>	<u>23,131</u>	<u>(320,866)</u>	<u>115,545</u>
Total income tax	<u>(300,120)</u>	<u>1,186,806</u>	<u>(412,222)</u>	<u>960,949</u>

With effect from year of assessment 2004, chargeable income of certain subsidiary companies (being residents in Malaysia with paid-up capital of less than RM2.5 million) are taxed at the following rates:

On the first RM500,000 : 20% (2007: 20%)
In excess of RM500,000 : 26% (2007: 27%)

Domestic income tax is calculated at the Malaysian 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% with effect from the year of assessment 2009. The computation of deferred tax as at 31 December 2008 has reflected these changes.

Notes To The Financial Statements

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31 December 2008

11. INCOME TAX (cont'd)

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

	2008 RM	2007 RM
Group		
Loss before tax	(6,286,115)	(403,410)
Taxation at statutory tax rate of 26% (2007: 27%)	(1,634,390)	(108,921)
Taxation at statutory tax rate of 20% (2007: 20%)	(4,373)	(71,531)
Effect of changes in tax rates on opening balance of deferred tax	(36,593)	(42,765)
Expenses available for double deduction	(5,104)	(9,113)
Income not subject to tax	(25,817)	(171,857)
Expenses not deductible for tax purposes	1,559,993	1,050,736
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(856,981)	(812,668)
Deferred tax assets recognised in respect of current year's tax losses and unabsorbed capital allowances	13,444	-
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	724,728	1,053,036
(Over)/underprovision of tax expense in prior years	(38,721)	117,383
Underprovision of deferred tax in prior years	3,694	182,506
Income tax (benefit)/expense for the year	(300,120)	1,186,806
Company		
Loss before tax	(8,125,263)	(2,019,620)
Taxation at statutory tax rate of 26% (2007: 27%)	(2,112,568)	(545,297)
Effect of changes in tax rates on opening balance of deferred tax	(13,587)	(29,522)
Expenses available for double deduction	(5,104)	(9,113)
Income not subject to tax	-	(98,865)
Expenses not deductible for tax purposes	1,369,787	1,385,090
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	432,469	-
(Over)/underprovision of tax expense in prior years	(94,933)	86,121
Underprovision of deferred tax in prior years	11,714	172,535
Income tax (benefit)/expense for the year	(412,222)	960,949

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31 December 2008

12. EARNINGS PER SHARE

(a) Basic

Basic earnings per share amounts are calculated by dividing loss for the year 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.

	2008 RM	2007 RM
Loss attributable to ordinary equity holders of the Company	(6,078,645)	(2,499,163)
Weighted average number of ordinary shares in issue	93,827,000	90,205,950
	2008 SEN	2007 SEN
Basic earnings per share	(6.48)	(2.77)

(b) Diluted

The Group does not have any diluted earnings per share for the year as the ESOS has expired on 20 March 2008. The diluted earnings per share for the previous financial years were not presented as it was anti-dilutive.

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

13. DIVIDENDS

	Dividends in respect of Year			Dividends Recognised in Year	
	2008 RM	2007 RM	2006 RM	2008 RM	2007 RM
Recognised during the year:					
First and final dividend for 2006: 3 sen per share less 27% taxation, on 90,121,200 ordinary shares (2.19 sen per ordinary share)	-	-	1,973,650	-	1,973,650

No dividend is proposed in respect of the current financial year ended 31 December 2008.

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14. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM	Freehold buildings RM	Leasehold buildings RM	Plant and machinery RM	Factory, tools and equipment RM	Motor vehicles RM	Computer and office equipment RM	Furniture, fittings and renovation RM	Total RM
Group									
At 31 December 2008									
Cost or valuation									
At 1 January 2008									
At cost	-	32,100	-	8,158,224	2,129,008	4,027,777	5,405,690	3,452,122	23,204,921
At valuation	5,800,000	5,118,792	875,000	-	-	-	-	-	11,793,792
	<u>5,800,000</u>	<u>5,150,892</u>	<u>875,000</u>	<u>8,158,224</u>	<u>2,129,008</u>	<u>4,027,777</u>	<u>5,405,690</u>	<u>3,452,122</u>	<u>34,998,713</u>
Additions	-	-	-	8,870	14,549	61,211	166,705	53,516	304,851
Disposals	-	-	-	(15,752)	(183,967)	(1,140,492)	(6,269)	-	(1,346,480)
Written off	-	-	-	-	(3,486)	-	(203,330)	-	(206,816)
Exchange differences	-	-	-	-	-	3,723	740	2,501	6,964
At 31 December 2008	<u>5,800,000</u>	<u>5,150,892</u>	<u>875,000</u>	<u>8,151,342</u>	<u>1,956,104</u>	<u>2,952,219</u>	<u>5,363,536</u>	<u>3,508,139</u>	<u>33,757,232</u>
Representing:									
At cost	-	32,100	-	8,151,342	1,956,104	2,952,219	5,363,536	3,508,139	21,963,440
At valuation	5,800,000	5,118,792	875,000	-	-	-	-	-	11,793,792
At 31 December 2008	<u>5,800,000</u>	<u>5,150,892</u>	<u>875,000</u>	<u>8,151,342</u>	<u>1,956,104</u>	<u>2,952,219</u>	<u>5,363,536</u>	<u>3,508,139</u>	<u>33,757,232</u>
Accumulated depreciation									
At 1 January 2008	-	355,388	26,847	5,972,417	1,757,144	3,085,778	4,655,318	2,501,936	18,354,828
Depreciation for the year	-	142,627	10,739	505,654	74,623	253,524	252,714	210,504	1,450,385
Disposals	-	-	-	(5,710)	(147,149)	(636,490)	(4,886)	-	(794,235)
Written off	-	-	-	-	(58)	-	(198,463)	-	(198,521)
Exchange differences	-	-	-	-	-	2,913	534	1,984	5,431
At 31 December 2008	-	498,015	37,586	6,472,361	1,684,560	2,705,725	4,705,217	2,714,424	18,817,888
Net carrying amount									
At cost	-	31,565	-	1,678,981	271,544	246,494	658,319	793,715	3,680,618
At valuation	5,800,000	4,621,312	837,414	-	-	-	-	-	11,258,726
At 31 December 2008	<u>5,800,000</u>	<u>4,652,877</u>	<u>837,414</u>	<u>1,678,981</u>	<u>271,544</u>	<u>246,494</u>	<u>658,319</u>	<u>793,715</u>	<u>14,939,344</u>

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14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold land RM	Freehold buildings RM	Leasehold buildings RM	Plant and machinery RM	Factory, tools and equipment RM	Motor vehicles RM	Computer and office equipment RM	Furniture, fittings and renovation RM	Total RM
Group (cont'd)									
At 31 December 2007									
Cost or valuation									
At 1 January 2007									
At cost	-	-	-	7,181,954	2,088,086	3,899,999	5,380,354	3,623,763	22,174,156
At valuation	6,350,000	5,368,792	875,000	-	-	-	-	-	12,593,792
	<u>6,350,000</u>	<u>5,368,792</u>	<u>875,000</u>	<u>7,181,954</u>	<u>2,088,086</u>	<u>3,899,999</u>	<u>5,380,354</u>	<u>3,623,763</u>	<u>34,767,948</u>
Additions	-	32,100	-	1,182,640	42,050	507,432	311,603	9,096	2,084,921
Disposal	(550,000)	(250,000)	-	(190,166)	-	(379,745)	(43,531)	-	(1,413,442)
Written off	-	-	-	(16,204)	(1,124)	-	(242,736)	(180,716)	(440,780)
Exchange differences	-	-	-	-	(4)	91	-	(21)	66
At 31 December 2007	<u>5,800,000</u>	<u>5,150,892</u>	<u>875,000</u>	<u>8,158,224</u>	<u>2,129,008</u>	<u>4,027,777</u>	<u>5,405,690</u>	<u>3,452,122</u>	<u>34,998,713</u>
Representing:									
At cost	-	32,100	-	8,158,224	2,129,008	4,027,777	5,405,690	3,452,122	23,204,921
At valuation	5,800,000	5,118,792	875,000	-	-	-	-	-	11,793,792
At 31 December 2007	<u>5,800,000</u>	<u>5,150,892</u>	<u>875,000</u>	<u>8,158,224</u>	<u>2,129,008</u>	<u>4,027,777</u>	<u>5,405,690</u>	<u>3,452,122</u>	<u>34,998,713</u>
Accumulated depreciation									
At 1 January 2007	-	236,866	16,108	5,578,465	1,645,468	3,005,736	4,660,135	2,442,188	17,584,966
Depreciation for the year	-	153,189	10,739	565,510	111,817	455,108	267,899	237,341	1,801,603
Disposals	-	(34,667)	-	(156,095)	-	(375,066)	(38,978)	-	(604,806)
Written off	-	-	-	(15,463)	(141)	-	(233,738)	(177,593)	(426,935)
At 31 December 2007	-	355,388	26,847	5,972,417	1,757,144	3,085,778	4,655,318	2,501,936	18,354,828
Net carrying amount									
At cost	-	31,565	-	2,185,807	371,864	941,999	750,372	950,186	5,231,793
At valuation	5,800,000	4,763,939	848,153	-	-	-	-	-	11,412,092
At 31 December 2007	<u>5,800,000</u>	<u>4,795,504</u>	<u>848,153</u>	<u>2,185,807</u>	<u>371,864</u>	<u>941,999</u>	<u>750,372</u>	<u>950,186</u>	<u>16,643,885</u>

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14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold land RM	Freehold buildings RM	Leasehold buildings RM	Plant and machinery RM	Factory, tools and equipment RM	Motor vehicles RM	Computer and office equipment RM	Furniture, fittings and renovation RM	Total RM
Company									
At 31 December 2008									
Cost or valuation									
At 1 January 2008									
At cost	-	-	-	198,483	854,263	2,643,797	3,244,435	1,872,043	8,813,021
At valuation	3,850,000	3,350,000	645,000	-	-	-	-	-	7,845,000
	3,850,000	3,350,000	645,000	198,483	854,263	2,643,797	3,244,435	1,872,043	16,658,021
Additions	-	-	-	-	5,950	-	61,487	29,015	96,452
Disposal (Note 14(e))	-	-	-	-	-	(550,000)	-	-	(550,000)
Written off	-	-	-	-	-	-	(5,545)	-	(5,545)
At 31 December									
2008	3,850,000	3,350,000	645,000	198,483	860,213	2,093,797	3,300,377	1,901,058	16,198,928
Representing:									
At cost	-	-	-	198,483	860,213	2,093,797	3,300,377	1,901,058	8,353,928
At valuation	3,850,000	3,350,000	645,000	-	-	-	-	-	7,845,000
At 31 December									
2008	3,850,000	3,350,000	645,000	198,483	860,213	2,093,797	3,300,377	1,901,058	16,198,928
Accumulated Depreciation									
At 1 January 2008	-	167,499	18,860	177,317	747,115	2,154,035	2,898,450	1,204,723	7,367,999
Depreciation for									
the year	-	67,000	7,544	4,289	22,390	202,219	120,876	122,054	546,372
Disposal (Note 14(e))	-	-	-	-	-	(385,000)	-	-	(385,000)
Written off	-	-	-	-	-	-	(4,950)	-	(4,950)
At 31 December									
2008	-	234,499	26,404	181,606	769,505	1,971,254	3,014,376	1,326,777	7,524,421
Net carrying amount									
At cost	-	-	-	16,877	90,708	122,543	286,001	574,281	1,090,410
At valuation	3,850,000	3,115,501	618,596	-	-	-	-	-	7,584,097
At 31 December									
2008	3,850,000	3,115,501	618,596	16,877	90,708	122,543	286,001	574,281	8,674,507

