

# ANNUAL REPORT 2008



**Nagamas International Berhad** (111365-U)

隆基马中国际有限公司

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# Corporate Information

## Board of Directors

Dato' Tan Yik Huay  
(Executive Chairman)

Dato' Ng Kek Kiong  
(Executive Director)

Dato' Lee Ah Chien @ Lee Ow Kim  
(Senior Independent Non-Executive Director)

Datuk Azizan Bin Abd Rahman  
(Independent Non-Executive Director)

Ng Fung Mo  
(Executive Director)

Liu Xiuqing  
(Independent Non-Executive Director)

Wong Soo Thiam  
(Independent Non-Executive Director)

Ian Ghee Eik Kai  
(Non-Independent Non-Executive Director)

## Company Secretaries

Yeoh Chong Keat (MIA 2736)  
Lim Fei Chia (MAICSA 7036158)

## Registered Office

Suite 11.1A, Level 11, Menara Weld  
76 Jalan Raja Chulan  
50200 Kuala Lumpur  
Telephone : 03-2031 1988  
Facsimile : 03-2031 9788

## Corporate Address

2nd Floor, Lot 33, Wisma Malaysia-Beijing  
Jalan Maharajalela 50150 Kuala Lumpur  
Telephone : 03-2141 8818  
Facsimile : 03-2144 2868

## Industrial Division Address

No. 5, Jalan Pelabur 23/1  
40300 Shah Alam  
Selangor Darul Ehsan  
Telephone : 03-5541 0612  
Facsimile : 03-5541 0132

## Board Committees

### Audit Committee

Dato' Lee Ah Chien @ Lee Ow Kim (Chairman)  
Datuk Azizan Bin Abd Rahman  
Wong Soo Thiam

### Remuneration Committee

Dato' Lee Ah Chien @ Lee Ow Kim (Chairman)  
Dato' Tan Yik Huay  
Datuk Azizan Bin Abd Rahman

### Nomination Committee

Datuk Azizan Bin Abd Rahman (Chairman)  
Dato' Lee Ah Chien @ Lee Ow Kim  
Wong Soo Thiam

## Auditors

Tai, Yapp & Co. (AF 0205)  
Chartered Accountants  
No. 3-2, Jalan Indrahana 2  
Off Jalan Kuchai Lama  
58200 Kuala Lumpur  
Telephone : 03-7983 0948  
Facsimile : 03-7981 9912

## Share Registrars

Epsilon Registration Services Sdn Bhd  
Level 17, The Gardens North Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Telephone : 03-2264 3883  
Facsimile : 03-2282 1886

## Principal Bankers

CIMB Bank Bhd  
Public Bank Bhd  
Public Bank (Hong Kong) Ltd  
Bank of China (Malaysia) Bhd

## Stock Exchange Listing

Bursa Malaysia Securities Berhad (Second Board)  
Sector : Trading  
Stock Number : 8923  
Stock Short Name : Nagamas

# Notice Of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Twenty Fifth (25th) Annual General Meeting of the Company will be held at No. 5, Jalan Pelabur 23/1, 40300 Shah Alam, Selangor Darul Ehsan, Malaysia on Monday, 29th June 2009 at 3.00 p.m. to transact the following business:-

- 1 To receive the Audited Financial Statements for the financial period ended 31 December 2008 and the Reports of the Directors and Auditors thereon. **(Resolution 1)**
- 2 To approve the payment of Directors' Fees in respect of the financial period ended 31 December 2008. **(Resolution 2)**
- 3 To re-elect the following Directors who retire in accordance with Article 88 of the Company's Articles of Association: -
  - a) Dato' Tan Yik Huay **(Resolution 3)**
  - b) Dato' Ng Kek Kiong **(Resolution 4)**
- 4 To re-elect Mr Ian Ghee Eik Kai who retires in accordance with Article 95 of the Company's Articles of Association. **(Resolution 5)**
- 5 To re-appoint Messrs Tai, Yapp & Co as auditors of the Company and to authorise the Board of Directors to fix their remuneration. **(Resolution 6)**

## **AS SPECIAL BUSINESS**

- 6 To consider and if thought fit, to pass the following, with or without modifications, as Ordinary Resolution of the Company:-

### **ORDINARY RESOLUTION AUTHORITY FOR THE DIRECTORS TO ISSUE SHARES**

"THAT subject always to the Companies Act, 1965 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 at any time, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten percentage (10%) of the issued share capital of the Company at the time of issue AND THAT the Directors be also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

**(Resolution 7)**

By Order of the Board

YEOH CHONG KEAT (MIA 2736)  
LIM FEI CHIA (MAICSA 7036158)  
Company Secretaries

Kuala Lumpur  
5 June 2009

# Notice Of Annual General Meeting

## **Notes:-**

- i. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. If the proxy is not a member of the Company, then the proxy shall be an advocate or an approved company auditor or a person approved by the Companies Commission of Malaysia. The provision of Section 149(1)(b) of the Companies Act, 1965 shall apply to the Company.
- ii. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- iii. A member shall not be entitled to appoint more than two (2) proxies. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
- iv. The instrument appointing a proxy and the power of attorney (if any) under which it is signed or a notarially certified copy thereof must be deposited at the Registered Office of the Company at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur, not less than forty-eight (48) hours before the time set for holding this meeting or any adjournment thereof.

## **Explanatory Note on Special Business:-**

### **Resolution 7**

This Ordinary Resolution proposed under Item 6, if passed, will empower the Directors of the Company to issue shares from the unissued capital of the Company up to an aggregate amount not exceeding ten percentage (10%) of the issued share capital of the Company at the time of issue, for such purposes as the Directors consider would be in the best interest of the Company. The approval is sought to avoid any delay and cost in convening a general meeting for such issuance of shares. This authority will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting of the Company.

# Statement Accompanying Notice Of Annual General Meeting

1. Directors who are standing for re-election at the Twenty Fifth (25th) Annual General Meeting: -
  - (i) Directors retiring in accordance with Article 88 of the Company's Articles of Association: -
    - Dato' Tan Yik Huay
    - Dato' Ng Kek Kiong
  - (ii) Director retiring in accordance with Article 95 of the Company's Articles of Association: -
    - Ian Ghee Eik Kai

Details of the abovenamed Directors are set out in the "Directors' Profiles" from page 4 to 6 of this Annual Report. The details of their shareholdings are listed on page 65.

## Directors' Profile

### **DATO' TAN YIK HUAY**

• *Executive Chairman*

Dato' Tan Yik Huay, Malaysian, aged 66, was appointed to the Board on June 21, 2000 as Non-Executive Director until early May 2006 when he was redesignated as Executive Director and subsequently appointed as Executive Chairman since May 2007. Dato' Tan is a member of the Remuneration Committee.

He is a Fellow of the Association of Chartered Certified Accountants, United Kingdom and a Fellow of the Institute of Chartered Secretaries and Administrators, United Kingdom. Dato' Tan is a member of the Malaysian Institute of Accountants and the Malaysian Association of Public Accountants.

Dato' Tan joined the textile industry in 1973 as the Finance Manager and later as the Executive Director of Pen Group of Companies, an international integrated textile group. He was the Managing Director of Pen Apparel Sdn Bhd, a member of TAL Group of Hong Kong until end January 2005 and currently a Director of the said company.

Currently, Dato' Tan is the Deputy President of the Malaysian Textile Manufacturers' Association (MTMA) and the Vice President of Malaysian Textile & Apparel Centre (MATAC) of which he is a founder member. In May 2008, Dato' Tan was appointed as Chairman of Asian Chemical Fibers Industry Federation (ACFIF). He is the Past Chairman of Pembangunan Sumber Manusia Bhd (PSMB). Dato' Tan is a Council Member of the Federation of Malaysian Manufacturers (FMM) and Chairman of the Audit Committee of FMM. He is also the Chairman of the Audit Committee of Jerasia Capital Berhad.

Dato' Tan does not have any family relationship with any Director and/or major shareholder of the Company. He does not have any conflict of interest with the Company and has had no convictions for offences within the past ten (10) years.

### **DATO' NG KEK KIONG**

• *Executive Director*

Dato' Ng Kek Kiong, Malaysian, aged 56, was appointed to the Board on December 8, 2006 as Non-Independent Non-Executive Director. Dato' Ng was redesignated as Executive Director on September 7, 2007.

Dato' Ng started his career with Singer Sewing Machine Shop, he then joined the Ministry of Housing and Local Government as a New Village Development Officer for the State of Negeri Sembilan. Later, he became the Special Assistant to the then Minister of Housing and Local Government, Tan Sri Dato' Michael Chen Wing Sum.

Dato' Ng ventured into business in the 80s, and has since been doing business in China for more than two (2) decades. Dato' Ng is the founder of Malaysia-Beijing Group of Companies. He has vast experience in other business fields including air cargo, real estate, plantation, and trading.

Dato' Ng is also actively involved in various guilds and associations. Currently, he is the President of Federation of Fui Chiu Association Malaysia, President of Fui Chiu Association Selangor & Kuala Lumpur, Vice President of Malaysia-China Friendship Association, Deputy President of Hakka Association W.P. Kuala Lumpur & Selangor, Board of Governor for SJK (C) Yu Chai Ulu Beranang, Advisor to Malaysia-China Chamber of Commerce, Advisor to Negeri Sembilan Fui Chiu Association, Advisor to National Newspaper Vendors Association, Deputy Director of Chinese International Foreign Trade Council, Council Member of Tourism Malaysia China Market Advisory Council, Member of Boao Forum for Asia, Member of Malaysian Chinese Tourism Association and Member of Malaysia-China Business Council and China Boao Conference.

Dato' Ng is not a director of any other public companies. He does not have any family relationship with and is not related to any Director and/or major shareholder save and except the indirect shareholding held through MB Longji Sdn Bhd which is a substantial shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past ten (10) years.

# Directors' Profile

## **NG FUNG MO**

• *Executive Director*

Mr Ng Fung Mo, permanent resident of Hong Kong Special Administrative Region, aged 46, was appointed to the Board on December 8, 2006 as an Independent Non-Executive Director. He was redesignated as Executive Director on September 7, 2007. Mr Ng holds a MBA degree (specializing in property development) from the Chong Sun University.

Currently, Mr Ng is an appointed member of the Political Consultative Committee for the city of Huizhou and holds the post of Deputy Chairman of Huiyang District's Association of Real Estate Development. During the past two (2) decades, he has made significant contribution to the property development industry in Huiyang District.

Mr Ng is not a director of any other public companies. He does not have any family relationship with and is not related to any Director and/or major shareholder save and except the indirect shareholding held through MB Longji Sdn Bhd which is a substantial shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past ten (10) years.

## **DATO' LEE AH CHIEN @ LEE OW KIM**

• *Senior Independent Non-Executive Director*

Dato' Lee Ah Chien @ Lee Ow Kim, Malaysian, aged 65, was appointed to the Board on July 27, 2000 as an Independent Non-Executive Director. Dato' Lee is the Chairman of the Audit Committee and Remuneration Committee. He is also a member of Nomination Committee and the Senior Independent Director to whom investors may contact.

Dato' Lee is a Fellow of the Association of Chartered Certified Accountants, United Kingdom, a Fellow and Council Member for Area 16 (South East Asia) of Chartered Institute of Management Accountants, United Kingdom from year 2004 till 2010, and Past President of the Chartered Institute of Management Accountants, Malaysia Division. Dato' Lee is also a member of the Malaysian Institute of Accountants (MIA) and Council Member of MIA during the years 2002 to 2004.

Currently, Dato' Lee is the Senior Consultant cum Company Secretary of Toray Malaysia Group of Companies, an international chemicals and integrated textile group, having served as its Executive Director since 1984 till January 2006. Prior to joining the Toray Malaysia Group, he was the Senior Financial Analyst of Esso Malaysia Bhd. He is also currently a Council Member of the Federation of Malaysian Manufacturers (FMM) and the Chairman of its Northern Branch. Dato' Lee is a Director of Rosettanet Malaysia Bhd, a nominee of FMM.

Dato' Lee does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past ten (10) years.

## **DATUK AZIZAN BIN ABD RAHMAN**

• *Independent Non-Executive Director*

Datuk Azizan Bin Abd Rahman, Malaysian, aged 59, was appointed to the Board on October 1, 2007 as an Independent Non-Executive Director. Datuk Azizan is the Chairman of the Nomination Committee, member of Audit Committee and Remuneration Committee.