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14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold land RM	Freehold buildings RM	Leasehold buildings RM	Plant and machinery RM	Factory, tools and equipment RM	Motor vehicles RM	Computer and office equipment RM	Furniture, fittings and renovation RM	Total RM
Company (cont'd)									
At 31 December 2007									
Cost or valuation									
At 1 January 2007									
At cost	-	-	-	198,483	848,163	2,538,417	3,151,632	1,873,745	8,610,440
At valuation	3,850,000	3,350,000	645,000	-	-	-	-	-	7,845,000
	3,850,000	3,350,000	645,000	198,483	848,163	2,538,417	3,151,632	1,873,745	16,455,440
Additions	-	-	-	-	6,100	142,805	166,959	5,645	321,509
Disposals	-	-	-	-	-	(37,425)	(28,600)	-	(66,025)
Written off	-	-	-	-	-	-	(45,556)	(7,347)	(52,903)
At 31 December									
2007	3,850,000	3,350,000	645,000	198,483	854,263	2,643,797	3,244,435	1,872,043	16,658,021
Representing:									
At cost	-	-	-	198,483	854,263	2,643,797	3,244,435	1,872,043	8,813,021
At valuation	3,850,000	3,350,000	645,000	-	-	-	-	-	7,845,000
At 31 December									
2007	3,850,000	3,350,000	645,000	198,483	854,263	2,643,797	3,244,435	1,872,043	16,658,021
Accumulated depreciation									
At 1 January 2007	-	100,499	11,316	172,757	722,349	1,918,871	2,820,626	1,082,589	6,829,007
Depreciation for									
the year	-	67,000	7,544	4,560	24,766	272,588	139,934	126,465	642,857
Disposals	-	-	-	-	-	(37,424)	(25,030)	-	(62,454)
Written off	-	-	-	-	-	-	(37,080)	(4,331)	(41,411)
At 31 December									
2007	-	167,499	18,860	177,317	747,115	2,154,035	2,898,450	1,204,723	7,367,999
Net carrying amount									
At cost	-	-	-	21,166	107,148	489,762	345,985	667,320	1,631,381
At valuation	3,850,000	3,182,501	626,140	-	-	-	-	-	7,658,641
At 31 December									
2007	3,850,000	3,182,501	626,140	21,166	107,148	489,762	345,985	667,320	9,290,022

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Notes To The Financial Statements

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14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

- (a) Freehold land and buildings were revalued on 24 March 2005 by the directors based on a revaluation performed by Ms. Susie Tiong, a registered valuer of Yap Burgess Rawson International who is a member of the Institution of Surveyors, Malaysia. Valuation was made using the comparison method.

Had the revalued land and buildings of the Group and of the Company been carried under the cost model, the carrying amount would have been as follows:

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Freehold land and buildings	7,345,750	7,500,630	5,217,684	5,327,019
Long term leasehold buildings	667,008	675,321	589,276	596,462
	<u>8,012,758</u>	<u>8,175,951</u>	<u>5,806,960</u>	<u>5,923,481</u>

- (b) The carrying amount of fully depreciated assets of the Group and of the Company that are still in use amounted to RM14,577,119 (2007: RM13,071,719) and RM5,664,244 (2007: RM5,092,363) respectively.

- (c) In the previous financial year, the Group and the Company acquired property, plant and equipment at aggregate costs of RM1,130,336 and RM100,000 respectively by means of hire purchase. Net carrying amounts as at balance sheet date of property, plant and equipment held under hire purchase arrangements are as follows:

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Plant and machinery	1,319,574	1,689,452	-	-
Motor vehicles	149,029	700,260	111,864	378,757
	<u>1,468,603</u>	<u>2,389,712</u>	<u>111,864</u>	<u>378,757</u>

- (d) Freehold land and building of the Group with a net carrying amount of RM537,263 (2007: RM549,473) are pledged as securities for borrowings as disclosed in Note 31.

- (e) During the financial year, a motor vehicle of the Group and of the Company was transferred to a Director at its net book value of RM165,000, which forms part of the termination benefit paid to the said director as disclosed in Note 10 and Note 39.

- (f) Another motor vehicle of the Group was disposed to a Director of a subsidiary at disposal price of RM220,000 as disclosed in Note 39. The net book value of this motor vehicle amounted to RM276,320 as at the date of disposal.

15. INVESTMENT PROPERTIES

	Buildings RM
Group	
At 31 December 2008	
Cost	
At 1 January 2008/31 December 2008	2,534,394
Accumulated depreciation	
At 1 January 2008	75,223
Depreciation for the year	39,764
At 31 December 2008	<u>114,987</u>
Accumulated impairment loss	
At 1 January 2008/31 December 2008	1,199,512
Net carrying amount at 31 December 2008	<u>1,219,895</u>
Estimated fair value	<u>1,260,000</u>
At 31 December 2007	
Cost	
At 1 January 2007/31 December 2007	2,534,394
Accumulated depreciation	
At 1 January 2007	35,460
Depreciation for the year	39,763
At 31 December 2007	<u>75,223</u>
Accumulated impairment loss	
At 1 January 2007	546,222
Impairment for the year	653,290
At 31 December 2007	<u>1,199,512</u>
Net carrying amount at 31 December 2007	<u>1,259,659</u>
Estimated fair value	<u>1,280,000</u>

Notes To The Financial Statements

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15. INVESTMENT PROPERTIES (cont'd)

	Buildings RM
Company	
At 31 December 2008	
Cost	
At 1 January/31 December 2008	234,745
Accumulated depreciation	
At 1 January 2008	5,086
Depreciation for the year	4,695
At 31 December 2008	9,781
Net carrying amount at 31 December 2008	224,964
Estimated fair value	230,000
At 31 December 2007	
Cost	
At 1 January/31 December 2007	234,745
Accumulated depreciation	
At 1 January 2007	391
Depreciation for the year	4,695
At 31 December 2007	5,086
Net carrying amount at 31 December 2007	229,659
Estimated fair value	250,000

The impairment loss recorded in the previous financial year was in respect of the Group's investment properties, and was derived after considering the estimated fair value of those properties.

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31 December 2008

16. PREPAID LAND LEASE PAYMENTS

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
At valuation				
At 1 January/31 December	1,550,000	1,550,000	1,100,000	1,100,000
Amortisation				
At 1 January	47,790	28,674	32,165	19,299
During the year	19,116	19,116	12,866	12,866
At 31 December	66,906	47,790	45,031	32,165
	1,483,094	1,502,210	1,054,969	1,067,835
Analysed as:				
Long term leasehold land	1,483,094	1,502,210	1,054,969	1,067,835

The leasehold interest in land was revalued in March 2005 by the directors based on a valuation by an independent professional valuer, Ms. Susie Tiong, a registered valuer of Yap Burgess Rawson International who is a member of the Institution of Surveyors, Malaysia to reflect the market value on existing use basis. As allowed by the transitional provisions of FRS117, where the leasehold land had been previously revalued, the unamortised revalued amount of leasehold land is retained as the surrogate cost of prepaid land lease payments and is amortised over the remaining lease term of the leasehold land.

17. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2008 RM	2007 RM
Unquoted shares at cost	3,130,494	3,130,494
Less: Accumulated impairment losses	(595,771)	(530,954)
	2,534,723	2,599,540

Details of the subsidiaries are disclosed in Note 42.

The impairment loss of RM64,817 (2007: RMNil) was recorded after considering the value-in-use of the subsidiary concerned, which was based on the expected future cash-flow to be generated by the said subsidiary.

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18. INVESTMENT IN ASSOCIATES

(a) Investment in associates

	GROUP/COMPANY	
	2008 RM	2007 RM
Unquoted shares, at cost	-	1

During the year, the investment in associates were reclassified to other investment (Note 20) in view of the absence of significant influence in the operation and financial management of these associates.

The cost of investment in these former associates were written down in prior years.

Up to 31 December 2007, the cumulative unrecognised share of losses of these former associates amounted to RM3,040,971 based on management accounts.

(b) Due from an associate

	GROUP/COMPANY	
	2008 RM	2007 RM
Due from an associate	-	393,826
Less: Allowance for doubtful debts	-	(320,000)
	-	73,826

The amount due from the associate in the previous financial year was unsecured, had fixed terms of repayment and attracted interest at 18% per annum.

During the year, the amount due from an associate has transferred to other receivables in Note 24 as resulted from the note as disclosed in Note 18(a).

Details of the associates are disclosed in Note 42.

The summarised financial information of the associates in the previous financial year was as follows:

	2007 RM
Assets and liabilities	
Current assets	1,858,677
Non-current assets	6,965,771
Total assets	8,824,448
Current liabilities	12,166,266
Non-current liabilities	7,626,108
Total liabilities	19,792,374
Results	
Revenue	4,674,785
Loss for the year	(4,409,917)

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19. JOINTLY CONTROLLED OPERATION

A joint venture arrangement was established by the Company to undertake construction activities with a joint venture partner, Greenspan Technology Pty Ltd, a corporation incorporated in Queensland, Australia. Each party uses its own assets to participate in the joint venture activities and incur liabilities separately, which represents its own obligations.

The share of income and expenses of the Company in the jointly controlled operations is based on work done by the individual joint venture partners and have been accounted for separately in the financial statements as follows:

	GROUP/COMPANY	
	2008 RM	2007 RM
Contribution/share of:		
Construction revenue	164,681	3,907,999
Construction costs	(8,127)	(3,685,084)

20. OTHER INVESTMENTS

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Quoted shares in Malaysia, at cost	1,364,788	1,364,788	1,364,788	1,364,788
Less: Impairment losses	(1,137,901)	(872,593)	(1,137,901)	(872,593)
	226,887	492,195	226,887	492,195
Unquoted shares in Malaysia	1	-	1	-
Transferable memberships in golf clubs, at cost	449,000	449,000	264,000	264,000
Less: Impairment losses	(264,000)	(135,000)	(150,000)	(91,000)
	185,000	314,000	114,000	173,000
	411,888	806,195	340,888	665,195
Market value:				
Quoted shares in Malaysia	226,887	492,195	226,887	492,195

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21. DEVELOPMENT COSTS

	GROUP/COMPANY	
	2008 RM	2007 RM
Cost		
At 1 January/31 December	2,757,475	2,757,475
Accumulated amortisation		
At 1 January	2,654,989	2,489,283
Amortised during the financial year	79,020	165,706
At 31 December	2,734,009	2,654,989
Net carrying value		
At 31 December	23,466	102,486

22. INVENTORIES

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Cost				
Finished goods	2,689,368	3,212,088	684,014	921,311
Raw materials	7,672,308	11,221,037	6,096,672	8,140,051
Work-in-progress	712,956	5,800,591	483,922	871,561
	11,074,632	20,233,716	7,264,608	9,932,923
Net realisable value				
Finished goods	92,159	18,658	-	18,658
Raw materials	239,940	-	-	-
	332,099	18,658	-	18,658
	11,406,731	20,252,374	7,264,608	9,951,581

In the previous financial year, the Company and a wholly-owned subsidiary, Industronics Manufacturing Sdn. Bhd. ("IMSB"), conducted their annual stock count procedures in order to properly reflect the position of inventories as at financial year end. As a result of this, both the Company and IMSB effected adjustments to recognise variances between the physical inventories balances and their book balances by approximately RM5.9 million and RM2.7 million respectively. The effect of these adjustments was to reduce the income of the Group and of the Company by RM8.6 million and RM5.9 million respectively with corresponding reductions in the inventories reflected in their respective balance sheets. Management attributed the cause of these variances primarily to errors in recording consumption of these inventories. These variances were recognised in the respective income statements of the Group and of the Company in the previous financial year.

Notes To The Financial Statements

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31 December 2008

23. TRADE RECEIVABLES

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Trade receivables				
Third parties	23,092,787	23,571,124	8,159,052	11,461,158
Retention sums on contracts (Note 25)	4,191,577	4,021,343	3,604,433	3,410,568
	27,284,364	27,592,467	11,763,485	14,871,726
Less: Allowance for doubtful debts	(6,130,914)	(2,516,196)	(2,799,563)	(569,016)
Trade receivables, net	21,153,450	25,076,271	8,963,922	14,302,710

The Group's and Company's normal trade credit term ranges from 60 to 90 (2007: 60 to 90) days. Other credit terms are assessed and approved on a case-by-case basis. As at balance sheet date, the Group has concentration of credit risk in the form of outstanding balances due from eight (2007: nine) debtors representing 51% (2007: 38%) of total trade receivables. Trade receivables are non-interest bearing.

As at 31 December, trade receivables outstanding for greater than 1 year are as follows:

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Debts greater than 1 year	1,160,554	7,636,239	374,874	4,371,574
Retention sums on contracts	2,673,373	1,324,087	2,673,373	1,309,395
	3,833,927	8,960,326	3,048,247	5,680,969
Percentage of total trade receivables, net	18%	36%	34%	40%

In assessing the recoverability of these debts, the directors have given due consideration to all pertinent information relating to the ability of these debtors to settle their debts. Aside from allowances for doubtful debts made above, the directors have assessed the remaining amounts owing greater than 1 year to be fully recoverable, notwithstanding that these debts have exceeded the terms granted. Accordingly, no further provision has been made in respect of these amount.

Notes To The Financial Statements

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31 December 2008

24. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Sundry receivables	1,426,542	682,416	1,167,518	227,213
Less: Allowance for doubtful debts	(562,890)	(156,637)	(477,553)	(71,300)
	863,652	525,779	689,965	155,913
Deposits	267,743	245,515	112,660	97,464
Prepayments	220,364	270,255	78,309	93,186
	<u>1,351,759</u>	<u>1,041,549</u>	<u>880,934</u>	<u>346,563</u>

In view of the fact that the Group's and the Company's sundry receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

As at 31 December, sundry receivables outstanding greater than 1 year are as follows:

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Debts greater than 1 year	97,995	70,937	21,994	56,008
Percentage of total sundry receivables, net	11%	13%	3%	36%

In assessing the recoverability of these debts, the directors have given due consideration to all pertinent information relating to the ability of these debtors to settle their debts. Aside from allowances for doubtful debts made above, the directors have assessed the remaining amounts owing greater than 1 year to be fully recoverable, notwithstanding that these debts have exceeded the terms granted. Accordingly, no further provision has been made in respect of these amount.

Other information on financial risks of other receivables are disclosed in Note 40.

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25. DUE FROM/(TO) CUSTOMERS ON CONTRACT

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Contract costs incurred to date	42,440,287	57,658,473	32,588,327	48,417,029
Attributable profits	17,131,889	24,935,598	13,781,495	21,235,755
	59,572,176	82,594,071	46,369,822	69,652,784
Less: Progress billings	(59,340,080)	(82,569,862)	(45,461,622)	(70,574,181)
	<u>232,096</u>	<u>24,209</u>	<u>908,200</u>	<u>(921,397)</u>
Represented by:				
Due from customers on contract	2,973,906	3,915,947	1,772,000	2,382,449
Due to customers on contract	(2,741,810)	(3,891,738)	(863,800)	(3,303,846)
	<u>232,096</u>	<u>24,209</u>	<u>908,200</u>	<u>(921,397)</u>
Retention sum on contracts, included within trade receivables (Note 23)	4,191,577	4,021,343	3,604,433	3,410,568

26. DUE FROM/(TO) SUBSIDIARIES

	COMPANY	
	2008 RM	2007 RM
Due from subsidiaries - non current	6,077,373	10,279,911
Less: Allowance for doubtful debts	(5,804,427)	(6,772,125)
	<u>272,946</u>	<u>3,507,786</u>
Due from subsidiaries - current	930,738	677,209
Less: Allowance for doubtful debts	(337,244)	(299,303)
	<u>593,494</u>	<u>377,906</u>
	<u>866,440</u>	<u>3,885,692</u>
Due to subsidiaries	<u>(333,940)</u>	<u>(10,703)</u>

The amounts due from/(to) subsidiaries are non-interest bearing, unsecured and repayable on demand except for the non current amounts due from subsidiaries which are not expected to be repaid within the foreseeable future.

The current balances with subsidiaries arose from trade transactions. The normal trade credit term given ranges from 60 to 90 (2007: 60 to 90) days.

Further details on related party transactions are disclosed in Note 39.

Notes To The Financial Statements

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31 December 2008

27. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Cash on hand and at banks	8,310,937	12,144,167	6,156,005	10,447,686
Fixed deposits with licensed banks	15,537,817	12,459,461	9,198,620	7,314,376
Cash and bank balances	<u>23,848,754</u>	<u>24,603,628</u>	<u>15,354,625</u>	<u>17,762,062</u>

Included in fixed deposits with licensed banks are the following fixed deposits which are not readily available for use :

- (a) fixed deposits of the Group and of the Company of RM6,729,156 (2007: RM3,300,029) and RM3,329,156 (2007: RM3,318,005) respectively which are held under lien by a bank for contract financing granted to the Group and to the Company; and
- (b) fixed deposits of the Group of RMNil (2007: RM12,024) are pledged to a bank for credit facilities granted to a subsidiary.

The range of effective interest rates of deposits at the balance sheet date were as follows:

	GROUP/COMPANY	
	2008 %	2007 %
Licensed banks	3.40 to 3.70	3.40 to 3.70

The average maturities of deposits as at the end of the financial year were as follows:

	GROUP		COMPANY	
	2008 Months	2007 Months	2008 Months	2007 Months
Licensed banks	<u>1 to 7</u>	<u>8</u>	<u>4 to 7</u>	<u>12</u>

Other information on financial risks of cash and cash equivalents are disclosed in Note 40.

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	23,848,754	24,603,628	15,354,625	17,762,062
Less: Fixed deposits not readily available for use	(6,729,156)	(3,330,029)	(3,329,156)	(3,318,005)
	<u>17,119,598</u>	<u>21,273,599</u>	<u>12,025,469</u>	<u>14,444,057</u>
Bank overdrafts (Note 31)	(1,560,462)	(1,705,845)	(56,520)	(566,865)
Total cash and cash equivalents	<u>15,559,136</u>	<u>19,567,754</u>	<u>11,968,949</u>	<u>13,877,192</u>

Notes To The Financial Statements

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31 December 2008

28. SHARE CAPITAL AND TREASURY SHARES

	Number of ordinary share of RM0.50 each		<----- Amount ----->	
	Share capital (issued and fully paid) Unit	Treasury shares Unit	Share capital (issued and fully paid) RM	Treasury shares RM
At 1 January 2007	90,953,000	(1,120,600)	45,476,500	(540,328)
Ordinary shares issued during the year pursuant to ESOS (Note 29)	1,433,000	-	716,500	-
Purchase of treasury shares	-	(10,400)	-	(4,826)
At 31 December 2007	<u>92,386,000</u>	<u>(1,131,000)</u>	<u>46,193,000</u>	<u>(545,154)</u>
Ordinary shares issued during the year pursuant to ESOS (Note 29)	2,877,000	-	1,438,500	-
At 31 December 2008	<u>95,263,000</u>	<u>(1,131,000)</u>	<u>47,631,500</u>	<u>(545,154)</u>

	Number of ordinary share of RM0.50 each		Amount	
	2008	2007	2008 RM	2007 RM
Authorised share capital				
At 1 January/31 December	<u>200,000,000</u>	<u>200,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>

Authorised share capital

At 1 January/31 December	<u>200,000,000</u>	<u>200,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>
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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.

(a) Ordinary shares issued for cash

During the financial year, the Company issued 2,877,000 (2007: 1,433,000) new ordinary shares of RM0.50 each through the exercise of Company's ESOS at an average exercise price of RM0.50 (2007: RM0.50) per ordinary shares for cash. The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

(b) Treasury shares

This amount relates to the acquisition cost of treasury shares.

The shareholders of the Company via the Annual General Meeting held on 9 June 2006 provided their mandate for the Company to repurchase its own ordinary shares up to a maximum of 9,900,000 ordinary shares of RM0.50 each representing ten per cent (10%) of the issued and paid up share capital of the Company (assuming that all the ESOS options which have been or may be granted are fully exercised). The Directors 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.

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28. SHARE CAPITAL AND TREASURY SHARES (cont'd)

(b) Treasury shares (cont'd)

The Company did not purchase any treasury share during the financial year. Cumulatively, the Company repurchased 1,131,000 of its issued ordinary shares from the open market at an average price of RM0.48 per share. The total consideration paid for the repurchased including transaction costs was RM545,154. The repurchased 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 1965. None of the treasury shares were sold or cancelled during the financial year.

Of the total 95,263,000 (2007: 92,386,000) issued and fully paid ordinary shares as at 31 December 2008, 1,131,000 (2007: 1,131,000) are held as treasury shares by the Company. As at 31 December 2008, the number of outstanding ordinary shares in issue after the set off is therefore 94,132,000 (2007: 91,255,000) ordinary shares of RM0.50 each.

29. INDUSTRONICS BERHAD EMPLOYEE SHARE OPTION SCHEME ("ESOS" or the "Scheme")

The Company's Employee Share Option Scheme ("ESOS" or the "Scheme") was approved by the shareholders at the Extraordinary General Meeting held on 10 February 2003 and became effective on 21 March 2003. The ESOS was in force for a duration of five (5) years commencing 21 March 2003 and expired on 20 March 2008.