Datuk Azizan holds a Bachelor of Arts in International Relations (University of Malaya), 1973. He started his career as a Shipping Executive in Harper Gilfillan (M) Sdn Bhd. He later joined the Malaysian International Shipping Corporation Berhad Group ("MISC"). In 1982, Datuk Azizan left MISC to join Apex Securities Berhad ("Apex") as a Director that launched his career in stockbroking and finance. He was an active member of the industry and became President of the Stockbrokers Association. He left Apex in 1995 to pursue his private business. In 1995, he was appointed to the Board of Tongkah Holdings Berhad and also the Kedah State owned Bina Darulaman Berhad to assist the companies in their debt restructuring plan. Datuk Azizan also assisted the MBf Groups with their corporate restructuring exercise when he was the Managing Director of MBf Capital Berhad and Director of MBf Holdings Berhad in 2001.

Currently, Datuk Azizan is the Chairman of Eastern & Oriental Berhad, Gefung Holdings Berhad, Isyoda Corporation Berhad and Investment Panel of Lembaga Tabung Haji and also sits on the Board of Apex Equity Holdings Berhad and TH Plantations Berhad.

Datuk Azizan does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past ten (10) years.

## Directors' Profile

### **LIU XIUQING**

• *Independent Non-Executive Director*

Mr Liu Xiuqing, national of the People's Republic of China, aged 55, was appointed to the Board on October 1, 2007 as an Independent Non-Executive Director. He holds a Bachelor of International Business Administration degree from the Nanjing University.

He started his career with Jiangsu Province Taisen Chiautao Construction Company in 1973 as a Technician and became General Manager of the company in 1990. In 1994, he joined Jiangsu Province Jiangyen City Fifth Construction Engineering Company as its General Manager. Since 2001 till now, Mr Liu has been the President and General Manager of CCIC South Construction Co Ltd, subsidiary of China Construction International Corporation based in Shenzhen, China, a licensed Grade I building and construction contractor specializes in engineering and construction, decoration, steel-structure engineering, mechanical and electrical equipment installation. Under his leadership, the company has grown tremendously and has constructed building projects with built-up area of more than 3 million square meters. He has in total more than thirty (30) years experience in the engineering and construction industry in China.

Mr Liu is not a director of any other public companies. He does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past ten (10) years.

### **WONG SOO THIAM**

• *Independent Non-Executive Director*

Mr Wong Soo Thiam, Malaysian, aged 54, was appointed to the Board on November 27, 2007 as an Independent Non-Executive Director. He is a member of the Audit Committee and Nomination Committee.

Mr Wong is a Chartered Accountant by profession, member of Malaysian Institute of Accountants (MIA) and Malaysian Institute of Certified Public Accountants (MICPA).

He is a partner of Ong Boon Bah & Co, a firm of Chartered Accountants in Kuala Lumpur. He has over thirty (30) years of professional experience in auditing, taxation and management consultancy.

Mr Wong is not a director of any other public companies. He does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past ten (10) years.

### **IAN GHEE EIK KAI**

• *Non-Independent Non-Executive Director*

Mr Ian Ghee Eik Kai, Malaysian, aged 43, was appointed to the Board on November 26, 2008 as a Non-Independent Non-Executive Director.

Mr Ian Ghee graduated from the University of London with a LLB Degree in 1990. He further pursued and completed his Certificate of Legal Practice in 1992. Mr Ian Ghee chambered in Messrs Paul Chong & Kraal and was called to the Malaysian Bar on 17th September 1993. He subsequently worked in Messrs Ng & Ong as a legal assistant from 1993 to 1999. Currently, he is one of the main partners in Messrs Ian Ghee & Associates. He specializes in civil and corporate litigation, company law and debt collection, industrial disputes, probate matter and conveyancing practice.

Mr Ian Ghee is not a director of any other public companies. He does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has no convictions for offences within the past ten years.



# Corporate Governance Statement

The Board of Directors (“the Board”) of Nagamas International Berhad (“the Company” or “Nagamas”) recognises that corporate governance is a continuous process and is therefore committed to direct and manage the Company in ensuring that the Group practices good corporate governance in line with the Malaysian Code on Corporate Governance (the “Code”) in discharging its responsibilities to enhance shareholder value and to protect the interests of shareholders.

In preparing this report, the Board has considered the manner in which the Company has applied the principles of the Code and the extent to which it has complied with the Best Practices of the Code. The Board is of the opinion that aside from any exceptions noted below, the Group has applied the principles set out in part 1 of the Code and has complied with the best practices set out in part 2 of the Code throughout the financial period ended 31 December 2008.

## I. THE BOARD

### a. Directors

#### (i) Composition and Size of Board

The Board of Nagamas currently comprises one (1) Executive Chairman, two (2) Executive Directors, four (4) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The profiles of the members of the Board are provided in this Annual Report.

The Board retains full and effective overall control of the Company, and is responsible for overseeing the conduct and performance of the Group’s businesses and provides oversight for the Group’s internal controls. The Board is of the opinion that the interests of shareholders of the Company are fairly represented through the current composition and its size constitutes an effective Board. The wide spectrum of knowledge, skills and experience of the Board members gives added strength to the leadership which is necessary for the effective stewardship of the Group.

The Company practices a clear demarcation of responsibilities and a balance of power and authority. The role of the Executive Chairman are mainly strategic planning and advisory whereas the roles of the Executive Directors are clearly divided and they are responsible for the day-to-day running of the business, implementation of Board policies and making operational decisions.

#### (ii) Board Balance and Board Effectiveness

The Board of Nagamas is a balanced Board with a complementary blend of expertise with members drawn from varied backgrounds; bringing with them, in depth and diversity in experience, expertise and perspectives to the Group’s business operations. All the Independent Directors are independent of Management and are free from any relationship that could materially interfere with the exercise of their independent judgement. Directors are able to act independently and express their views unfettered and free from any influence.

The four (4) Independent Directors of the Company which forms more than one third (1/3) of the Board provides the Board with a good mix of industry-specific knowledge plus broad business and commercial experience. They provide guidance, unbiased, fully balanced and independent views, advice and judgement to many aspects of the Group’s strategy so as to safeguard the interests of minority shareholders and to ensure that the highest standards of conduct and integrity are maintained by the Group.

### b. Board Meetings

#### (i) Procedure

The annual calendar of meetings is agreed at the beginning of each year. As stipulated in the Articles of Association of the Company, the quorum for Board Meeting is three (3). Board Meetings are scheduled in advance at the beginning of the calendar year to enable Directors to plan ahead and fit the year’s meetings into their own schedules. In order to enable Directors to discharge their responsibilities effectively, the Board and its committees are supplied with and have access to accurate, relevant, full and timely information. During these meetings, the Board also appraises, where relevant, new investment and business proposals, reviews the management or performance of the business of operating units, and existing investments and any other strategic issues that affect or may affect the Group’s business and corporate well-being.

# Corporate Governance Statement

Board Meetings are governed by a structured formal agenda. All major issues included in the agenda are where possible supported by comprehensive background information to enable the Board to make informed decisions. All Directors are provided with an agenda and at each Board meeting, the Executive Directors, Chief Accountant and/or other relevant Board members will brief on the Group's activities and operations. The issues would then be deliberated and discussed thoroughly by the Board prior to decision making. Proceedings of Board Meetings are recorded and signed by the Chairman of the Meeting.

During the financial period ended 31 December 2008, the Board met six (6) times; whereat it deliberated and considered a variety of matters including the Group's financial results, major investment and strategic decisions.

## (ii) Attendance at Board Meetings

The attendance of the Directors at the Board Meetings held during the financial period ended 31 December 2008 are as follows:-

Director	Position	Total meetings attended
Dato' Tan Yik Huay	Executive Chairman	6/6
Dato' Lee Ah Chien @ Lee Ow Kim	Senior Independent Non-Executive Director	6/6
Dato' Ng Kek Kiong	Executive Director	6/6
Ng Fung Mo	Executive Director	6/6
Datuk Azizan Bin Abd Rahman	Independent Non-Executive Director	6/6
Liu Xiuqing	Independent Non-Executive Director	5/6
Wong Soo Thiam	Independent Non-Executive Director	6/6
Ian Ghee Eik Kai (Appointed w.e.f. 26/11/2008)	Non-Independent Non-Executive Director	NA
Dato' Ong Jyh Jong (Resigned w.e.f. 24/2/2009)	Group Chief Executive Officer	6/6

NA-Not Applicable

The Secretary was present at all the Board Meetings held during the financial period ended 31 December 2008.

## (iii) Supply of Information and Access to Advice

Directors whether as a full Board or in their individual capacity have full and unrestricted access to all information within the Company on a timely basis in an appropriate form and quality necessary to enable them to discharge their duties and responsibilities. All Directors have access to the advice and services of the Company Secretary who advises the Board on Board Meeting procedures and applicable rules and regulations to be complied with. Directors are also regularly updated and advised of any new regulations, guidelines or directives issued by Bursa Malaysia Securities Berhad ("Bursa Securities"), Securities Commission and/or other relevant regulatory authorities. The Board may also avail itself of independent professional opinion and advice, whenever necessary, in the course of fulfilling its responsibilities. Additionally, the Board invites Senior Management to brief the Board from time to time on matters being deliberated as they are able to help bring insight into these matters.

## c. Appointments to the Board

The Company has established a formal and transparent procedure for appointment of new Directors. The proposed appointment is first considered by the Nomination Committee which takes into account inter alia the necessary skill and experience of the candidate before making a recommendation to the Board.

## d. Re-Election of Directors

In accordance with the Articles of Association of the Company, at least one third (1/3) of the Directors or the number nearest to one third (1/3) shall retire from office at each Annual General Meeting ("AGM") and each Director shall stand for re-election at least once every three (3) years. Directors appointed by the Board are subject to re-election by shareholders at the next AGM held following their appointments.

# Corporate Governance Statement

## e. Directors' Training

The Company does not at present have a formal program for the orientation of newly appointed Directors. The Board considers that the activities of the Group at this time are not so complex as to warrant a formal programme. All members of the Board have attended and completed the Mandatory Accreditation Programme as required under the Listing Requirements of Bursa Securities.

The Company considers continuous training for Directors as important to enable them to effectively discharge their duties. Directors are encouraged and will continue to attend further educational programmes and seminars regularly to keep abreast of any new developments in the Listing Requirements of Bursa Securities, other relevant legislation and regulations and to enhance their skills and knowledge.

The Directors of the Company have attended the following training:-

Name	Date of training	Subject
Dato' Tan Yik Huay	20 November 2008	Understanding Generally Accepted Accounting Practices in Malaysia
	26 November 2008	Rethinking Cost Structures
	16 & 17 December 2008	Corporate Restructuring & Tax Management
Dato' Lee Ah Chien @ Lee Ow Kim	28 - 30 March 2008	Franchise Consultants Course
	15 & 16 October 2008	Frost and Sullivan 4th Annual Congress
Datuk Azizan Bin Abd Rahman	12 March 2008	The Art of Living (Reducing STRESS using modern and ancient techniques)
Wong Soo Thiam	2 September 2008	2009 Budget Talk
Ng Fung Mo	15 April 2009	Property Market in Huiyang
Liu Xiuqing	10 April 2009	Conference on International Business Administration
Dato' Ng Kek Kiong	-	Did not attend due to work commitments
Ian Ghee Eik Kai	NA	NA

NA-Not Applicable

## f. Directors' Remuneration

The remuneration of Directors and Senior Management are determined at levels which will enable the Group to attract and retain the Directors and Senior Management needed to run the Group successfully. In the case of Executive Directors as well as Senior Management, they are to be appropriately rewarded giving due regard to the corporate and individual performance. Directors' fees are paid to Non-Executive Directors and these are subject to approval of shareholders at the AGM. The aggregate remuneration of Executive Directors and Non-Executive Directors and the range of remuneration of Directors in the respective bands for the financial period are provided in page 45 of this Annual Report.

## II. BOARD COMMITTEES

The Board has delegated certain responsibilities to Board Committees which operate within clearly defined terms of reference. These committees are:-

### **Board Committees**

- Audit Committee
- Nomination Committee
- Remuneration Committee

### **Key functions**

- As set out on page 13 to 15  
As set out on page 16  
As set out on page 17 to 18

# Corporate Governance Statement

## III. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

### a. Dialogue between Company and Investors

The Board acknowledges the importance for shareholders to be informed of all material business and corporate matters affecting the Group. The Group's performance is reported quarterly to Bursa Securities and the yearly business review is disclosed in the Annual Report. Information is also disseminated in strict adherence to the disclosure requirements of Bursa Securities.