The principal features of the ESOS were as follows:

- The total number of options offered under the Scheme did not exceed 10% of the total issued and paid-up share capital of the Company at any point in time during the duration of the Scheme.
- Eligible employees and Executive Directors of the Company and its subsidiary companies were entitled to the ESOS for the subscription of new ordinary shares of RM0.50 each in the Company. Employees who were eligible to participate in the Scheme were in service with the Group for a continuous period of at least one (1) year for Malaysian employees (including full time Executive Directors) and non-Malaysian employees. In the case of employees under employment contracts, the contracts' duration should be of at least 2 years for Malaysian employees and 5 years for non-Malaysian employees.
- An option granted under the ESOS were capable of being exercised by the grantee by notice in writing to the Company during the year commencing from the date of the offer and expired on 20 March 2008. The options granted were exercisable by the grantee as follows:

Number of Options Granted	Maximum Percentage of Options Exercisable in Each Year Commencing from Date of Offer				
	Year 1	Year 2	Year 3	Year 4	Year 5
Below 10,000	100%	-	-	-	-
10,000 to less than 20,000	50%	50%	-	-	-
20,000 to less than 100,000	#40%	30%	*30%	-	-
100,000 and above	25%	25%	25%	25%	-

40% or 20,000 Options, whichever is lower

* 30% or the remaining number of Options unexercised

- The Scheme were administered by the Option Committee comprising senior management personnel appointed by the Board.
- All the new ordinary shares issued arising from the ESOS ranked pari passu in all respect with the existing ordinary shares of the Company.

Notes To The Financial Statements

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31 December 2008

29. INDUSTRONICS BERHAD EMPLOYEE SHARE OPTION SCHEME ("ESOS" or the "Scheme") (cont'd)

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year up to the expiry of the ESOS:

	Number of Share Options @ RM0.50 each					Outstanding and exercisable at 31 December
	Outstanding at 1 January	Granted	Exercised	Forfeited	Lapsed	
2008	4,166,000	-	(2,877,000)	-	(1,289,000)	-
WAEP	RM0.50	RM0.50	RM0.50	RM0.50	RM0.50	RM0.50
2007	5,839,000	996,000	(1,433,000)	(1,236,000)	-	4,166,000
WAEP	RM0.50	RM0.50	RM0.50	RM0.50	RM0.50	RM0.50

(a) Share options exercised during the year

Exercise date	Exercise price	Fair value of ordinary shares RM	Number of options Unit	Considerations received RM
2008				
January	0.50	0.50 - 0.61	293,000	146,500
February	0.50	0.62 - 0.71	1,508,000	754,000
March	0.50	0.60 - 0.66	1,076,000	538,000
			<u>2,877,000</u>	<u>1,438,500</u>

(b) Fair value of share options granted in the previous year

The fair value of share options granted in the previous year was estimated by using Black Scholes valuation, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions are as follows:

	Granted on May 2007
Fair value of share options at the grant date (RM):	
Weighted average share price (RM)	0.50
Weighted average exercise price (RM)	0.50
Expected volatility (%)	5.78
Expected life (years)	1.08
Risk free rate (%)	3.43
Expected dividend yield (%)	6.00

The expected life of the share options was based on historical data and was not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility was indicative of future trends, which may also not necessarily be the actual outcome. No other feature of the option grant were incorporated into the measurement of fair value.

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31 December 2008

30. RESERVES

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Non-distributable				
Share option reserve (Note a)	25,319	14,988	-	2,328
Share premium	732	330	732	330
Foreign currency translation reserve (Note b)	101,464	31,746	-	-
Revaluation reserves (Note c)	1,892,893	1,892,893	1,908,782	1,908,782
	<u>2,020,408</u>	<u>1,939,957</u>	<u>1,909,514</u>	<u>1,911,440</u>
Distributable				
Retained earnings/(Accumulated losses)	2,395,877	8,472,596	(7,738,315)	(27,200)
	<u>4,416,285</u>	<u>10,412,553</u>	<u>(5,828,801)</u>	<u>1,884,240</u>

(a) Share option reserve

The share option reserve represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on grant of share options.

(b) 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.

(c) Revaluation reserve

Revaluation reserve comprise the cumulative changes, net of tax effects, arising from the revaluation of freehold and leasehold land and buildings which are not distributable.

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31. BORROWINGS

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Short term borrowings				
Secured:				
Term loans	37,221	33,374	-	-
Hire purchase liabilities (Note 32)	354,837	506,443	33,315	58,450
	<u>392,058</u>	<u>539,817</u>	<u>33,315</u>	<u>58,450</u>
Unsecured:				
Bank overdrafts	1,560,462	1,705,845	56,520	566,865
Trust receipts	39,594	-	-	-
Bankers acceptances	505,000	1,671,733	-	350,196
Term loans	-	170,586	-	170,586
	<u>2,105,056</u>	<u>3,548,164</u>	<u>56,520</u>	<u>1,087,647</u>
	<u>2,497,114</u>	<u>4,087,981</u>	<u>89,835</u>	<u>1,146,097</u>
Long term borrowings				
Secured:				
Term loans	238,554	277,281	-	-
Hire purchase liabilities (Note 32)	401,574	822,551	34,868	68,184
	<u>640,128</u>	<u>1,099,832</u>	<u>34,868</u>	<u>68,184</u>
Total borrowings				
Bank overdrafts	1,560,462	1,705,845	56,520	566,865
Trust receipts	39,594	-	-	-
Bankers acceptances	505,000	1,671,733	-	350,196
Term loans	275,775	481,241	-	170,586
Hire purchase liabilities (Note 32)	756,411	1,328,994	68,183	126,634
	<u>3,137,242</u>	<u>5,187,813</u>	<u>124,703</u>	<u>1,214,281</u>

Notes To The Financial Statements

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31. BORROWINGS (cont'd)

The range of effective interest rates during the financial year for these borrowings, excluding hire purchase payables, were as follows:

Type of rate	GROUP		COMPANY	
	2008 %	2007 %	2008 %	2007 %
Bank overdrafts	Floating 8.00 - 9.25	2.00 - 8.80	8.00 - 8.25	8.25
Trust receipts	Floating 8.25	-	-	-
Bankers acceptances	Floating 0.75 - 1.50	0.75 - 8.75	0.75 - 1.50	0.75 - 1.50
Term loans	Fixed 6.25	6.96	8.25	8.25

The maturity periods for these borrowings, excluding hire purchase payables, were as follows:

	GROUP		COMPANY	
	2008	2007	2008	2007
Bank overdrafts	On demand	On demand	On demand	On demand
Trust receipts	On demand	-	-	-
Bankers acceptances	On demand	On demand	On demand	On demand
Term loans				
- secured	2008 - 2015	2008 - 2015	-	-

Term loans

The secured term loan of the Group is pledged against a freehold land and building of a subsidiary at carrying amount of RM537,263 (2007: RM549,473) as disclosed in Note 14.

The unsecured term loan of the Company in the previous financial year was in relation to the outstanding sum of corporate guarantee provided to financial institutions for banking facilities granted to its former subsidiary due to payment default by the former subsidiary.

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31 December 2008

32. HIRE PURCHASE LIABILITIES

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Future minimum lease payments:				
Not later than 1 year	392,459	575,833	35,760	62,592
Later than 1 year and not later than 2 years	296,484	451,610	35,740	35,760
Later than 2 years and not later than 5 years	125,894	431,298	-	35,740
Total minimum future lease payments	814,837	1,458,741	71,500	134,092
Less: Future finance charges	(58,426)	(129,747)	(3,317)	(7,458)
Present value of finance lease liabilities	756,411	1,328,994	68,183	126,634

Analysis of present value of finance

lease liabilities:				
	GROUP	COMPANY		
	2008	2007	2008	2007
Not later than 1 year	354,837	506,443	33,315	58,450
Later than 1 year and not later than 2 years	279,428	412,350	34,868	33,315
Later than 2 years and not later than 5 years	122,146	410,201	-	34,869
	756,411	1,328,994	68,183	126,634
Less: Amount due within 12 months (Note 31)	(354,837)	(506,443)	(33,315)	(58,450)
Amount due after 12 months (Note 31)	401,574	822,551	34,868	68,184

The hire purchase liabilities of the Group and the Company bear effective interest rate range from 4.61% to 13.51% (2007: 4.60% to 14.90%) and 4.61% (2007: 4.61% to 4.66%) per annum respectively.

Other information on hire purchase liabilities are disclosed in Note 40.

33. DEFERRED TAXATION

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
At 1 January	988,559	1,038,508	341,545	226,000
Recognised in income statement	(302,947)	23,131	(320,866)	115,545
Recognised in equity	-	(73,080)	-	-
At 31 December	685,612	988,559	20,679	341,545
Presented after appropriate offsetting as follows:				
Deferred tax liabilities	685,612	988,559	20,679	341,545

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33. DEFERRED TAXATION (cont'd)

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

Deferred Tax Liabilities of the Group:

	Accelerated capital allowances RM	Revaluation surplus of land and buildings RM	Others RM	Total RM
At 1 January 2008	835,501	245,600	-	1,081,101
Recognised in income statement	(244,908)	(8,548)	-	(253,456)
At 31 December 2008	590,593	237,052	-	827,645
At 1 January 2007	467,502	652,658	20,348	1,140,508
Recognised in income statement	367,999	(333,978)	(20,348)	13,673
Recognised in equity	-	(73,080)	-	(73,080)
At 31 December 2007	835,501	245,600	-	1,081,101

Deferred Tax Assets of the Group:

	Unused tax losses and unabsorbed capital allowances RM	Provisions RM	Total RM
At 1 January 2008	(71,893)	(20,649)	(92,542)
Recognised in income statement	(28,782)	(20,709)	(49,491)
At 31 December 2008	(100,675)	(41,358)	(142,033)
At 1 January 2007	(102,000)	-	(102,000)
Recognised in income statement	30,107	(20,649)	9,458
At 31 December 2007	(71,893)	(20,649)	(92,542)

Deferred Tax Liabilities of the Company:

	Accelerated capital allowances RM	Revaluation surplus of land and buildings RM	Total RM
At 1 January 2008	320,866	20,679	341,545
Recognised in income statement	(320,866)	-	(320,866)
At 31 December 2008	-	20,679	20,679
At 1 January 2007	42,000	184,000	226,000
Recognised in income statement	278,866	(163,321)	115,545
At 31 December 2007	320,866	20,679	341,545

Notes To The Financial Statements

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31 December 2008

33. DEFERRED TAXATION (cont'd)

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

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Unused tax losses	8,847,623	10,015,065	1,336,171	-
Unabsorbed capital allowance	2,822,267	1,981,926	327,173	-
Other temporary differences	-	129,856	-	-
	11,669,890	12,126,847	1,663,344	-

The unutilised tax losses and unabsorbed capital allowances of the Group are available indefinitely for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority. Deferred tax assets have not been recognised in respect of these items as it is not probable that taxable profit of subsidiaries will be available against which unused tax losses or deductible temporary differences can be utilised.