Apart from contacts at general meetings, there is currently no formal programme or schedule of meetings with investors, shareholders, stakeholders and the public generally. However, the Management has the option of calling for meetings with investors/analysts if it deems necessary. Thus far, the Management is of the opinion that this arrangement has been satisfactory to all parties. Any queries or concerns with regards to the Group may be conveyed to Dato' Lee Ah Chien @ Lee Ow Kim being the Senior Independent Non-Executive Director of the Company, at the following contact numbers:-

Telephone number : 03-5541 0612  
Facsimile number : 03-5541 0132

### b. Annual General Meeting

The Company uses the AGM as the primary way of communicating with shareholders. The Annual Report together with the Notice of AGM are sent to shareholders at least twenty one (21) days before the date of the meeting. The Board members as well as the Auditors of the Company are present to respond to all questions raised by the shareholders at the meeting. Status of all resolutions proposed at the AGM are submitted to Bursa Securities at the end of the meeting day. Any special business included in the notice of general meeting will be accompanied by an explanatory statement of the effects of a proposed resolution.

## IV. ACCOUNTABILITY AND AUDIT

### a. Financial Reporting

The Directors have the responsibility to present a balanced and fair assessment of the Group's position and prospects in the Annual Reports to shareholders and quarterly reports to Bursa Securities. The Audit Committee assists in reviewing the information for disclosure to ensure accuracy, adequacy and completeness. The Board is also responsible to ensure that the accounting records of the Group are properly kept.

### b. Internal Control

The Board acknowledges its overall responsibility for maintaining a sound system of internal control, and for reviewing its adequacy and integrity to safeguard shareholders' investment and the Company's assets. The review of the Group's system of internal control is a concerted and continuing process. In the pursuit of this objective, the Directors are aware that the system of internal control is designed to manage rather than eliminate the risk of failure to achieve the Group's objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Internal Control Statement of the Group is set out on page 20 of this Annual Report.

### c. Relationship with the Auditors

The Company has always and would continue to maintain a close and transparent relationship with its External Auditors in seeking professional advice and ensuring compliance with the appropriate accounting standards. The role of the Audit Committee in relation to the External Auditors may be found in the Audit Committee Report from page 13 to page 15 of this Annual Report.

## Additional Compliance Information

### 1. MATERIAL CONTRACTS

There were no material contracts of the Company or its subsidiaries involved the Directors' and/or major shareholders' interest, either still subsisting at the end of the financial period, or entered into since the end of the previous financial year.

### 2. SHARE BUY-BACK

During the financial period ended 31 December 2008, the Company did not have a scheme to buy-back its own shares.

### 3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

No options were exercised during the financial period ended 31 December 2008. The Company has not issued any warrants or convertible securities in respect of the financial period under review.

### 4. AMERICAN DEPOSITORY RECEIPT (“ADR”) OR GLOBAL DEPOSITORY RECEIPT (“GDR”) PROGRAM

The Company did not sponsor any ADR or GDR program in the financial period ended 31 December 2008.

### 5. SANCTIONS AND/OR PENALTIES

During the financial period under review, there were no sanctions and/or penalties imposed on the Company and/or its subsidiary companies, Directors or Management by the relevant regulatory bodies.

### 6. NON-AUDIT FEE

There were no non-audit fees paid to the External Auditors during the financial period.

### 7. VARIATION IN RESULTS

There is no significant variance in the Group's audited results for the financial period ended 31 December 2008 from the unaudited results as previously announced.

### 8. REVALUATION POLICY ON LANDED PROPERTY

The Group had not adopted any revaluation policy in relation to its landed properties.

### 9. PROFIT GUARANTEE

There was no profit guarantee given by the Company during the financial period.

## Responsibility Statement By The Board Of Directors

The Directors of the Company are required to ensure that the financial statements of each financial year are properly drawn up in accordance with the provisions of the Companies Act, 1965 and approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of the results and cash flows of the Group and the Company for the financial year.

The Directors are satisfied that in preparing the financial statements of the Group for the financial period ended 31 December 2008, the Group has used suitable accounting policies and applied them consistently, prudently and reasonably. The Directors also consider that all applicable approved accounting standards have been followed in the preparation of the financial statements.

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

## Statement On Corporate Social Responsibility

The Group recognizes the importance of Corporate Social Responsibility and during the financial period under review, the Group has extended its contributions to the victims of the Myanmar Cyclone Nargis as aid of disaster relief. The Group also aware of its responsibility at the work place and consistently promotes quality work environment and safety and health workplace through various awareness campaigns which are in line with the established Safety and Healthy Policy; and also encourage continuous learning and training programs as part of human capital development to the employees.

# Audit Committee Report

## MEMBERS OF AUDIT COMMITTEE

The Audit Committee (“AC” or “Committee”) consists of three (3) members, all of whom are Independent Non-Executive Directors. The members of the AC are: -

Director	Position
Dato' Lee Ah Chien @ Lee Ow Kim <b>(Chairman)</b>	Senior Independent Non-Executive Director
Datuk Azizan Bin Abd Rahman	Independent Non-Executive Director
Wong Soo Thiam	Independent Non-Executive Director

## TERMS OF REFERENCE

### 1. Constitution

The Board of Directors have constituted and established a committee of the Board to be known as the Audit Committee.

### 2. Composition

- (a) The Committee shall be appointed by the Board of Directors from amongst the Directors of the Company and shall comprise of not less than three (3) members, all of whom must be Non-Executive Directors, with a majority of them being independent.
- (b) At least one (1) member of the Committee shall be a member of the Malaysian Institute of Accountants; or if not a member of the Malaysian Institute of Accountants, must have at least three (3) years' working experience and have passed the examinations specified in Part 1 of the First Schedule of the Accountants Act, 1967 or a member of one (1) of the associations specified in Part II of the said schedule; or has a degree/masters/doctorate in accounting or finance and at least three (3) years' post qualification experience in accounting or finance or is a member of a professional accountancy organisation which has been admitted as full members of the International Federation of Accountants and at least three (3) years' post qualification experience in accounting or finance; or at least seven (7) years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.
- (c) No alternate director shall be appointed as a member of the Committee.
- (d) The members of the Committee shall elect a Chairman from among their numbers who shall be an Independent Director.
- (e) In the event of any vacancy in the Committee resulting in the non-compliance of subparagraph 15.10(1) of the Listing Requirements of Bursa Securities, the Board shall fill the vacancy within three (3) months from the date of the vacancy.
- (f) The Board shall review the terms of office and performance of the Committee and each of its members at least once every three (3) years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

### 3. Authority

- (a) The Committee is authorised by the Board to review and/or investigate any matter within the Committee's terms of reference. It shall have full and unrestricted access to any information pertaining to the Group and shall have the resources it requires to perform its duties. All employees of the Group are required to comply with the requests made by the Committee.
- (b) The Committee is authorised by the Board to obtain external legal or independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary, the expenses of which will be borne by the Company.
- (c) The Committee shall have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity.
- (d) The Committee shall be able to convene meetings with the External Auditors, the Internal Auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary, in order to enable the Committee and the External Auditors or the Internal Auditors or both, to discuss problems and reservations and any other matter the External Auditors or Internal Auditors may wish to bring up to the attention of the Committee.

# Audit Committee Report

- (e) The Committee is not authorised to implement its recommendations on behalf of the Board but report its recommendations back to the Board for its consideration and implementation. Where the Committee is of the view that a matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Securities, the Committee is authorised to promptly report such matters to the Exchange.

## 4. Functions of the Committee shall be amongst others:-

- (a) To consider the audit fee of the External Auditors, any questions of resignation or dismissal of the External Auditors and appointment of new External Auditors to replace outgoing auditor, and whether there is reason (supported by grounds) to believe that the Company's External Auditors is not suitable for re-appointment; and to recommend the nomination of a person or persons as External Auditors;
- (b) To discuss with the External Auditors before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one (1) audit firm is involved;
- (c) To act as an intermediary between Management or other employees, and the External Auditors;
- (d) To review the quarterly results and year-end financial statements prior to the approval by the Board, focusing particularly on:-
  - (i) any changes in or implementations of major accounting policies and practices;
  - (ii) significant adjustments arising from audits;
  - (iii) significant and unusual events;
  - (iv) litigation that could affect results materially;
  - (v) the going concern assumption; and
  - (vi) compliance with accounting standards regulatory and other legal requirements.
- (e) To discuss problems and reservations arising from the interim and final audits, and any matter the External Auditors may wish to discuss (in the absence of Management where necessary);
- (f) To review matters arising from the audit with the External Auditors including any report or management letter and Management's response;
- (g) To do the following where an internal audit function exists:-
  - (i) review the adequacy of the scope, functions and resources and competency of the internal audit function, and that it has the necessary authority to carry out its work;
  - (ii) review the internal audit programme, process and results of the internal audit programme, process and/or investigation undertaken and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function;
  - (iii) to ensure the internal audit function of the Company reports directly to the Committee;
  - (iv) review any appraisal or assessment of the performance of the internal audit function;
  - (v) to review the independence of the internal audit function;
  - (vi) approve any appointment or termination of the Internal Auditors; and
  - (vii) provide the Internal Auditors and opportunity to submit reasons for resigning.
- (h) Review the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- (i) To consider any related party transactions and conflict of interest situations that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of Management integrity;
- (j) To consider the major findings of internal investigations and Management's response;
- (k) To prepare the annual Committee report to the Board which includes the composition of the Committee, its terms of reference, number of meetings held, a summary of its activities and the existence of internal audit function and summary activities of internal audit function for inclusion in the Annual Report;
- (l) To review the Board's statement on compliance with the Malaysian Code on Corporate Governance for inclusion in the Annual Report;
- (m) To carry out such other functions as may be agreed to by the Committee and the Board.



# Audit Committee Report

## 5. Meetings & Minutes

- (a) The Committee shall meet at least four (4) times annually. However, at least once a year, the Committee shall meet with the External Auditors without the Executive Directors being present.
- (b) A quorum shall be two (2) members, majority of whom must be Independent Directors.
- (c) Other than in circumstances which the Chairman considers inappropriate, the Chief Accountant and/or Chief of Finance and the representative of the External Auditors and Internal Auditors shall attend all meetings of the Committee to make known their views on any matter under consideration by the Committee, or which in their opinion, should be brought to the attention of the Committee. The Committee may, as and when necessary, invite other members of the Board and members of Senior Management to attend the meetings.
- (d) The Company Secretary shall be the Secretary of the Committee and will record, prepare and circulate the minutes of the meetings of the Committee and ensure that the minutes are properly kept and produced for inspection, if required. The Committee shall report to the Board and its minutes tabled and noted by the Board.

### Meetings held during the financial period ended 31 December 2008

The Committee met four (4) times during the financial period and the details of attendance are as follows:-

Name	Total meetings attended
Dato' Lee Ah Chien @ Lee Ow Kim	4/4
Datuk Azizan Bin Abd Rahman	4/4
Wong Soo Thiam	4/4

Other Board members, Chief Accountant, Chief of Finance, representatives of the External Auditors and Internal Auditors were present by invitation to brief the Committee on specific issues, as and when necessary, with the Company Secretaries in attendance.

## SUMMARY OF ACTIVITIES DURING AND AFTER THE FINANCIAL PERIOD ENDED 31 DECEMBER 2008

During the financial period, the Committee reviewed the unaudited quarterly financial results and annual audited financial statements of the Group to ensure compliance with approved accounting standards and adherence to other regulatory requirements prior to submission to the Board for consideration and approval.

The Committee also assessed the significant issues set out in the management letter arising from the audit of the Group by the External Auditors for the financial period and seeks clarification and explanations from Management of the Company on issues noted in the audit reports. The AC also reviewed the assistance provided by Management to the External Auditors during the course of audit.

The proposed audit fees for the External Auditors in respect of their audit of the Group and the Company had been reviewed by the Committee who had also considered the re-appointment of the External Auditors for recommendation to the shareholders for approval.

In performing its functions, the Committee reviewed the internal control system of the Group and made recommendations to the Board and Management on improvement of internal controls, procedures and systems and other matters noted by the Committee.

## INTERNAL AUDIT FUNCTION

The internal audit function of the Company and Group is currently outsourced to an independent professional firm, Audex Governance Sdn Bhd. The Internal Auditors undertakes internal audit functions based on the audit plan that is reviewed and approved by the Audit Committee. The cost incurred for Internal Audit services in respect of the financial period under review is RM40,000.

The Internal Auditors have during the financial period ended 31 December 2008 reviewed and presented to the Committee their assessment on the adequacy and effectiveness of the Company subsidiaries' systems of internal control and compliance with the Group' policies and procedures over their business processes/areas; which includes reviewed of key contracts and agreements, sales and billings, credit control and collection, sales and marketing, procurement process and inventory management. The internal audit reports are deliberated by the Committee and recommendations are duly acted upon by the Management.

# Nomination Committee Report

## MEMBERS OF NOMINATION COMMITTEE

The Nomination Committee ("NC" or "Committee") consists of three (3) members, all of whom are Independent Non-Executive Directors. The members of the NC are: -

Director	Position
Datuk Azizan Bin Abd Rahman <b>(Chairman)</b>	Independent Non-Executive Director
Dato' Lee Ah Chien @ Lee Ow Kim	Senior Independent Non-Executive Director
Wong Soo Thiam	Independent Non-Executive Director

## TERMS OF REFERENCE

### 1. Constitution

The Board has established a Committee of the Board to be known as the Nomination Committee.

### 2. Composition

- The Committee shall be appointed by the Board from amongst the Directors of the Company and shall comprise exclusively of Non-Executive Directors, majority of whom are independent. A quorum shall be two (2) members.
- The members of the Committee shall elect a Chairman from among their members.
- If a member of the Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced below two (2), the Board of Directors shall within three (3) months of that event, appoint such number of new member(s) as may be required to make up the minimum number.

### 3. Functions

The functions of the Committee shall be:-

- Proposing new nominees for appointment to the Board of Directors and re-appointment of retiring Directors.
- Assessing Directors on an on-going basis, the effectiveness of the Board as a whole, the committees of the Board and the ability of each individual Director to contribute to the effective decision making of the Board.
- Recommend to the Board, Directors to fill the seats on other Board committees.
- Review annually the size of the Board and review the mix of skills and experience and other qualities of the Board members for the Board to function completely and effectively.
- Orientating and educating new Directors as to the nature of the business, current issues within the Company and the corporate strategies, the expectations of the Company concerning input from the Directors and the general responsibilities of Directors.
- Consider and recommend the Directors for re-election at each AGM.

### 4. Reporting Procedures

- The actual decision as to who shall be appointed to the Board should be the responsibility of the full Board after considering the recommendations of the Committee.
- Reporting to the full Board from time to time its recommendations for consideration and implementation.

### 5. Activities of NC

The activities of the NC during and after the financial period ended 31 December 2008 are as follows: -

- Reviewed the size and composition of the Board and assess of the effectiveness and performance of the Board and Board committees, as well as individual Directors;
- Reviewed and proposed to the Board the appointment of an additional Director of the Company; and
- Determined which Directors would stand for re-election at the Company's AGM.

# Remuneration Committee Report

## MEMBERS OF REMUNERATION COMMITTEE

The Remuneration Committee ("RC" or "Committee") consists of three (3) members, mainly Independent Non-Executive Directors. The members of the RC are:-

Director	Position
Dato' Lee Ah Chien @ Lee Ow Kim <b>(Chairman)</b>	Senior Independent Non-Executive Director
Dato' Tan Yik Huay	Executive Director
Datuk Azizan Bin Abd Rahman	Independent Non-Executive Director

## TERMS OF REFERENCE

### 1. Constitution

The Board has established a Committee of the Board to be known as the Remuneration Committee.

### 2. Composition

- (a) The Committee shall be appointed by the Board from amongst its Directors of the Company which fulfills the following requirements:-
  - The Committee shall compose not less than three (3) members.
  - The members of the Committee shall consist mainly of Non-Executive Directors.
- (b) The members of the Committee shall elect a Chairman from among their number who is not an Executive Director or employee of the Company or any related corporation.
- (c) If a member of the Committee resigns, dies or for any other reason ceases to be a member resulting in the number of members reduced below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.
- (d) The Chairman of the Committee shall be entitled, where deemed appropriate, to invite any other person to a meeting of the Committee at which that person's expertise may be required having regard to the subject matter to be discussed.

### 3. Objective

Remuneration for a Director should be determined so as to ensure that the Company attracts and retains the Directors needed to run the Group successfully. The component parts of remuneration should be structured so as to link rewards to corporate and individual performance, in the case of Executive Directors and Senior Management staff.

### 4. Meetings

- (a) The Chairman of the Committee may request for a meeting as and when deemed necessary. A quorum shall be two (2) members.
- (b) Notice of a meeting may be given in writing or by any other means of communication.

### 5. Functions

The Remuneration Committee is authorised by the Board to establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Director and Senior Management of the Group.

The functions of the Committee shall include:-

- (a) Recommend to the Board the framework of executive remuneration and its cost, and the remuneration package for each Executive Director and Senior Management, taking into account the performance of the individual, the inflation price index and information from independent sources on the rates of salary for similar jobs in a selected group of comparable companies.
- (b) To reimburse reasonable expenses incurred by the Directors and Senior Management in the course of their duties.
- (c) To review and determine the bonus scheme for the Executive Directors and Senior Management depending on various performance measurements of the Group.
- (d) To review and determine other benefits in kind for the Executive Directors and Senior Management.
- (e) To review annually the Executive Directors' and Senior Management's service contracts (if any).

# Remuneration Committee Report

## 6. Reporting Procedures

- (a) The remuneration of Directors and Senior Management shall be the ultimate responsibility of the full Board after considering the recommendations of the Committee.
- (b) Executive Directors and Senior Management do not participate in discussion of their own remuneration.

## 7. Activities of RC

The activities of the RC during and after the financial period ended 31 December 2008 are as follows: -

- (a) Reviewed and recommended to the Board the key performance indicators for the Executive Directors for financial years 2008 and 2009;
- (b) Reviewed and recommended to the Board the remuneration packages of the Executive Chairman as well as the Service Agreement;
- (c) Reviewed and recommended to the Board the salary adjustments of the Executive Directors and Senior Management staff;
- (d) Considered and made recommendations on the performance bonus for the Executive Directors for financial period ended 31 December 2008;
- (e) Considered and made recommendations on the Directors' Fees and allowance for financial year ending 31 December 2009; and
- (f) Reviewed the remuneration packages of Executive Directors and salary adjustments for financial year ending 31 December 2009.

## Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of Nagamas International Berhad for the financial period ended 31st December 2008.

The current financial period ended 31st December 2008 covers a period of nine (9) months due to the change in the Company's accounting year-end from 31st March to 31st December.

The overall financial performance of the Group for the nine (9) months ended 31st December 2008 showed an after tax profit of RM0.4 million compared with RM3.9 million earned in the year ended 31st March 2008. The revenue of the Group for nine (9) months ended 31st December 2008 was RM78.6 million compared to RM81.7 million recorded in the previous year.

For the period under review, the economic environment was indeed challenging, with crude oil price reaching its peak and then falling sharply. The onset of the global financial crisis has greatly dampened business confidence with resultant contraction in the volume of trade worldwide. Under prevailing conditions, with major economies sliding into recession, competition has intensified and business has become increasingly challenging.

The Industrial Division encountered cost increases when crude oil prices moved upward and on the other hand when the crude oil price fell, overall demand for its products weakened. Overseas competitors also intensified their push into the local market by offering lower prices and better business terms. In foreseeing the deteriorating business environment for the Industrial Division and to focus on non-manufacturing based businesses, the Board has proposed to dispose of the businesses of the Industrial Division which in the long term will assist the Group's financial performance.

Meanwhile, the Aviation Division also suffered from the global financial crisis when China's exports slowed down. The Aviation Division, which handle the cargo operations in China for Air Berlin had to suspend its operations when Air Berlin ceased its flights to China last October, due to high fuel costs and soften air cargo business.

In view of this and to move forward, the Company has announced the acquisition of a local licensed travel service company. This new subsidiary will enter into an outsourcing agreement for ticketing and cargo booking business. When operating, this subsidiary company will contribute to the future earnings and cash flows of the Group.

The Property Division has successfully completed its joint venture project in China. The real estate market in China appears to have bottomed out with positive signs of an uptrend. Currently, the Company's Hong Kong property subsidiary is actively evaluating real estate projects in China for medium and long term investment purposes.

The economic downturn has been severe and many countries are in recession. Many governments have launched economic stimulus packages to speed up their economic recovery. The Malaysian Government is no exception and has announced and implementing stimulus packages to mitigate the adverse impact of the economic crisis by boosting economic activities.

The business outlook for 2009 remains uncertain. The stimulus packages need time to filter down. The tough business environment is likely to continue for the remaining months of 2009. Mindful of the uncertainties, the Group is adopting a cautious approach, exercise cost control and will endeavour to remain resilient over the course of this unprecedented global economic crisis.

On behalf of the Board of Directors, I wish to thank our shareholders, associates, customers, suppliers, bankers and the various authorities for their kind understanding and support. Once again, I would like to record my gratitude and thanks to the Management and the staff who have worked hard and diligently during the year and during this difficult time.

To my fellow directors, I would like to express my grateful appreciation for their invaluable inputs, contributions and strong support.

**Dato' Tan Yik Huay**  
Executive Chairman  
21st May 2009

# Internal Control Statement

## INTRODUCTION

Paragraph 15.27(b) of the Listing Requirements of Bursa Securities has made it mandatory for the Board to make a statement in this Annual Report about the state of internal control in the Company as a Group. The Board is pleased to provide the following Statement on Internal Control which has been prepared in accordance with the “Statement on Internal Control – Guidance for Directors of Public Listed Companies”.

## BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility for maintaining a sound system of internal control, and for reviewing its adequacy and integrity to safeguard shareholders’ investment and the Company’s assets. The review of the Group’s system of internal control is a concerted and continuing process. In the pursuit of this objective, the Directors are aware that the system of internal control is designed to manage rather than eliminate the risk of failure to achieve the Group’s objectives and can only provide reasonable and not absolute assurance against material mis-statement or loss.

## KEY ELEMENTS OF INTERNAL CONTROL

The principal features of the Group’s system of internal control can be summarized as follows:

### (a) Reporting and Review of Financial Performance

Scheduled meetings are held at operational and Management levels to identify, discuss and resolve business and operational matters. Monthly and quarterly review of financial results and forecasts are held for all business within the Group. Operational and financial performance are regularly monitored with formulation of action plans to address any areas of concern. Quarterly, interim and full year results of the Group’s state of affairs are disclosed to the shareholders after review and approval by the Board.

### (b) Staffing Policies

Policies and procedures on hiring and training scheme of staff have been established at Group level with individual business group having the flexibility to adapt these policies for their specific needs. Staffs are guided on where and how they can contribute their knowledge and skills through continuous upgrading to meet the demand of their working requirements.

### (c) Authority and Accountability Levels

The Group has a well defined organization structure with clear lines of accountability, approval and control procedures to provide a sound framework within the organization in facilitating proper decision making at the appropriate authority levels of Management including matters that require Board’s approval.

### (d) Internal Control

The Group monitors internal control compliance through Management review and quarterly audits by Internal Auditors. The Group has out-sourced its internal audit function to Audex Governance Sdn Bhd to perform regular and systematic review of internal control systems to determine the adequacy and effectiveness of the system of internal control. Weaknesses and non-compliance together with recommendations for improvement are reported to the Audit Committee.

### (e) Management Meetings

Management meetings are conducted regularly with Executive Directors, Senior Management and/or Head of Departments in attendance. The meetings discuss, and decide on all operational issues as well as inform and update all Senior Management and Head of Departments on all major policies and business strategies directed by the Board.

The Group continues to take measures to enhance and strengthen the Group’s system of internal control.

## RISK MANAGEMENT FRAMEWORK

The process of identifying, evaluating and managing the key risks within the Group is an integral part of the internal control framework. The Board has reviewed risk management process of certain identified business entities within the Group and acknowledges that effective risk management is an integral part of good business management practice.

The process of risks assessment and management is an ongoing process which is being carried out at each level of operations. This process is monitored by the Board to ensure the adequacy and integrity of the Group’s risk management practices.