34. PROVISIONS

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Maintenance warranties				
At 1 January	46,969	-	46,969	-
Provision made during the year	93,329	46,969	61,729	46,969
At 31 December	140,298	46,969	108,698	46,969

Maintenance warranties

The Company gives an average one (1) year warranty on certain products and undertakes to repair or replace items that fail to perform satisfactorily due to manufacturing defect. A provision is recognised for expected warranty claims on products sold during the year, based on past experience of the level of repairs. Assumptions used to calculate the provision for warranties were based on current sales levels and current data on repair and replacement costs on past one year warranty period for all products sold.

35. TRADE PAYABLES

The normal trade credit terms granted to the Group and the Company range from 60 to 90 (2007:60 to 90) days.

Trade payables are non-interest bearing.

Notes To The Financial Statements

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31 December 2008

36. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Accruals	3,678,674	5,496,058	2,752,795	4,540,041
Other payables	4,018,889	4,429,045	3,332,212	3,107,446
	<u>7,697,563</u>	<u>9,925,103</u>	<u>6,085,007</u>	<u>7,647,487</u>

Included in accruals in the previous financial year was accrual for termination benefit of RM600,000.

37. OPERATING LEASE COMMITMENTS

Operating lease payments represent rentals payable by the Group and the Company for use of office buildings and warehouse.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as liabilities, are as follows:

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Future minimum rental payments:				
Not later than 1 year	132,198	96,562	28,300	27,000
Later than 1 year and not later than 5 years	15,585	50,214	-	-
	<u>147,783</u>	<u>146,776</u>	<u>28,300</u>	<u>27,000</u>

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31 December 2008

38. CONTINGENT LIABILITIES

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Unsecured:				
Corporate guarantees given to banks for credit facilities granted to subsidiaries	-	-	3,725,122	4,943,616
Contingent liabilities arising from letter of indemnity given to third parties	710,724	1,315,040	-	-
Potential liquidated ascertained damages chargeable by customers *	-	1,277,500	-	1,277,500
	<u>710,724</u>	<u>2,592,540</u>	<u>3,725,122</u>	<u>6,221,116</u>

* The potential liquidated ascertained damages in the previous year was in respect of a project which was completed subsequent to year end. However, no claim has been formally made by the customer up to the reporting date.

39. RELATED PARTY DISCLOSURES

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

(a) Group

	2008 RM	2007 RM
Motor vehicle sold to a director of a subsidiary	220,000	-
Motor vehicle transferred to a director as part of termination benefits	(165,000)	-
Allowance for doubtful debts on amount due from an associate	(73,826)	(320,000)

(b) Company

	2008 RM	2007 RM
Sales to subsidiary companies	675,878	1,121,734
Purchases from subsidiary companies	(13,818,613)	(6,228,813)
Consultancy fee paid to a Director of the company	-	(17,472)
Termination benefits payable to a Director of the company	-	(600,000)
Allowance for doubtful debts on amount due from an associate	(73,826)	(320,000)
Motor vehicle transferred to a director as part of termination benefits	(165,000)	-
Interest income receivable from an associate	-	57,600
Management fee receivable from a subsidiary company	36,000	36,000
Dividend income from a subsidiary company	-	1,020,000
Rental income from subsidiary companies	174,300	182,400

Information regarding outstanding balances arising from related party transactions as at 31 December 2008 are disclosed in Note 26.

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39. RELATED PARTY DISCLOSURES (cont'd)

(c) Remuneration package of key management personnel

The remuneration package of the Directors and other member of key management personnel during the year are as follows:-

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Short-term employees benefits	4,220,775	4,918,257	2,276,772	2,453,233
Defined contribution plan	432,209	448,204	206,724	192,912
Estimated benefits-in-kind	83,283	51,950	33,283	51,950
Termination benefits	565,550	600,000	565,550	600,000
	<u>5,301,817</u>	<u>6,018,411</u>	<u>3,082,329</u>	<u>3,298,095</u>

Included in the total key management personnel are:

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Directors' remuneration (Note 10)	<u>2,358,554</u>	<u>2,867,686</u>	<u>1,590,341</u>	<u>1,885,138</u>

Executive directors of the Group and the Company and other members of key management have been granted the following number of options under the Employee Share Option Scheme:

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
At 1 January	2,553,000	2,548,000	1,762,000	1,762,000
Granted	-	25,000	-	-
Exercise	(1,463,000)	-	(1,015,000)	-
Forfeited	-	(20,000)	-	-
Expired	(1,090,000)	-	(747,000)	-
At 31 December	<u>-</u>	<u>2,553,000</u>	<u>-</u>	<u>1,762,000</u>

The share options were granted on the same terms and conditions as those offered to other employees of the Group as disclosed in Note 29.

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40. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policies were established to ensure the adequacy of financial resources for business development and in managing its cash flow and interest rate risks, foreign currency risk, liquidity risk and credit risks. Capital resources of the Group are managed and allocated centrally to ensure that all business units with the Group maintains sufficient and prudent level of capital and liquidity at all times. The Group operates within clearly defined guidelines that are approved by the Board of Directors.

The Group's policies in respect of the major areas of financial risk activities are set out as follows:

(i) Credit Risk

Credit risk is the risk of default by clients and counterparties. Cash deposits and trade receivables may give rise to credit risk which requires the loss to be recognised if a counterparty fails to perform as contracted. It is the Group's policy to monitor the financial standing of these counterparties on an on-going basis to ensure that the Group's exposure to credit risk is minimal.

The Group manages its credit risk by controlling the application of credit approvals, limits and other monitoring procedures on receivables.

The Group and the Company have no significant concentration of credit risk except that as at balance sheet date, the majority of their fixed deposits and short term placements are placed with major licensed financial institutions in Malaysia and as disclosed in Note 27.

(ii) Liquidity Risk

Liquidity risk, also referred to as funding risk, is the risk of the Group in raising adequate funds to meet its commitments associated with financial instruments.

The Group manages the funding needs and allocates funds in such manner that all business units maintains optimum levels of liquidity sufficient in meeting their operating requirements. Furthermore, financial commitments are closely monitored to ensure that the Group is able to meet its obligations as and when they fall due and that refinancing needs are met.

(iii) Foreign Currency Risk

Currency risk is the risk of fluctuation in the value of a financial instrument due to changes in foreign exchange rates. The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to United States Dollar, Swiss Francs, Japanese Yen, Euro Dollar, Singapore Dollar, Thai Baht, Chinese Renminbi and Indian Rupee. Currency risks relating to operating activities in the ordinary course of business of the Group are minimal as the Group's activities are mostly transacted in Ringgit Malaysia. These currency risks are generally not hedged, such risk may be naturally hedged through planned course of business and by matching income and expenditure to minimise currency exchange fluctuation.

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40. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

(iii) Foreign Currency Risk (cont'd)

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

	Net Financial Assets/(Liabilities) Held in Non-Functional Currencies													Total
	United													
	Ringgit Malaysia	Singapore Dollar	United States Dollar	Australian Dollar	Japanese Yen	Sterling Pound	Swiss Francs	Canadian Dollar	Euro Dollar	Thai Baht	New Zealand Dollar	Philippines Peso	Others	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	
Functional Currency of Group Companies														
At 31 December 2008														
Ringgit Malaysia	-	(147,956)	5,861,370	(40,173)	(28,662)	(41,463)	(29,121)	14	7,060	3,329,515	1,018	1,034	1,151	8,913,787
Singapore Dollar	-	-	11,039	-	-	-	-	-	-	-	-	-	-	11,039
Vietnam Dong	-	-	100,201	-	-	-	-	-	-	-	-	-	-	100,201
	-	(147,956)	5,972,610	(40,173)	(28,662)	(41,463)	(29,121)	14	7,060	3,329,515	1,018	1,034	1,151	9,025,027
At 31 December 2007														
Ringgit Malaysia	-	(586,218)	(2,796,875)	6,408	(613,325)	(43,157)	(33,256)	4,299	(37,165)	7,850,049	-	-	-	3,750,760
Singapore Dollar	(210,587)	-	86,505	-	-	-	-	-	-	-	-	-	-	(124,082)
Vietnam Dong	-	-	52,301	-	-	-	-	-	-	-	-	-	-	52,301
	(210,587)	(586,218)	(2,658,069)	6,408	(613,325)	(43,157)	(33,256)	4,299	(37,165)	7,850,049	-	-	-	3,678,979

(iv) Cash flow and interest rate risk

Cash flow risk is the risk fluctuation in the amounts of future cash flows associated with a monetary financial instrument. Cash flow forecasts are prepared incorporating all major transactions. Any temporary excess funds, as and when available, from operating cash cycles, are invested in short term placements and fixed deposits with a wide array of licensed financial institutions at the most competitive interest rates obtainable.

The Group's and the Company's cash flow and interest rate risks are in respect of the floating interest rate borrowings.

Notes To The Financial Statements

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40. FINANCIAL INSTRUMENTS (cont'd)

(b) Fair Values

In addition to information disclosed elsewhere in the financial statements, 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:

	Note	GROUP Carrying Amount RM	Fair Value RM	COMPANY Carrying Amount RM	Fair Value RM
At 31 December 2008					
Financial Assets:					
Due from subsidiaries					
- non current	26	-	-	272,946	*
- current	26	-	-	593,494	*
Financial Liabilities:					
Term loans	31	275,775	315,322	-	-
Hire purchase liabilities	32	756,411	747,571	68,183	68,200
At 31 December 2007					
Financial Assets:					
Due from an associate	18(b)	73,826	*	73,826	*
Due from subsidiaries					
- non current	26	-	-	3,507,786	*
- current	26	-	-	377,906	*
Financial Liabilities:					
Term loans	31	481,241	550,252	170,586	202,707
Hire purchase liabilities	32	1,328,994	1,750,118	126,634	125,900

* It is not practical to estimate the fair value of loan from an associate and amounts from subsidiary companies due principally to the inability to estimate the settlement date without incurring excessive costs as these amounts lack a fixed repayment term. However, the Company does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would be eventually settled.

The following methods and assumptions used by management to determine fair values of the following classes of financial instruments:

- Cash and cash equivalents, receivables/payables and short term borrowings
The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments. The discounted amounts are not material.
- Other investments
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.
- Borrowings
The fair value of borrowings is estimated by discounting the expected future cash flows using the current interest rates for assets and liabilities with similar risk profiles.

Notes To The Financial Statements

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41. SEGMENT INFORMATION - GROUP

(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.