Management is responsible for the identification, evaluation and mitigation of risks applicable to their areas of business with the assistance of properly designed internal processes. Management reports findings on a regular basis to the Audit Committee, who will assess the report on behalf of the Board. The Management report to the Board on significant changes in the business environment that present new risks to the business entities within the Group.

The Board will continue to pursue its objective in identifying and management of risks associated with the operation of the Group and to take the necessary measures to strengthen its internal control so as to facilitate the achievement of the Group’s business objectives.

# Group Financial Highlights

## GROUP FINANCIAL HIGHLIGHTS FOR THE PERIOD ENDED 31 DECEMBER 2008

Revenue RM78,646,829	Profit Before Taxation RM663,090	Profit After Taxation RM448,236	Shareholders' Funds RM44,760,089	Earnings Per Share 0.9 sen
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## FIVE YEARS' FINANCIAL PERFORMANCE

### Revenue

	RM
Apr 2004 - Mar 2005	61,441,841
Apr 2005 - Mar 2006	66,226,638
Apr 2006 - Mar 2007	67,764,278
Apr 2007 - Mar 2008	81,716,789
Apr 2008 - Dec 2008	78,646,829

### Profit/(Loss) Before Taxation

	RM
Apr 2004 - Mar 2005	(1,368,112)
Apr 2005 - Mar 2006	(620,906)
Apr 2006 - Mar 2007	14,250,335
Apr 2007 - Mar 2008	4,549,531
Apr 2008 - Dec 2008	663,090

### Shareholders' Funds

	RM
31 Mar 2005	3,236,984
31 Mar 2006	1,848,638
31 Mar 2007	15,541,624
31 Mar 2008	44,013,711
31 Dec 2008	44,760,089

### Earnings/(Loss) Per Share (Sen)

	Sen
Apr 2004 - Mar 2005	(2.9)
Apr 2005 - Mar 2006	(2.3)
Apr 2006 - Mar 2007	26.0
Apr 2007 - Mar 2008	7.5
Apr 2008 - Dec 2008	0.9

# Directors' Report

for the period ended 31st December 2008

## DIRECTORS' REPORT FOR THE PERIOD FROM 1ST APRIL 2008 TO 31ST DECEMBER 2008

The Directors present their report and the audited financial statements of the Group and of the Company for the period ended 31st December 2008.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and providing management services. The principal activities of the subsidiary companies are disclosed in note 11 to the financial statements.

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

<b>FINANCIAL RESULTS</b>	<b>Group RM</b>	<b>Company RM</b>
Profit/(Loss) for the period after taxation	448,236 =====	(287,075) =====

The results of the operations of the Group and of the Company for the financial period were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in the financial statements.

### DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any dividend for the current financial period ended 31st December 2008.

### RESERVES AND PROVISIONS

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

### ISSUED OF SHARES

During the period, no issue of shares was made by the Company.

### OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the period.

### DIRECTORS

The Directors who served since the date of the last report are:-

DATO' TAN YIK HUAY	
DATO' LEE AH CHIEN @ LEE OW KIM	
DATO' NG KEK KIONG	
NG FUNG MO	
DATUK AZIZAN BIN ABD RAHMAN	
LIU XIUQING	
WONG SOO THIAM	
IAN GHEE EIK KAI	- Appointed : 26.11.08
DATO' ONG JYH JONG	- Resigned : 24.02.09

The following Directors retire in accordance with the Company's Article of Association and being eligible, offer themselves for re-election :

- (i) Article 88 Dato' Tan Yik Huay and Dato' Ng Kek Kiong
- (ii) Article 95 Ian Ghee Eik Kai



# Directors' Report

for the period ended 31st December 2008

## DIRECTORS' INTEREST

The shareholdings in the Company of those who were Directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134, are as follows:-

<b>Direct Interest</b>	<b>----- Ordinary Shares of RM1 each -----</b>			
	<b>As at 1.4.08</b>	<b>Bought</b>	<b>Sold</b>	<b>As at 31.12.08</b>
DATUK AZIZAN BIN ABDUL RAHMAN	1,915,000	-	-	1,915,000

<b>Indirect Interest held through body Corporate</b>	<b>----- Ordinary Shares of RM1 each -----</b>			
	<b>As at 1.4.08</b>	<b>Bought</b>	<b>Sold</b>	<b>As at 31.12.08</b>
DATO' NG KEK KIONG	13,621,225	-	-	13,621,225
NG FUNG MO	13,621,225	-	-	13,621,225

The other Directors did not hold shares in the Company as at the end of the financial period.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than those benefits disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which the Director has a substantial financial interest other than any benefits which may be deemed to have arisen from the transactions entered into by the Company as mentioned in note 29 to the financial statements.

During and at the end of the financial period, no arrangements subsisted to which the Company is a party whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## OTHER STATUTORY INFORMATION

- a) Before the income statement and balance sheet of the Group and of the Company were made out, the Directors took reasonable steps :-
  - i) to ascertain that proper action has been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts;
  - ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.
- b) At the date of this report, the Directors are not aware of any circumstances which would render :-
  - i) the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and the Company inadequate to any substantial extent;
  - ii) the values attributed to 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 render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- e) As at the date of this report there does not exist :-
  - i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.

# Directors' Report

for the period ended 31st December 2008

- f) In the opinion of the Directors :-
- i) no contingent liability or other liabilities 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;
  - ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

## **SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD**

Significant events during the financial period are disclosed in note 31 to the financial statements.

## **EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE**

Events subsequent to the balance sheet date are disclosed in note 32 to the financial statements.

## **AUDITORS**

The auditors, Tai Yapp & Co., have expressed their willingness to continue in office.

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

DATO' TAN YIK HUAY

DATO' NG KEK KIONG

Petaling Jaya  
Dated: 23rd April 2009

# Consolidated Income Statement

for the period from 1st April 2008 to 31st December 2008

		<b>Period ended</b> <b>31.12.08</b> <b>RM</b>	<b>Year ended</b> <b>31.3.08</b> <b>RM</b>
	<b>Note</b>		
Revenue	6	78,646,829	81,716,789
Cost of sales		<u>(65,259,473)</u>	<u>(64,737,282)</u>
Gross profit		13,387,356	16,979,507
Other income		452,960	1,721,465
Distribution costs		(1,013,174)	(1,104,621)
Administrative expenses		(7,455,700)	(7,821,618)
Other expenses		<u>(4,560,886)</u>	<u>(4,623,867)</u>
Profit from operations		810,556	5,150,866
Finance costs		<u>(147,466)</u>	<u>(601,335)</u>
<b>Profit before taxation</b>	7	663,090	4,549,531
Taxation	8	(214,854)	(665,888)
<b>Profit after taxation</b>		<u>448,236</u>	<u>3,883,643</u>
Earnings per ordinary share (sen) - Basic	9	<u>0.88</u>	<u>7.5</u>

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

# Income Statement

for the period from 1st April 2008 to 31st December 2008

		<b>Period ended</b>	<b>Year ended</b>
		<b>31.12.08</b>	<b>31.3.08</b>
	<b>Note</b>	<b>RM</b>	<b>RM</b>
Revenue	6	1,943,735	1,757,560
Other income		59,424	1,068,530
Administrative expenses		(1,674,234)	(1,248,547)
Other expenses		<u>(625,839)</u>	<u>(974,111)</u>
(Loss)/Profit from operations		(296,914)	603,432
Finance costs		<u>-</u>	<u>(30,082)</u>
<b>(Loss)/Profit before taxation</b>	7	(296,914)	573,350
Taxation	8	9,839	(134,662)
<b>(Loss)/Profit after taxation</b>		<u><u>(287,075)</u></u>	<u><u>438,688</u></u>

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

# Consolidated Balance Sheet

31st December 2008

	Note	Period ended 31.12.08 RM	Year ended 31.3.08 RM
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	10	6,124,090	6,334,662
Prepaid lease payments	12	266,027	282,753
Investments	13	580,650	580,650
Goodwill on consolidation	14	1,582,316	1,582,316
		<u>8,553,083</u>	<u>8,780,381</u>
<b>CURRENT ASSETS</b>			
Inventories	15	13,819,665	13,578,183
Trade receivables	16	17,784,990	22,385,712
Other receivables, deposits and prepayments	17	10,702,313	9,753,674
Tax recoverable		554,385	308,422
Fixed deposits with licensed banks	19	5,793,242	6,678,063
Cash and bank balances		6,719,874	5,504,795
		<u>55,374,469</u>	<u>58,208,849</u>
<b>TOTAL ASSETS</b>		<u><u>63,927,552</u></u>	<u><u>66,989,230</u></u>
<b>EQUITY</b>			
Share capital	20	50,895,000	50,895,000
Reserves	21	(6,134,911)	(6,881,289)
Total equity		<u>44,760,089</u>	<u>44,013,711</u>
<b>NON CURRENT LIABILITIES</b>			
Hire purchase payables	22	103,169	120,754
Deferred taxation	23	49,197	76,914
		<u>152,366</u>	<u>97,668</u>
<b>CURRENT LIABILITIES</b>			
Trade payables	24	3,425,376	7,081,772
Bills payable	25	3,090,560	3,294,090
Other payables and accruals	26	12,475,985	12,100,992
Hire purchase payables	22	23,176	22,361
Taxation		-	278,636
		<u>19,015,097</u>	<u>22,777,851</u>
Total liabilities		<u>19,167,463</u>	<u>22,975,519</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>63,927,552</u></u>	<u><u>66,989,230</u></u>

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

# Balance Sheet

31st December 2008

	Note	Period ended 31.12.08 RM	Year ended 31.3.08 RM
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	10	245,185	219,845
Investments in subsidiary companies	11	21,493,788	21,493,788
		<u>21,738,973</u>	<u>21,713,633</u>
<b>CURRENT ASSETS</b>			
Other receivables, deposits and prepayments	17	1,239,446	1,249,769
Amount owing by subsidiary companies	18	1,142,421	1,013,902
Tax recoverable		39,637	-
Fixed deposits with a licenced bank	19	1,925,111	2,800,139
Cash and bank balances		609,214	361,099
		<u>4,955,829</u>	<u>5,424,909</u>
<b>TOTAL ASSETS</b>		<u>26,694,802</u>	<u>27,138,542</u>
<b>EQUITY</b>			
Share capital	20	50,895,000	50,895,000
Reserves	21	(24,750,388)	(24,463,313)
Total equity		<u>26,144,612</u>	<u>26,431,687</u>
<b>NON CURRENT LIABILITY</b>			
Deferred taxation	23	22,800	14,300
<b>CURRENT LIABILITIES</b>			
	26	527,390	572,193
Other payables and accruals		-	120,362
Taxation		527,390	692,555
Total liabilities		<u>550,190</u>	<u>706,855</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>26,694,802</u>	<u>27,138,542</u>

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

# Consolidated Statement Of Changes In Equity

for the period from 1st April 2008 to 31st December 2008

	----- Non-Distributable -----		Distributable	Total
	Share Capital	Translation Adjustment Account	Accumulated Losses	Equity
	RM	RM	RM	RM
Balance at 1st April 2007	52,200,000	(88,824)	(36,569,552)	15,541,624
Currency translation differences	-	(206,556)	-	(206,556)
Net loss not recognised in the income statement	-	(206,556)	-	(206,556)
Capital reduction	(26,100,000)	-	26,100,000	-
Rights issue	13,050,000	-	-	13,050,000
Special issue	11,745,000	-	-	11,745,000
Net profit for the year	-	-	3,883,643	3,883,643
Balance at 31st March 2008	50,895,000	(295,380)	(6,585,909)	44,013,711
Currency translation differences	-	298,142	-	298,142
Net profit not recognised in the income statement	-	298,142	-	298,142
Net profit for the period	-	-	448,236	448,236
Balance at 31st December 2008	50,895,000	2,762	(6,137,673)	44,760,089

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

# Statement Of Changes In Equity

for the period from 1st April 2008 to 31st December 2008

	<b>Non Distributable</b>	<b>Distributable</b>	
	<b>Share Capital</b>	<b>Accumulated Losses</b>	<b>Total Equity</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Balance at 1st April 2007	52,200,000	(51,002,001)	1,197,999
Capital reduction	(26,100,000)	26,100,000	-
Rights issue	13,050,000	-	13,050,000
Special issue	11,745,000	-	11,745,000
Net profit for the year	<u>-</u>	<u>438,688</u>	<u>438,688</u>
Balance at 31st March 2008	50,895,000	(24,463,313)	26,431,687
Net loss for the period	-	(287,075)	(287,075)
Balance at 31st December 2008	<u>50,895,000</u>	<u>(24,750,388)</u>	<u>26,144,612</u>

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



# Consolidated Cash Flow Statement

for the period from 1st April 2008 to 31st December 2008

	Period ended 31.12.08	Year ended 31.3.08
	RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	663,090	4,549,531
Adjustments for :-		
Bad debts written off	648,787	33,196
Unrealised loss on foreign exchange	163,983	-
Property, plant and equipment written off	77,609	27,725
Inventories - allowance and written off	244,350	4,456
Loss on disposal of property, plant and equipment	-	4,001
Depreciation and amortisation of property, plant and equipment	449,971	680,168
Amortisation of short term leasehold land	16,726	22,301
Gain on disposal of property, plant and equipment	-	(11,999)
Foreign exchange translation	271,043	(220,808)
Allowance for doubtful debts written back	(158,847)	-
Interest expense	147,466	601,335
Interest income	(173,708)	(341,121)
Specific allowance for doubtful debts	233,770	214,231
<b>Operating profit before working capital changes</b>	<b>2,584,240</b>	<b>5,563,016</b>
Increase in inventories	(485,832)	(2,056,127)
Decrease/(Increase) in receivables	2,764,390	(12,007,685)
Decrease in payables	(3,281,403)	(1,073,496)
<b>Cash generated from/(absorbed in) operations</b>	<b>1,581,395</b>	<b>(9,574,292)</b>
Interest paid	(147,466)	(601,335)
Interest received	173,708	341,121
Tax paid	(767,170)	(509,788)
<b>Net cash provided by/(used in) operating activities</b>	<b>840,467</b>	<b>(10,344,294)</b>

# Consolidated Cash Flow Statement

for the period from 1st April 2008 to 31st December 2008

	<b>Period ended 31.12.08</b>	<b>Year ended 31.3.08</b>
	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of subsidiary net of cash acquired	-	(14,000)
Uplift/(Placement) of fixed deposits	884,821	(824,255)
Proceeds from disposal of property, plant and equipment	-	13,200
Purchase of property, plant and equipment	(289,909)	(363,436)
Net cash provided by/(used in) investing activities	594,912	(1,188,491)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issue of shares	-	24,795,000
Repayment of hire purchase payables	(16,770)	(49,199)
(Decrease)/Increase in bills payable	(203,530)	616,296
Repayment of bridging loans	-	(11,103,500)
Net cash (used in)/provided by financing activities	(220,300)	14,258,597
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,215,079	2,725,812
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>	5,504,795	2,778,983
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>	<u>6,719,874</u>	<u>5,504,795</u>
<b>Note :-</b>		
<b>Cash and cash equivalents :-</b>		
Cash and bank balances	<u>6,719,874</u>	<u>5,504,795</u>

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

# Cash Flow Statement

for the period from 1st April 2008 to 31st December 2008

	Period ended 31.12.08	Year ended 31.3.08
	RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before taxation	(296,914)	573,350
Adjustments for :-		
Allowance for doubtful debts written back		
- related companies	(5,511)	(103,656)
- others	(150)	-
Bad debt written off	150	-
Property, plant and equipment written off	2,293	-
Depreciation of property, plant and equipment	26,714	11,616
Interest expenses	-	30,082
Interest income	(53,763)	(203,899)
	<hr/>	<hr/>
Operating (loss)/profit before working capital changes	(327,181)	307,493
(Increase)/Decrease in receivables	(112,685)	98,623
Decrease in payables	(44,803)	(3,953,098)
	<hr/>	<hr/>
Cash absorbed in operations	(484,669)	(3,546,982)
Tax paid	(141,660)	-
Interest received	53,763	203,899
Interest paid	-	(30,082)
	<hr/>	<hr/>
Net cash used in operating activities	(572,566)	(3,373,165)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of subsidiaries company	-	(8,997,802)
Purchase of property, plant and equipment	(54,347)	(228,502)
	<hr/>	<hr/>
Net cash used in investing activities	(54,347)	(9,226,304)

# Cash Flow Statement

for the period from 1st April 2008 to 31st December 2008

	<b>Period ended 31.12.08</b>	<b>Year ended 31.3.08</b>
	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issue of shares	-	24,795,000
Repayment of bridging loans	-	(11,103,500)
Uplift/(Placement) of fixed deposit	875,028	(792,664)
Net cash provided by financing activities	875,028	12,898,836
	<hr/>	<hr/>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	248,115	299,367
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>	361,099	61,732
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>	<u>609,214</u>	<u>361,099</u>
 <b>Note :</b>		
<b>Cash and cash equivalents :-</b>		
Cash and bank balances	<u>609,214</u>	<u>361,099</u>

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

# Notes To The Financial Statements

31st December 2008

## 1. GENERAL INFORMATION

The Company is a public limited liability company incorporated and domiciled in Malaysia. It is listed on the Second Board of Bursa Malaysia Securities Berhad.

The Company's registered office is at Suite 11.1A, Level 11, Menara Weld, 76, Jalan Raja Chulan, 50200 Kuala Lumpur.

The Company's principal place of business is at Unit 803, 8th Floor, Menara Luxor, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor.

## 2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks, including foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders. The Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Financial risk management is carried out through risk reviews, internal control systems, insurance programme and adherence to Group financial risk management policies. The Board regularly reviews these risks and approves the treasury policies, which covers the management of these risks.

Derivative financial instruments are used to reduce exposure to fluctuations in foreign exchange rates and interest rates. While these are subject to the risk of market rates changing subsequent to acquisition, such changes are generally offset by opposite effects on the items being hedged.

The Group does not hold or issue derivative financial instruments for trading purposes.

### 2.1 Foreign Currency Risk

Foreign currency risk arises as the Group engages in transactions that are denominated in foreign currencies, mainly United States Dollar, Singapore Dollar, RMB, HK Dollar and Canada Dollar. In addition, the Group is exposed to foreign currency movements on its investments in foreign subsidiary companies.

### 2.2 Liquidity Risk

The liquidity risk of the Group is minimal as it maintains adequate working capital to meet its obligations as and when they fall due.

### 2.3 Interest Rate Risk

The Group's exposure to interest rate fluctuations are in respect of :

- a) fixed deposits with licensed banks that attracts interest income.
- b) hire purchase obligations of which the interest rate is fixed.
- c) bills payable of which the interest rates vary with reference to the base lending rates of the bank.

However, the fluctuation in interest rates, if any, is not expected to have a material impact on the financial performance of the Group.

### 2.4 Credit Risk

This involves the risk that counter parties may be unable to meet the terms of their agreements. The Group has no major concentration of credit risk and the Group manages these risks by monitoring credit evaluations and limiting the aggregate exposure to any counter party.

The Group places its cash and fixed deposits with creditworthy financial institutions.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represent the Group's exposure to credit risk.

# Notes To The Financial Statements

31st December 2008

## 3. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

### 3.1 Statement of Compliance

The financial statements of the Company have been approved by the Board of Directors for issuance on 23rd April 2009.

The financial statements of the Company have been prepared in accordance with applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board (MASB), accounting principles generally accepted in Malaysia and the provisions of the Companies Act, 1965.

At the beginning of the current financial period, the Company had adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1st July 2007 as described below :-

Revised FRS, Amendments to FRS and Interpretations	Effective for financial period beginning on or after
FRS 107 : Cash Flow Statements	1st July 2007
FRS 111 : Construction Contracts	1st July 2007
FRS 112 : Income Taxes	1st July 2007
FRS 118 : Revenue	1st July 2007
FRS 120 : Accounting for Government Grants and Disclosure of Government Assistance	1st July 2007
FRS 121 : The effects of changes in Foreign Exchange Rate : Net Investment in a Foreign Operation	1st July 2007
FRS 134 : Interim Financial Reporting	1st July 2007
FRS 137 : Provisions, Contingent Liabilities and Contingent Assets	1st July 2007
Amendment to FRS 121 : The effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation	1st July 2007
IC Interpretation 1 : Changes in Existing Decommissioning, Restoration and Similar Liabilities	1st July 2007
IC Interpretation 2 : Members' Shares in Co-operative Entities and Similar Instruments	1st July 2007
IC Interpretation 5 : Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1st July 2007
IC Interpretation 6 : Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1st July 2007
IC Interpretation 7 : Applying the Restatement Approach under FRS 129 Financial Reporting in Hyperinflationary Economies	1st July 2007
IC Interpretation 8 : Scope of FRS 2	1st July 2007

The adoption of above revised FRS does not result in significant changes in accounting policies of the Company. The principal changes in accounting policies and their effects resulting from the adoption of new and revised FRSs are disclosed in the respective accounting policies, if any.

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

# Notes To The Financial Statements

31st December 2008

Revised FRS, Amendments to FRS and Interpretations	Effective for financial period beginning on or after
FRS 8 : Operating Segment	1st July 2009
FRS 4 : Insurance Contracts	1st January 2010
FRS 7 : Financial Instruments : Disclosures	1st January 2010
FRS 139 : Financial Instruments : Recognition and Measurement	1st January 2010
IC Interpretation 9 : Reassessment of Embedded Derivatives	1st January 2010
IC Interpretation 10 : Interim Financial Reporting and Impairment	1st January 2010

The new and revised FRSs, amendments to FRSs and Interpretations stated above are expected to have no significant impact on the financial statements of the Company upon initial application.

### 3.2 Basis of Measurement

The financial statements of the Group have been prepared under the historical cost convention and other measurement basis otherwise indicated in the respective accounting policies as set out below.

### 3.3 Functional and Presentation Currency

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

### 3.4 Use of Estimates and Judgements

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

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

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the respective notes.

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 :

#### (a) Deferred Tax Assets

Deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. This involves judgement regarding the future financial performance together with future tax planning strategies.

#### (b) 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 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 are based on internal evaluation and experience with similar assets. It is possible that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimates useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

## (c) Impairment of goodwill

The Group determines whether goodwill are impaired at least on an annual basis. This required an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill are allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at balance sheet date is disclosed in Note 14.

## 4. SIGNIFICANT ACCOUNTING POLICIES

### 4.1 Share Capital

Incremental costs directly attributable to issue of shares and share options classified as equity are recognised as a deduction from equity.

### 4.2 Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

### 4.3 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiary companies made up to the end of the financial year using the purchase method of accounting.

Under the purchase method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. The cost of an acquisition is measured as the aggregate of fair values of assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination.

The difference between the acquisition price and the fair values of the subsidiary companies' net assets acquired is reflected as goodwill or negative goodwill. Goodwill is stated at cost less accumulated impairment losses. It is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. Negative goodwill is recognised immediately in the income statement.

Where more than one exchange transaction is involved, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

Identifiable assets acquired and liabilities and contingent liabilities assumed in the business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair values of the Group's share of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. If the cost of acquisition is less than the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, the Group will :

- (a) reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination; and
- (b) recognise immediately in profit or loss any excess remaining after that reassessment.

Intragroup transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated income statement.

The gain or loss on disposal of a subsidiary, which is the difference between the net disposal proceeds and the Group's share of its net assets as of the date of disposal including the cumulative amount of any exchange differences that relate to the subsidiary, is recognised in the consolidated income statement.

Minority interest represent that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, 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 that date.



# Notes To The Financial Statements

31st December 2008

## 4.4 Subsidiary Companies

A subsidiary company is a company in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

## 4.5 Investments

Investments in unquoted shares and transferable Club Memberships which are held as long term investments are stated at cost less impairment losses, if any.

## 4.6 Property, Plant and Equipment

Freehold land is stated at cost less impairment losses, if any and is not depreciated. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Subsequent costs are included in the assets 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. The costs of the day to day servicing of property, plant and equipment are recognised in the income statement as incurred.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Depreciation is calculated to write off the cost of other property, plant and equipment on a straight-line basis over the estimated useful lives of the assets concerned. The principal annual depreciation rates used for this purpose are as follows :-

	%
Buildings	2
Furniture, fixtures, fittings and office equipment	10 – 20
Plant and equipment	10 – 20
Vehicles	20
Store equipment	10

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

## 4.7 Income Taxes

Income taxes comprises current and deferred tax. Tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences : the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

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

Additional taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

# Notes To The Financial Statements

31st December 2008

## 4.8 Impairment of Assets

The carrying amount of the Group's and Company's assets other than inventories, assets arising from construction contracts, deferred tax asset and financial assets (other than investment in subsidiaries, associates and joint ventures) are reviewed for impairment where there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts and the impairment loss is recognised whenever the recoverable amount is less than the carrying amount of the asset.