(b) Primary reporting format - business segments

The Group comprises the following main business segments:

- | | |
|---|---|
| Telecommunication | - Supply and service of telecommunication equipment, audio visual multimedia systems, intelligent transportation system and major system integration projects involving Information Communication Technology. |
| Security systems, mechanical and electrical engineering ("M&E") | - Supply and installation of security systems. Specialist in fire protection system design and installation works and mechanical engineering services. Industrial maintenance and service works. Trading of transport equipment and provision of related services. Manufacturing of filter inclusive of import and marketing. |
| Electronics products | - Design, manufacturing and installation of electronics and microprocessor controlled products. Renting of electronic board. Trading, maintenance and supply of industrial electronic equipment. |
| Fabrication and manufacturing | - Involving in precision sheet metal fabrications works and manufacturing of precision fabrication. |
| Other Operations | - <u>Advertising</u>
Advertising agency providing services in all areas of commercial advertising. Media advertising with a special focus on electronic media.

- <u>Automation</u>
Provide consultation project management and system integration services in industrial automation. Design, manufacture and distribution of power electronics products. |

(c) Secondary reporting format - geographical segments

The Group operates in four principal geographical areas based on location of assets:

- | | |
|-----------|---|
| Malaysia | - all main businesses disclose in primary reporting format-business segments (Note 41(b)) |
| Singapore | - trading, maintenance and supply of industrial electronic equipment |
| China | - inactive |
| Vietnam | - supply, construction and maintenance of specialised mechanical and electrical equipment and electronic display, engineering service provider for these equipment together with fire protection and air-conditioning/ventilation equipment |

Notes To The Financial Statements

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41. SEGMENT INFORMATION - GROUP (cont'd)

(d) Allocation basis and transfer pricing

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

Unallocated income mainly comprise interest income from short term deposits, dividend from other investments and gain on disposal of marketable securities and derivatives derived by the Group's non-core business. Segment assets consist primarily of long term and current assets and mainly exclude short term investment in shares of the Group's non-core business and tax recoverable. Segment liabilities comprise operating liabilities and exclude current tax payable and borrowings.

Inter-segment sales comprise revenue from projects and trading, office rental and secretarial and management fees. The inter-segment transactions have been entered into in the ordinary course of of business at terms mutually agreed between the companies concerned and are not less favourable than those arranged with independent third parties.

Notes To The Financial Statements

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41. SEGMENT INFORMATION - GROUP (cont'd)

2008

Primary reporting format - business segments

	Telecom- munication RM'000	Security systems & M&E RM'000	Electronics products RM'000	Fabrication and manu- facturing RM'000	Other operations RM'000	Elimination RM'000	Consolidated RM'000
Revenue							
Revenue from							
external customers	9,434	19,096	27,924	8,037	1,591	-	66,082
Inter-segment revenue	-	213	713	13,706	834	(15,466)	-
Total revenue	9,434	19,309	28,637	21,743	2,425	(15,466)	66,082
Results							
Segment results	1,318	408	(8,438)	1,422	(379)	239	(5,430)
Add : Unallocated income							-
Operating loss							(5,430)
Add: Investing results	-	(70)	(374)	-	-	65	(379)
Less : Finance costs	(34)	(125)	(174)	(141)	(3)	-	(477)
Loss before tax							(6,286)
Income tax expense							300
Loss for the year							(5,986)
Attributable to :							
Equity holders of the Company							(6,079)
Minority Interests							93
							(5,986)
Other information							
Segment assets	6,209	24,498	42,852	7,034	2,015	(3,796)	78,812
Segment liabilities	(6,160)	(8,050)	(4,948)	(6,417)	(5,877)	9,826	(21,626)
Capital expenditure	19	100	127	51	8	-	305
Allowance for doubtful debts	44	1,346	2,587	238	99	(250)	4,064
Allowance for doubtful debts written back	(50)	(110)	(66)	(3)	(79)	92	(216)
Write down of inventories	122	176	4,235	-	-	-	4,533
Reversal of inventories written down	-	-	-	(45)	-	-	(45)
Bad debts written off	-	31	7	-	-	-	38
Depreciation and amortisation	120	334	460	574	21	-	1,509
Impairment loss on transferable membership in golf clubs	(6)	70	65	-	-	-	129
Property, plant and equipment written off	1	3	-	-	-	-	4
Net unrealised foreign exchange loss	6	(150)	791	54	(15)	20	706

Notes To The Financial Statements

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41. SEGMENT INFORMATION - GROUP (cont'd)

2008

Secondary reporting format - geographical segments

	Malaysia RM'000	Singapore RM'000	China RM'000	Vietnam RM'000	Elimination RM'000	Consolidated RM'000
Revenue						
Revenue from external customers	64,765	1,288	-	29	-	66,082
Other information						
Segment assets	80,770	1,019	776	43	(3,796)	78,812
Capital expenditure	253	49	-	3	-	305

Notes To The Financial Statements

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41. SEGMENT INFORMATION - GROUP (cont'd)

2007

Primary reporting format - business segments

	Telecom- munication RM'000	Security systems & M&E RM'000	Electronics products RM'000	Fabrication and manu- facturing RM'000	Other operations RM'000	Elimination RM'000	Consolidated RM'000
Revenue							
Revenue from							
external customers	31,876	25,930	26,822	8,357	1,582	-	94,567
Inter-segment revenue	39	815	1,190	5,749	910	(8,703)	-
Total revenue	31,915	26,745	28,012	14,106	2,492	(8,703)	94,567
Results							
Segment results	9,063	2,656	(12,945)	(3,063)	(374)	5,203	540
Add : Unallocated income							-
Operating profit							540
Add: Investing results	-	(533)	1,307	-	-	(1,020)	(246)
Less : Finance costs							(697)
Loss before tax							(403)
Income tax expense							(1,187)
Loss for the year							(1,590)
Attributable to :							
Equity holders of the Company							(2,499)
Minority Interests							909
							(1,590)
Other information							
Segment assets	8,778	22,351	54,566	14,296	2,448	(7,161)	95,278
Segment liabilities	(15,051)	(6,180)	(3,665)	(14,736)	(6,007)	13,165	(32,474)
Capital expenditure	48	632	279	1,108	18	-	2,085
Allowance for doubtful debts	29	468	4,912	583	161	(4,769)	1,384
Allowance for doubtful debts written back	(345)	(73)	(57)	-	(18)	-	(493)
Write down of inventories	23	100	498	265	103	-	989
Bad debts written off	343	182	69	24	63	-	681
Depreciation and amortisation	152	485	684	681	24	-	2,026
Impairment loss on transferable membership in golf clubs	28	44	63	-	-	-	135
Impairment loss on investment properties	-	653	-	-	-	-	653
Inventories written off	-	-	62	-	-	-	62
Property, plant and equipment written off	11	1	-	2	-	-	14
Net unrealised foreign exchange gain	-	(6)	(21)	(68)	16	21	(58)

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41. SEGMENT INFORMATION - GROUP (cont'd)

2007

Secondary reporting format - geographical segments

	Malaysia RM'000	Singapore RM'000	China RM'000	Vietnam RM'000	Elimination RM'000	Consolidated RM'000
Revenue						
Revenue from external customers	93,790	777	-	-	-	94,567
Other information						
Segment assets	100,987	650	674	128	(7,161)	97,278
Capital expenditure	2,071	6	-	8	-	2,085

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42. SUBSIDIARIES AND ASSOCIATES

(a) Subsidiaries

Details of subsidiaries are as follows:

Name of subsidiaries	Country of Incorporation	Equity Interest		Principal Activities
		2008 %	2007 %	
Held by the Company:				
ScreenRental Sdn. Bhd.	Malaysia	100	100	Dormant
Industronics Multimedia Sdn. Bhd.	Malaysia	100	100	Dormant
# Industronics Automation Sdn. Bhd.	Malaysia	100	100	Provide consultation project management and system integration services in industrial automation
# ~ Industronics Manufacturing Sdn. Bhd.	Malaysia	100	100	Assembly, installation and maintenance of hightech electronics appliances and communication
# TTE Electronics Sdn. Bhd.	Malaysia	100	100	Assembly of electronics device and contract manufacturing
Olympex Sdn. Bhd.	Malaysia	100	100	Dormant
* Industronics (Guangzhou) Co. Ltd.	People's Republic of China	100	100	Inactive
# Ademco (Malaysia) Sdn. Bhd.	Malaysia	95	95	Supply and installation of security systems
* Industrial Electronics (S) Pte. Ltd.	Singapore	70	70	Trading, maintenance and supply of industrial electronic equipment
# Primeworth (M) Sdn. Bhd.	Malaysia	69.2	69.2	Involving in precision sheet metal fabrications works
Asian Advertising (M) Sdn. Bhd.	Malaysia	55	55	Advertising agency providing services in all areas of commercial advertising
Dasar Spektrum (M) Sdn. Bhd.	Malaysia	55	55	Dormant
# Sukitronics Sdn. Bhd.	Malaysia	51	51	Specialist in fire protection system design and installation works and mechanical engineering services
* Industronics Corporation Ltd.	Vietnam	100	100	Supply, assembly and maintenance of electronics displays, mechanical & electrical equipment

Notes To The Financial Statements

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42. SUBSIDIARIES AND ASSOCIATES (cont'd)

(a) Subsidiaries (cont'd)

Name of subsidiaries	Country of Incorporation	Equity Interest		Principal Activities
		2008 %	2007 %	
Held through Sukitronics Sdn. Bhd.				
Sukitronics PMC Sdn. Bhd.	Malaysia	100	100	Mechanical engineering and contracting in fire fighting system
# SKT. Innova Sdn. Bhd.	Malaysia	100	100	Manufacturing of filter inclusive of import and marketing
# Advance Power Trade Sdn. Bhd.	Malaysia	81	81	Industrial maintenance and service works
@ Accumax Technology Sdn. Bhd.	Malaysia	40	40	Engineering contracting work
Sukitronics Corporation Ltd.	Vietnam	100	100	Providing engineering services on fire protection, air-conditioning and ventilation, mechanical and electrical/ electronics equipment
Held through Primeworth (M) Sdn. Bhd.				
# PW Precision Sdn. Bhd.	Malaysia	100	100	Manufacturing of precision fabrication
#	The auditors' reports on the financial statements of these subsidiaries were qualified on the basis that Messrs. Ernst & Young, the auditors that appointed in year 2007, did not observe the counting of the physical inventories as of 31 December 2006 so as to satisfy themselves as to the quantities, ownerships and conditions of those inventories since that date was prior to their initial engagement as auditors for these subsidiaries. The records of the Company and its subsidiaries do not permit adequate retroactive audit procedures on the inventory quantities, ownerships and conditions as at 1 January 2007.			
~	The auditors' report on the financial statements of this subsidiary is qualified on the basis that due to the records of the subsidiary, Messrs. Ernst & Young was not able to carry out adequate appropriate audit procedures so as to satisfy themselves as to the appropriateness of the adjustments with regards the unidentified differences between the subsidiary's carrying value of inventories based on physical inventory count and that as recorded in its books as at 1 January 2008.			
*	Subsidiary companies audited by firms of chartered accountants other than Messrs. Ernst & Young.			
@	Pursuant to Shareholders Agreement dated 27 March 2002 entered into between Sukitronics Sdn. Bhd. ("SSB") and Abdul Kudus bin Mohd Yunus and Nordin bin Sarip for granting the control of the composition of the Board of Directors of Accumax Technology Sdn. Bhd. ("ATSB") to SSB. Hence, ATSB is deemed to be a subsidiary company of SSB pursuant to Section 5(1) of Companies Act, 1965.			