The impairment loss is charged to the income statement immediately except for the impairment on a revalued asset where the impairment loss is recognised directly against the revaluation surplus account to the extent of the surplus credited from the previous revaluation for the same assets with the excess of the impairment loss charged to the income statement. Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the assets that would have been determined had no impairment loss been recognised. The reversal is recognised in the income statement immediately except for the reversal of an impairment loss on a revalued asset where the reversal of the impairment loss is treated as a revaluation increase and credited to the revaluation surplus account of the same asset.

The impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount.

## 4.9 Foreign Currencies Conversion

### 4.9.1 Transactions in Foreign Currencies

Transactions in foreign currencies are converted into Ringgit Malaysia at the exchange rates ruling at the time of transactions or at contracted rates where applicable. Foreign currency assets and liabilities are converted at the exchange rates ruling at the balance sheet date. All exchange differences are dealt with in the income statement.

### 4.9.2 Translation of Foreign Currency Financial Statements

Assets and liabilities of foreign subsidiary companies are translated into Ringgit Malaysia at the rates of exchange ruling at the balance sheet date and the results of foreign subsidiary companies are translated at the average rate of exchange for the year. Exchange differences arising from the retranslation of the opening net investments in foreign subsidiary companies and from the translation of the results of those subsidiary companies at the average rate are dealt with through the Translation Adjustment Account.

The exchange rates ruling at balance sheet date used for each unit of foreign currencies to Ringgit Malaysia are as follows :-

	Average Rate		Year End	
	Period ended 31.12.08	Year ended 31.3.08	Period ended 31.12.08	Year ended 31.3.08
1 United States Dollar	3.45	3.25	3.65	3.18
1 Singapore Dollar	2.38	2.27	2.40	2.30
1 Canadian Dollar	3.10	3.26	2.84	3.11
1 Hongkong Dollar	0.43	0.42	0.44	0.41
1 Renminbi	0.49	0.53	0.51	0.53

## 4.10 Inventories

Inventories are stated at the lower of cost and net realisable value after due allowances are made for damaged, obsolete and slow moving items. Cost is principally determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of raw materials includes the original purchase price and the incidental expense incurred in bringing the inventories to their present location and condition. The cost of work in progress and finished goods include the cost of raw materials, direct labour and an appropriate proportion of manufacturing overheads.

## 4.11 Receivables

Receivables are carried at anticipated realisable value. Known bad debts are written off and due allowances are made for any debts considered to be doubtful of collection.

## 4.12 Intangible Assets

### 4.12.1 Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures. Goodwill represents the 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 of the acquiree.

Goodwill is measured at cost and is no longer amortised but tested for impairment at least annually or more frequently when there is objective evidence of impairment.

### 4.12.2 Research and Development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is expensed off in the income statement in the year it is incurred.

However, if future economic benefit from development activities are probable and measurable, the related development cost is capitalised and tested for impairment annually or more frequently if events and circumstances indicate that it might be impaired.

## 4.13 Leases

### (i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Company 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 leases 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 held under a finance lease; 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

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 date as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial 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 assets acquired, are recognised in the income statement over the term of the relevant lease so as to produce a constant periodical 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 4.6.

### (iii) Operating Leases

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

In the case of a lease of land, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land elements in proportion to the relative fair values for leasehold interests in the land 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.

#### 4.14 Revenue Recognition

Revenue of the Group and of the Company are recognised on the following basis :

4.14.1 Revenue from sale of goods are recognised upon the delivery of goods and customer's acceptance.

4.14.2 Revenue from services are recognised upon the services rendered.

4.14.3 Interest income, rental income and management fees are recognised on accrual basis.

4.14.4 Revenue from handling commission is recognised upon the completion of services.

#### 4.15 Cash and Cash Equivalents

Cash and cash equivalents comprise cash and bank balances and highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value.

#### 4.16 Segment Information

Segment information is presented in respect of the Group's business and geographical segments. The primary segment information is in respect of business segments as the Group risk and rates of return are affected predominantly by differences in the products it produces, while the secondary information is reported geographically.

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

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

#### 4.17 Provision for Liabilities

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

#### 4.18 Employee Benefit Costs

##### Short term benefits

Wages, salaries, bonuses, social security contributions, paid annual leave and paid sick leave are recognised as an expense in the year in which the associated services are rendered by employees of the Group.

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

##### Defined contribution plan

Contributions to the Employees' Provident Fund are charged to the income statement in the year to which they relate.

#### 4.19 Equity Instruments

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

# Notes To The Financial Statements

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## 4.20 Financial Instruments

### 4.20.1 Financial instruments recognised on the balance sheet

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

The accounting policies for financial instruments are disclosed in the individual policies associated with each item.

### 4.20.2 Disclosure of fair values

The Group's financial instruments are accounted for under the historical cost convention. Fair value represents the amount at which an asset could be exchanged, or a liability settled, between willing parties in an arm's length transaction.

#### Methodologies

The methodologies and assumptions used in ascertaining the fair values depend on the terms and risk characteristics of the instruments and are briefly set out below.

#### Amounts owing by subsidiary companies

It is not practical to estimate the fair values of the above amounts due principally to a lack of fixed repayment term entered by the parties involved and without incurring excessive costs.

#### Other financial assets and liabilities

The fair values of the other financial assets and liabilities maturing within twelve months are stated at approximately the carrying value as at the balance sheet date.

## 5. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and providing management services. The principal activities of the subsidiary companies are disclosed in note 11 to the financial statements.

## 6. REVENUE

### Group

Revenue represents invoiced value of goods sold less returns and contract manufacturing services rendered.

	Group		Company	
	Period ended 31.12.08	Year ended 31.3.08	Period ended 31.12.08	Year ended 31.3.08
These represent :	RM	RM	RM	RM
Management services	-	-	1,943,735	1,757,560
Sales of goods	77,784,772	79,689,916	-	-
Contract manufacturing services	60,566	64,600	-	-
Handling commission	801,491	1,962,273	-	-
	-----	-----	-----	-----
	78,646,829	81,716,789	1,943,735	1,757,560
	=====	=====	=====	=====

# Notes To The Financial Statements

31st December 2008

## 7. PROFIT/(LOSS) BEFORE TAXATION

	Group		Company	
	Period ended 31.12.08	Year ended 31.3.08	Period ended 31.12.08	Year ended 31.3.08
	RM	RM	RM	RM
This is stated after charging :-				
Directors' fees	104,976	102,758	87,145	89,115
Directors' remuneration	2,405,041	2,141,764	927,840	599,488
Auditors' remuneration				
- current year	106,405	91,523	20,000	10,000
- underprovision in prior year	12,800	2,750	10,000	-
Depreciation of property, plant and equipment	429,341	622,252	26,714	11,616
Amortisation of short term leasehold land	16,726	22,301	-	-
Property, plant and equipment written off	77,609	27,725	2,293	-
Interest expense on :				
- Hire purchase	4,847	9,353	-	-
- Bills payable	136,361	205,261	-	-
- Bridging loan	-	385,284	-	-
- Advances from a subsidiary company	-	-	-	30,082
- Others	6,258	1,437	-	-
Loss on foreign exchange				
- realised	1,723	35,557	463	-
- unrealised	163,983	-	-	-
Bad debts written off	648,787	33,196	150	-
Specific allowance for doubtful debts	233,770	214,231	-	-
Rental of premises	206,260	134,379	56,138	28,069
Research and development expenditure				
- depreciation of property, plant and equipment	20,630	57,916	-	-
- rental paid to a company in which one of the Directors has substantial interest	-	9,459	-	-
- direct attributable costs	-	(531)	-	-
Management fee	4,226	5,634	1,409	5,634
Inventories - allowance and written off	244,350	4,456	-	-
Loss on disposal of property, plant and equipment	-	4,001	-	-
Preliminary expenses	-	3,000	-	-
Staff costs	6,084,459	6,600,683	560,044	378,678
	=====	=====	=====	=====
And crediting:-				
Allowance for doubtful debts written back	158,847	-	5,661	103,656
Interest income	173,708	341,121	53,763	203,899
Gain on disposal of property, plant and equipment	-	11,999	-	-
Realised gain on foreign exchange	95,031	1,264,910	-	760,975
	=====	=====	=====	=====
<b>Staff costs</b>				
Salaries and wages	4,031,835	4,887,297	441,361	285,821
Contributions to defined contribution plan	481,768	512,599	52,981	38,100
Social security contribution	36,973	47,790	2,103	1,373
Other benefits	1,533,883	1,152,997	63,599	53,384
	-----	-----	-----	-----
	6,084,459	6,600,683	560,044	378,678
	=====	=====	=====	=====

# Notes To The Financial Statements

31st December 2008

	Group		Company	
	Period ended 31.12.08	Year ended 31.3.08	Period ended 31.12.08	Year ended 31.3.08
	RM	RM	RM	RM
<b>DIRECTORS' REMUNERATION</b>				
<b>Executive</b>				
Salaries and other emoluments	2,135,425	1,892,348	840,000	544,000
Pension costs - defined contribution plans	269,616	249,416	87,840	55,488
	-----	-----	-----	-----
	2,405,041	2,141,764	927,840	599,488
	=====	=====	=====	=====
<b>Non-Executive</b>				
Fees	104,976	102,758	87,145	89,115
	=====	=====	=====	=====

The Directors' remuneration during the financial period ended 31st December 2008 fall within the following bands :-

Range of remuneration RM	No. of Executive Directors	No. of Non-Executive Directors
Below 50,000	-	6
50,001 and 100,000	1	-
100,001 and 150,000	4	-
150,001 and 200,000	-	-
200,001 and 250,000	-	-
250,001 and 300,000	2	-
300,001 and 350,000	2	-
350,001 and 400,000	-	-
400,001 and 450,000	-	-
Above 450,001	1	-
	-----	-----
Total	10	6
	=====	=====

## 8. TAXATION

	Group		Company	
	Period ended 31.12.08	Year ended 31.3.08	Period ended 31.12.08	Year ended 31.3.08
	RM	RM	RM	RM
Based on the results for the period/year :-				
<b>Current Tax</b>				
Malaysian Income Tax	450,619	899,758	-	160,000
<b>Deferred taxation</b>				
Relating to (reversal)/ originating of temporary differences (note 23)	(27,717)	(75,153)	8,500	14,300
	-----	-----	-----	-----
	422,902	824,605	8,500	174,300
<b>Overprovision in prior years</b>				
Malaysian Income Tax	(208,048)	(158,717)	(18,339)	(39,638)
	-----	-----	-----	-----
<b>Tax expense for the period/year</b>	214,854	665,888	(9,839)	134,662
	=====	=====	=====	=====

# Notes To The Financial Statements

31st December 2008

## Reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable tax rate :-

	Group		Company	
	Period ended 31.12.08	Year ended 31.3.08	Period ended 31.12.08	Year ended 31.3.08
	RM	RM	RM	RM
<b>Profit/(Loss) before taxation</b>	663,090	4,549,531	(296,914)	573,350
<b>Tax at Malaysian statutory tax rate of 25% (31.3.08 : 26%)</b>	165,773	1,182,878	(74,229)	149,071
Effect of different tax rates in other countries	(25,874)	(137,669)	-	-
Income not subject to tax	(88,061)	(517,238)	(1,378)	(224,804)
Non allowable expenses	511,220	941,089	84,107	250,033
Utilisation of prior years capital allowances and tax losses	(140,156)	(602,313)	-	-
Effects of tax incentive				
- Nil (31.3.08 Reduction in statutory tax rate on chargeable income of up to RM500,000)	-	(42,142)	-	-
Overprovision in prior years	422,902	824,605	8,500	174,300
	(208,048)	(158,717)	(18,339)	(39,638)
<b>Tax expense for the period/year</b>	214,854	665,888	(9,839)	134,662

Based on the estimated tax credit available, the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of net dividends of approximately RM4,993,000 (31.3.08 : RM4,816,000) out of its future profit without incurring additional tax liability.