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42. SUBSIDIARIES AND ASSOCIATES (cont'd)

(b) Associates

Details of associates are as follows:

Name of associates	Country of Incorporation	Equity Interest		Principal Activities
		2008 %	2007 %	
Held by the Company:				
~ Floramerge Sdn. Bhd. ¹	Malaysia	-	40	Inactive
~ PDX Computers Sdn. Bhd. ¹	Malaysia	-	23	Winding up
~ PDX.com Sdn. Bhd. ¹	Malaysia	-	24	Providing information technologies and electronics appliances

~ The cost of investment in these associated companies had been fully written off to the income statement in prior years.

¹ These investee ceased to be an associate of the Company in the current financial year in view of the absence of significant influence in the operation and financial management of the associate. As such, these investment have been reclassified as other investments as disclosed in Note 18 and Note 20.

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43. MATERIAL LITIGATIONS

Other than as disclosed below, the Group and the Company are not involved, either as plaintiff or defendant, in any other material litigations. In this aspect, the Directors are not aware of any other proceedings pending and against the Group and the Company or any events likely to give rise to a litigation which might materially or adversely affect the financial position and business operations of the Group and the Company.

(a) Claim by Sukitronics PMC Sdn. Bhd. (formerly known as Sukitronics (Penang) Sdn. Bhd.) against Mustajab Indah Sdn. Bhd.

On 25 June 2001, Sukitronics PMC Sdn. Bhd. (formerly known as Sukitronics (Penang) Sdn. Bhd.) ("Sukitronics PMC") claimed against Mustajab Indah Sdn Bhd ("Mustajab") for an amount of RM2,083,695.35 on account of work done, loss of profit, interest and finance charges arising from Mustajab's breach of an agreement dated 29 October 1998 between the parties thereof. Sukitronics PMC pursued the claim under arbitration with the President of Persatuan Arkitek Malaysia. On 8 March 2005, the Arbitrator awarded that Mustajab shall pay to Sukitronics PMC approximately RM1,460,666.58 being the balance of progress claims unpaid, the loss and expense, storage charges, loss of profits and interests on outstanding amount; and Mustajab shall also bear the costs of award and Sukitronics PMC's costs of reference.

The solicitors of Sukitronics PMC have filed an Originating Summon to register the Arbitrator's Award as Saman Pemula in the High Court of Kuala Lumpur. The matter which was fixed for hearing on 3 March 2006 and postponed to 7 March 2007 and then to 24 September 2007, has been adjourned to 20 November 2007. On 20 November 2007, Sukitronics PMC obtained the court judgement to enforce the award. As Mustajab does not appear to be active, the only option would be to wind up Mustajab if this has not yet been done. Pursuant to a winding up search on Mustajab, it was found that the said company has been wound up on 20 July 2004.

Upon further enquiry with the Insolvency Department, it was confirmed that Sukitronics PMC can still file their Proof of Claim against the company with the Official Receiver. Sukitronics PMC is in the process of collating the documents and settling the proof of claim form. The forms to the Insolvency Department are being settled and once complete, the documents including the Proof of Debt and General Proxy will be filed.

44. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 26 February 2008, the Board approved the deregistration of Industronics (Guangzhou) Co. Ltd, a wholly-owned subsidiary.
- (b) On 6 March 2008, Sukitronics (Penang) Sdn. Bhd., a wholly-owned subsidiary of Sukitronics Sdn. Bhd., has changed its name to Sukitronics PMC Sdn. Bhd.
- (c) During the period from 1 January 2008 to 20 March 2008, the Company allotted 2,877,000 ordinary shares of RM0.50 each fully paid up in the capital of the Company at the option price of RM0.50 per share under the Industronics Berhad Employee Share Option Scheme, and that following the said allotment, the total issued and paid up capital of the Company increased to RM47,631,500 comprising 95,263,000 ordinary shares of RM0.50 each.
- (d) On 9 May 2008, Filtertech Sdn. Bhd., a wholly-owned subsidiary of Sukitronics Sdn. Bhd., has changed its name to SKT. Innova Sdn. Bhd.

Additional Compliance Information

(Pursuant to the Listing Requirements)

Options, Warrants or Convertible Securities

The Company has not issued any options, warrants or convertible securities during the financial year ended 31 December 2008.

American Depository Receipt (ADR) or Global Depository Receipt (GDR)

The Company did not sponsor any ADR or GDR programme for the financial year ended 31 December 2008.

Imposition of Sanction and/or Penalties

There were no sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year saved as disclosed below.

During the financial year on 10 December 2008, Bursa Malaysia Securities Berhad ("Bursa Securities") publicly reprimanded the Company for breaching paragraph 9.22(1) and 9.23(b) of the Listing Requirements of Bursa Securities ("LR"). Bursa Securities also publicly reprimanded and imposed a total fine of RM53,000 on four (4) directors, namely Dr. Lim Jit Chow (RM19,000), Ms. Lim Hsiu Hoon (RM19,000), Mr. Lim Jit Fu (RM7,600) and Gan Boon Chuan (RM7,600) who were the executive directors (or alternate to executive director) at the material time, found to be in breach of paragraph 16.11 of the LR.

Non-Audit Fees

There were no non-audit fees paid by the Company to external auditors for the financial year ended 31 December 2008.

Variation in Results

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

Profit Guarantee

There was no profit guarantee given by the Company during the financial year ended 31 December 2008.

Material Contract

There were no material contracts entered into by the Company and its subsidiary companies involving Directors' and major shareholders' interests which were still subsisting as at the end of the financial year ended 31 December 2008 or if not then subsisting, entered into since the end of the previous financial year.

Additional Compliance Information

(cont'd)

Revaluation Policy of Landed Properties

The revaluation of landed properties are made at least once in every five (5) years based on a valuation by an independent valuer on an open market value basis. The last valuation was carried out in year 2005

Share Buy Back

During the year, the Company did not enter into any share buy-back transaction.

Total number of shares bought back and held as treasury shares as at 31 December 2008 is 1,131,000 shares.

List Of Properties

as at 31 December 2008

Location	Tenure	Description of Property (approximate land area)	Existing use	Age of Building	Value RM	Date of Revaluation / Acquisition
COMPANY						
9 Jalan Taming 3 Taman Tanming Jaya 43300 Seri Kembangan Selangor D.E.	Freehold	Industrial land and building (14,876 sq ft)	Factory, office and warehouse	18 years	2,619,500	March 2005
6 Jalan Perusahaan Utama Taman Perindustrian Selesa Jaya 43300 Seri Kembangan Selangor D.E.	Freehold	Industrial land and building (38,430 sq ft)	Factory, office and warehouse	11 years	4,346,000	March 2005
39 Jalan Sungai Besi Indah 1/21 Taman Sungai Besi Indah 43300 Seri Kembangan Selangor D.E.	Leasehold (99 years) Expire in 2091	Shop office (143 sq m.)	General Office	8 years	843,975	March 2005
41 Jalan Sungai Besi Indah 1/21 Taman Sungai Besi Indah 43300 Seri Kembangan Selangor D.E.	Leasehold (99 years) Expire in 2091	Shop office (143 sq m.)	General Office	8 years	829,590	March 2005
HS (D) 159898 No. PT 1693, Pekan Panchor Daerah Seremban Negeri Sembilan	Leasehold (99 years) Expire in 2103	Industrial land (1,552 sq. m.)	Vacant land	N/A	224,964	December 2006

List Of Properties

(cont'd)

as at 31 December 2008

Location	Tenure	Description of Property (approximate land area)	Existing use	Age of Building	Value RM	Date of Revaluation / Acquisition
SUBSIDIARY COMPANIES						
No. 8, Jalan 5/5 Taman Perindustrian Selesa Jaya 43300 Seri Kembangan Selangor D.E.	Freehold	Industrial land and building (4,000 sq ft)	Factory and office	13 years	537,263	March 2005
No. 60, Jalan Manis 3 Taman Segar, Cheras 56100 Kuala Lumpur	Leasehold (99 years) Expire in 2077	Shop office (1,539 sq ft.)	General Office	31 years	646,943	March 2005
No. 22, Jalan Pendidik U1/31 Seksyen U1 Hicom Glenmarie Industrial Park 40150 Shah Alam Selangor D.E.	Freehold	Industrial land and building (9,750 sq ft)	Factory and office	11 years	2,104,149	March 2005
No. 20, Jalan Pendidik U1/31 Seksyen U1 Hicom Glenmarie Industrial Park 40150 Shah Alam Selangor D.E.	Freehold	Industrial land and building (3,900 sq ft)	Office and warehouse	11 years	845,965	March 2005
# GF53, Jalan Persiaran Tun Sri Lanang, Daerah Sentral 80000 Johor Bahru Johor D.T.	Leasehold (99 years) Expire in 2095	Shoplot (475 sq ft)	Retail outlet	8 years	386,000	March 2005
# GF53A, Jalan Persiaran Tun Sri Lanang, Daerah Sentral 80000 Johor Bahru Johor D.T.	Leasehold (99 years) Expire in 2095	Shoplot (475 sq ft)	Retail outlet	8 years	386,000	March 2005
No 6A-13-2A, Kondominium BBK Persiaran Bukit Raja 41150 Klang Selangor D.E.	Leasehold (99 years) Expire in 2093	Condominium (1,605 sq ft)	Vacant	7 years	222,932	November 2005

Analysis of Shareholdings

as at 8 May 2009

Authorised Capital	:	RM100,000,000
Issued and Paid up Capital	:	RM47,631,500
Class of shares	:	Ordinary Shares of RM 0.50 each
Voting Rights	:	One Vote per Share

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings (Number of Ordinary Shares)	Number of Shareholders	% of Shareholders	Total Shareholdings [^]	% of Shareholdings
Less than 100	5	0.31	230	0.00
100 - 1,000	115	7.10	55,616	0.06
1,001 - 10,000	1,173	72.41	5,686,754	5.97
10,001 - 100,000	273	16.85	6,950,400	7.30
100,001 to less than 5% of issued shares	50	3.09	37,643,800	39.52
5% and above of issued shares	4	0.25	44,926,200	47.16
Total:	1,620	100.00	95,263,000	100.00

Note:

[^] Inclusive the total number of shares bought back of 1,131,000 units held as Treasury Shares as at 8 May 2009.

DIRECTORS' INTERESTS

In the Company	Direct Interest		Deemed Interest	
	No. of Shares	% [^]	No. of Shares	% [^]
Dato' Haji Wan Abdullah B W Salleh	-	-	-	-
Dr. Lim Jit Chow	19,550,000 ¹	20.77	2,340,000 ²	2.49
Gan Boon Chuan	332,500	0.35	-	-
Dr. Junid bin Abu Saham	-	-	-	-
Ooi Soon Kiam	-	-	-	-
Pawan Kumar Ruia	-	-	26,003,900 ³	27.62
Deepak Kumar Ruia	-	-	-	-
Raj Kishor Khandelwal	-	-	-	-
Mazlan bin Duaji	-	-	9,812,300 ⁴	10.42
Lim Jit Fu (alternate to Dr. Lim Jit Chow)	355,400	0.38	-	-
Somesh Ganeriwal (alternate to Pawan Kumar Ruia)	-	-	-	-

Notes:

[^] Taking into account shares bought back held as Treasury Shares as at 8 May 2009.

1. Shares are held in own name and nominee accounts.

2. Deemed to have interest by virtue of Section 6A(4) of the Companies Act, 1965, via spouse and children.

3. Deemed to have interest by virtue of Section 6A(4) of the Companies Act, 1965, via Bloom Billions Sdn Bhd.

4. Deemed to have interest by virtue of Section 6A(4) of the Companies Act, 1965, via HPM Development (L) Pte. Ltd.

Analysis of Shareholdings

(cond't)

as at 8 May 2009

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
	No. of Shares	% [^]	No. of Shares	% [^]
1. Bloom Billions Sdn Bhd	26,003,900	27.62	-	-
2. Zipco Industrial Finance Pvt. Ltd.	-	-	26,003,900 ²	27.62
3. Indo Wagon Engineering Limited	-	-	26,003,900 ²	27.62
4. Ruia Sons Private Limited	-	-	26,003,900 ²	27.62
5. Pawan Kumar Ruia	-	-	26,003,900 ²	27.62
6. Dr. Lim Jit Chow	19,550,000 ¹	20.77	2,340,000 ³	2.49
7. Vertical Source Sdn Bhd	8,301,800	8.82	-	-
8. HPM Development (Labuan) Pte. Ltd.	-	-	9,812,300 ⁴	10.42
9. Mazlan bin Duaji	-	-	9,812,300 ⁵	10.42

Notes:

[^] Taking into accounts shares bought back that held as Treasury Shares as at 8 May 2009.

1. Shares are held in own name and nominee accounts.

2. Deemed to have interest by virtue of Section 6A(4) of the Companies Act, 1965, via Bloom Billions Sdn Bhd.

3. Deemed to have interest by virtue of Section 6A(4) of the Companies Act, 1965, via spouse and children.

4. Deemed to have interest by virtue of Section 6A(6) of the Companies Act, 1965, via Vertical Source Sdn Bhd and lifin Planners Sdn Bhd.

5. Deemed to have interest by virtue of Section 6A(4) of the Companies Act, 1965, via HPM Development (Labuan) Pte. Ltd.

THIRTY LARGEST SHAREHOLDERS

Name of Shareholder	No. of Shares	% [^]
1. Bloom Billions Sdn Bhd	26,003,900	27.62
2. Lim Jit Chow	10,620,500	11.28
3. Vertical Source Sdn Bhd	8,301,800	8.82
4. Hontar Holdings Sdn Bhd	4,518,000	4.80
5. Lim Hock Guan	4,337,100	4.61
6. Amsec Nominees (Tempatan) Sdn Bhd [Ambank (M) Berhad for Lim Jit Chow]	3,300,000	3.51
7. RHB Capital Nominees (Tempatan) Sdn Bhd [Pledged Securities Account for Lim Jit Chow]	2,650,000	2.82
8. Tye Tek Ngo	2,118,000	2.25
9. HSBC Nominees (Tempatan) Sdn Bhd [Pledged Securities Account for Lim Jit Chow]	2,100,000	2.23
10. Lim Yit Peng	1,712,000	1.82
11. Mayban Securities Nominees (Tempatan) Sdn Bhd [Pacific Trustees Berhad for lifin Planners Sdn Bhd]	1,500,500	1.59
12. Ng Gat Cheng	1,310,000	1.39
13. Lim Fung Tao	1,120,000	1.19

Analysis of Shareholdings

(cont'd)

as at 8 May 2009

THIRTY LARGEST SHAREHOLDERS (cont'd)

Name of Shareholder	No. of Shares	% ^
14. Wealth Overseas Pte Ltd	1,018,000	1.08
15. Geoffrey Lim Fung Keong	821,800	0.87
16. Lim Hsiu Hoon	700,000	0.74
17. Zecon Engineering Berhad	689,500	0.73
18. Gan Wee Peng	655,800	0.70
19. RHB Capital Nominees (Tempatan) Sdn Bhd <i>[Pledged Securities Account for Lim Jit Chow]</i>	640,000	0.68
20. Inter-Pacific Equity Nominees (Asing) Sdn Bhd <i>[Kim Eng Securities Pte Ltd for Lim Jit Teng]</i>	594,000	0.63
21. Mah Seong Huak	550,600	0.58
22. Tye Pei Pin	520,000	0.55
23. Mohd Tahir Bin Haji Abdul Manan	425,000	0.45
24. Lim Jit Teng @ Lim Yit Teng	363,500	0.39
25. Lim Hsiu Yen	342,000	0.36
26. Gan Boon Chuan	332,500	0.35
27. Ho Keong Bin	331,000	0.35
28. Lim Jit Fu	305,000	0.32
29. HSBC Nominees (Asing) Sdn Bhd <i>[Exempt An for Credit Suisse (Sg Br-Tst-Asing)]</i>	262,500	0.28
30. Chu Too Kiew	252,000	0.27
	77,244,500	82.06

^ Taking into account shares bought back and held as Treasury Shares as at 8 May 2009.

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirty Fourth Annual General Meeting of the shareholders of Industronics Berhad will be held at **Hang Tuah Room, Level 3, Palace Beach & Spa, Jalan Dulang, Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan** at **10.00 a.m.** on **Wednesday, 24 June 2009** for purpose of transacting the following businesses:-

AS ORDINARY BUSINESS

- To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2008 together with the Report of the Directors and Auditors thereon. **Resolution 1**
- To approve the payment of Directors' fees in respect of the financial year ended 31 December 2008. **Resolution 2**
- To re-elect the following directors who retire in accordance with Article 97 of the Company's Articles of Association and, being eligible, offer themselves for re-election:-
 - Dr. Lim Jit Chow **Resolution 3**
 - Mr. Ooi Soon Kiam **Resolution 4**
- To re-elect the following directors who retire in accordance with Article 102 of the Company's Articles of Association and, being eligible, offer themselves for re-election:
 - Mr. Raj Kishor Khandelwal **Resolution 5**
 - Dato' Haji Wan Dollah @ Wan Abdullah B.W. Salleh **Resolution 6**
 - Mr. Pawan Kumar Ruia **Resolution 7**
- To appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 8**

AS SPECIAL BUSINESS

- As Special Business to consider and, if thought fit, pass the following resolution :** **Resolution 9**
ORDINARY RESOLUTION - GENERAL AUTHORITY TO ALLOT AND ISSUE SHARES
 "THAT, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (10%) of the total issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."
- To transact any other business for 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

NG PEK WAN (BC No. N867)

LEE LAI HUAT (BC No. L787)

Secretaries

Seri Kembangan

2 June 2009

Notice Of Annual General Meeting (cont'd)

1. NOTES ON APPOINTMENT OF PROXY

- a. *A member entitled to attend and vote at this meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a member of the Company. Where a member appoints two or more proxies the appointment shall be invalid unless he specifies the proportions of his holding to be represented by each proxy. The instrument appointing a proxy must be deposited at the Registered Office of the Company at No. 9 Jalan Taming 3, Taman Tanming Jaya, 43300 Seri Kembangan, Selangor D.E. not less than 48 hours before the time set for holding the meeting or any adjournment thereof.*
- b. *In the case of a corporation, the Form of Proxy must be either under its common seal or signed by a duly authorised attorney.*

2. EXPLANATORY NOTES ON SPECIAL BUSINESS

- a. **Resolution 9**
The proposed Ordinary Resolution 9, if passed, will give the Directors of the Company, from the date of the above Annual General Meeting, authority to allot and issue ordinary shares from the unissued capital of the Company up to an amount not exceeding in total 10% of the issued capital of the Company for the time being, for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company at a general meeting, expire at the next Annual General Meeting.

3. STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

The statement accompanying the notice of the Thirty Fourth Annual General Meeting is set out in the following page of the Annual Report 2008.

Statement Accompanying The Notice Of Annual General Meeting

1. Directors Standing for Re-Election

The directors who are offering themselves for re-election at the Thirty Fourth Annual General Meeting of the Company are:

- 1.1 In accordance to Article 97 of the Company's Articles of Association:-
 - (a) Dr. Lim Jit Chow
 - (b) Ooi Soon Kiam
- 1.2 In accordance with Article 102 of the Company's Articles of Association:-
 - (a) Mr. Raj Kishor Khandelwal
 - (b) Dato' Haji Wan Dollah @ Wan Abdullah B.W. Salleh
 - (c) Mr. Pawan Kumar Ruia

The details of the directors seeking re-election are set out in their respective profile that appear in the Board of Directors' Profile from pages 19 to 23. Their interests in the securities of the Company, if any, are disclosed in the Analysis of Shareholdings on page 124.

2. Details of Attendance of Directors at Board Meeting

A total of seven (7) Board meetings were held in the financial year ended 31 December 2008.

The details of attendance of Directors are set out in the Directors' Profile appearing on page 24 of this Annual Report.

No. of shares held

I / We _____ (Please Use Block Letters)

of _____

being a member/members of Industronics Berhad hereby appoint _____

of _____

or failing him _____

of _____

 as my/our proxy to vote for me/us on my/our behalf at the **Thirty Fourth Annual General Meeting** of the Company to be held at **Hang Tuah Room, Level 3, Palace Beach & Spa, Jalan Dulang, Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan at 10.00 a.m. on Wednesday, 24 June 2009** and at any adjournment there of.

My/our proxy is to vote as indicated as below:-

RESOLUTIONS	FOR	AGAINST
1. Resolution 1		
2. Resolution 2		
3. Resolution 3		
4. Resolution 4		
5. Resolution 5		
6. Resolution 6		
7. Resolution 7		
8. Resolution 8		
9. Resolution 9		

Please indicate with 'X' in the appropriate spaces how you wish your votes to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he thinks fit, or at his discretion, abstain from voting.

Signed this _____ day of _____ 2009

 Signature of Shareholder

Notes :-

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a member of the Company. Where a member appoints two or more proxies, the appointment shall be invalid unless he specifies the proportions of his holding to be represented by each proxy. The instrument appointing a proxy must be deposited at the Registered Office of the Company at No. 9, Jalan Taming 3, Taman Tanming Jaya, 43300 Seri Kembangan, Selangor Darul Ehsan not less than 48 hours before the time set for holding the meeting or any adjournment thereof.
2. In the case of a corporation, the Form of Proxy must be either under seal or signed by a duly authorised attorney.

fold this flap for sealing

Affix
Stamp

Company Secretary

INDUSTRONICS BERHAD

No. 9, Jalan Taming 3, Taman Tanming Jaya
43300 Seri Kembangan
Selangor Darul Ehsan
Malaysia

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1st fold here