The Malaysian Budget 2008 introduced a single tier dividend system with effect from year of assessment 2008. As such, the Company is given an irrevocable option to disregard the balance of dividend franking credit that is available in order to switch to the new single tier system from the year of assessment 2008. Upon such election, the Company will only be allowed to distribute single tier exempt dividend (without tax credit attached) to shareholders and the recipient of the dividend will not be able to claim tax credit as in the previous imputation system. As at the end of the financial period, the Company has not elected to switch to the single tier tax system.

The Group and the Company have potential deferred tax assets not taken up in the financial statements under the liability method in respect of the following deductible temporary differences :

	Group		Company	
	Period ended 31.12.08	Year ended 31.3.08	Period ended 31.12.08	Year ended 31.3.08
	RM	RM	RM	RM
Unabsorbed tax losses	(12,690,100)	(12,625,837)	-	-
Other temporary differences	(683,110)	(927,796)	-	-
	(13,373,210)	(13,553,633)	-	-

The above deferred tax assets are available indefinitely for offset against future taxable profit of the subsidiary companies in which those items arose. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset future taxable profit of other subsidiary companies in the Group and they have arisen in subsidiary companies that have a recent history of losses.



# Notes To The Financial Statements

31st December 2008

## 9. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share :-

The basic earnings per ordinary share for the financial period has been calculated based on the consolidated profit after tax divided by the weighted average number of ordinary shares in issue during the financial period.

	Period ended 31.12.08	Year ended 31.3.08
	RM	RM
Consolidated profit after tax	448,236 =====	3,883,643 =====
Weighted average number of ordinary shares in issue	50,895,000 =====	51,527,836 =====
Basic earnings per ordinary share (sen)	0.88 =====	7.5 =====

## 10. PROPERTY, PLANT AND EQUIPMENT

Group	As at 1.4.08	Translation Adjustments	Additions	(Written off)	As at 31.12.08
Cost	RM	RM	RM	RM	RM
Freehold land	424,782	17,750	-	-	442,532
Freehold building	201,027	8,401	-	-	209,428
Short term leasehold building	5,469,625	-	-	-	5,469,625
Furniture, fixtures, fittings and office equipment	3,822,366	7,452	142,879	(731,122)	3,241,575
Plant and equipment	8,737,101	10,368	147,030	(137,386)	8,757,113
Vehicles	390,418	-	-	-	390,418
Store equipment	10,490	-	-	-	10,490
	----- 19,055,809 =====	----- 43,971 =====	----- 289,909 =====	----- (868,508) =====	----- 18,521,181 =====

	As at 1.4.08	Translation Adjustments	Depreciation charge	(Written off)	As at 31.12.08
Accumulated Depreciation	RM	RM	RM	RM	RM
Freehold land	-	-	-	-	-
Freehold building	75,499	3,194	3,948	-	82,641
Short term leasehold building	1,810,542	-	82,044	-	1,892,586
Furniture, fixtures, fittings and office equipment	2,618,689	6,729	203,153	(699,466)	2,129,105
Plant and equipment	7,974,183	6,949	128,089	-	8,109,221
Vehicles	239,630	-	31,950	(91,433)	180,147
Store equipment	2,604	-	787	-	3,391
	----- 12,721,147 =====	----- 16,872 =====	----- 449,971 =====	----- (790,899) =====	----- 12,397,091 =====

# Notes To The Financial Statements

31st December 2008

	Net Book Value		Depreciation Charge	
	Period ended 31.12.08	Year ended 31.3.08	Period ended 31.12.08	Year ended 31.3.08
	RM	RM	RM	RM
Freehold land	442,532	424,782	-	-
Freehold building	126,787	125,528	3,948	5,207
Short term leasehold building	3,577,039	3,659,083	82,044	109,392
Furniture, fixtures, fittings and office equipment	1,112,470	1,203,677	203,153	311,010
Plant and equipment	647,892	762,918	128,089	198,694
Vehicles	210,271	150,788	31,950	54,816
Store equipment	7,099	7,886	787	1,049
	-----	-----	-----	-----
	6,124,090	6,334,662	449,971	680,168
	=====	=====	=====	=====
<b>Company</b>	<b>As at 1.4.08</b>	<b>Additions</b>	<b>(Written off)</b>	<b>As at 31.12.08</b>
<b>Cost</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Furniture and office equipment	163,156	54,347	(10,099)	207,404
Electrical installation	17,792	-	-	17,792
Renovation	57,653	-	-	57,653
	-----	-----	-----	-----
	238,601	54,347	(10,099)	282,849
	=====	=====	=====	=====
<b>Accumulated Depreciation</b>	<b>As at 1.4.08</b>	<b>Depreciation Charge</b>	<b>(Written off)</b>	<b>As at 31.12.08</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Furniture and office equipment	15,743	21,056	(7,806)	28,993
Electrical installation	741	1,334	-	2,075
Renovation	2,272	4,324	-	6,596
	-----	-----	-----	-----
	18,756	26,714	(7,806)	37,664
	=====	=====	=====	=====
	Net Book Value		Depreciation Charge	
	Period ended 31.12.08	Year ended 31.3.08	Period ended 31.12.08	Year ended 31.3.08
	RM	RM	RM	RM
Furniture and office equipment	178,411	147,413	21,056	8,603
Electrical installation	15,717	17,051	1,334	741
Renovation	51,057	55,381	4,324	2,272
	-----	-----	-----	-----
	245,185	219,845	26,714	11,616
	=====	=====	=====	=====

Included in the above property, plant and equipment of the Group are vehicles under hire purchase arrangements with cost and net book values totalling RM185,000 (31.3.08 : RM185,000) and RM104,833 (31.3.08 : RM132,583) respectively.

# Notes To The Financial Statements

31st December 2008

## 11. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company	
	Period ended 31.12.08	Year ended 31.3.08
	RM	RM
Unquoted shares, at cost	34,467,808	34,467,808
Less :		
Dividends paid out of pre-acquisition reserves	(1,730,141)	(1,730,141)
Impairment loss in value	(11,243,879)	(11,243,879)
	21,493,788	21,493,788
	21,493,788	21,493,788

The Company carried out a review of the recoverable amount on its investments in subsidiaries during the financial period. As a result of the review, no impairment loss was deemed necessary. The recoverable amount was based on the net asset value of the subsidiaries.

The subsidiary companies are :-

Name Direct Subsidiary	Place of Incorporation	Effective Interest		Principal activities
		Period ended 31.12.08 %	Year ended 31.3.08 %	
Tenco Industries Sdn Bhd	Malaysia	100	100	Sales and marketing of hardware related products
Wilron Products Sdn Bhd	Malaysia	100	100	Manufacturing of industrial adhesives, industrial chemicals, aerosol products and decorative paints
Ferndale Direct Sdn Bhd	Malaysia	100	100	Sales and marketing of air conditioning and refrigeration parts and supplies
Tenco Construction Sdn Bhd	Malaysia	100	100	Inactive
*Tenco Westech Industries Pte Ltd	Republic of Singapore	100	100	Sales and marketing of industrial chemicals, industrial adhesives, equipment, building products and aerosol products
Ridgemonde Chemicals & Resins Sdn Bhd	Malaysia	100	100	Polymerisation of synthetic latex for the paint, adhesive, wood and textile industries
Quality Coatings Sdn Bhd	Malaysia	100	100	Inactive
Iso Kimia (M) Sdn Bhd	Malaysia	100	100	Inactive
Westech Chemicals Sdn Bhd	Malaysia	100	100	Sales and marketing of fluorochemicals
Vivaplus Paints Sdn Bhd	Malaysia	100	100	Inactive

# Notes To The Financial Statements

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Name Direct Subsidiary	Place of Incorporation	Effective Interest		Principal activities
		Period ended 31.12.08 %	Year ended 31.3.08 %	
Continental Series Sdn Bhd	Malaysia	100	100	Provision of management services
Nagamas Aviation Services Sdn Bhd	Malaysia	100	100	Provision of management services for air cargo transportation business operations
*Nagamas Enterprise (HK) Ltd	Hong Kong	100	100	Agency of air cargo transportation
*Nagamas International (HK) Ltd	Hong Kong	100	100	Property development and provision of marketing services
<b>Subsidiary company held through Tenco Westech Industries Pte Ltd</b>				
*Tenco Westech Industries Incorporated	Canada	100	100	Sales and marketing of synthetic resins and industrial adhesive

**Note :**

\*Audited by other firm of Chartered Accountants.

## 12. PREPAID LEASE PAYMENTS

Group

	Period ended 31.12.08	Year ended 31.3.08
	RM	RM
At 1st April	282,753	305,054
Amortisation for the period/year	(16,726)	(22,301)
At 31st December/March	266,027	282,753
Analysed as :		
Short term leasehold land	266,027	282,753

The issuance of title deeds of the short term leasehold land of a subsidiary company is pending.

As per the transitional provision of FRS 117, the book value of prepaid land lease payments has been used as surrogate cost.

# Notes To The Financial Statements

31st December 2008

## 13. INVESTMENTS

	Group	
	Period ended 31.12.08	Year ended 31.3.08
	RM	RM
<b>Outside Malaysia</b>		
Unquoted shares, at cost	439,650	439,650
<b>In Malaysia</b>		
Transferable club memberships, at cost	141,000	141,000
	-----	-----
	580,650	580,650
	=====	=====
Transferable club memberships, at market value	150,000	150,000
	=====	=====

## 14. GOODWILL ON CONSOLIDATION

	Group	
	Period ended 31.12.08	Year ended 31.3.08
	RM	RM
<b>Cost</b>		
At 1st April	2,083,206	2,057,366
Addition	-	25,840
At 31st December/March	2,083,206	2,083,206
<b>Impairment losses</b>	(500,890)	(500,890)
	-----	-----
	1,582,316	1,582,316
	=====	=====

Goodwill is allocated for impairment testing purposes to the individual entity which is also the cash generating unit ("CGU"). The computed value-in-use applies a discounted cash flow model using cash flow projective based on financial budgets approved by management covering 5 years period.

The discount rates applied to the cash flow projections are derived from the cost of capital plus a reason premium at the date of assessment of the respective CGU.

No impairment loss was required for the goodwill assessed as their recoverable values were in excess of their carrying amounts.

## 15. INVENTORIES

	Group	
	Period ended 31.12.08	Year ended 31.3.08
	RM	RM
<b>At cost :</b>		
Raw materials	3,181,670	3,516,503
Finished goods	10,176,192	9,646,418
Work in progress	143,253	116,470
Packing materials	318,550	298,792
	-----	-----
	13,819,665	13,578,183
	=====	=====

# Notes To The Financial Statements

31st December 2008

## 16. TRADE RECEIVABLES

	Group	
	Period ended 31.12.08	Year ended 31.3.08
	RM	RM
Total amount outstanding	18,652,895	23,178,544
Less :		
<b>Specific allowance for doubtful debts</b>		
At 1st April	(773,969)	(559,738)
Allowance written back	158,697	-
Allowance during the period/year	(233,770)	(214,231)
At 31st December/March	(849,042)	(773,969)
<b>General allowance for doubtful debts</b>	(18,863)	(18,863)
	-----	-----
	17,784,990	22,385,712
	=====	=====

The credit terms of trade receivables range from 30 to 90 days. Other credit terms are assessed and approved on a case by case basis.

The Company makes allowance for doubtful debts based on assessment of recoverability. Whilst management's judgement is guided by past experience, judgement is required about future recovery of debts.

The trade receivables of the Group in the local and foreign denominated currencies are as follows :-

	Period ended 31.12.08	Year ended 31.3.08
	RM	RM
	Ringgit Malaysia	15,974,649
US Dollar	415,576	696,946
Singapore Dollar	89,951	190,289
Canada Dollar	367,302	183,496
Renminbi	937,512	1,706,561
	-----	-----
	17,784,990	22,385,712
	=====	=====

# Notes To The Financial Statements

31st December 2008

## 17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	Period ended 31.12.08	Year ended 31.3.08	Period ended 31.12.08	Year ended 31.3.08
	RM	RM	RM	RM
(i) Other receivable	14,224,805	13,642,824	1,090,000	1,090,150
<b>Less : Allowance for doubtful debts</b>	(13,134,805)	(12,552,824)	-	(150)
	-----	-----	-----	-----
	1,090,000	1,090,000	1,090,000	1,090,000
(ii) Other receivables	9,028,995	8,035,700	500	-
(iii) Deposits	263,936	282,794	148,946	158,641
(iv) Prepayments	319,382	345,180	-	1,128
	-----	-----	-----	-----
	10,702,313	9,753,674	1,239,446	1,249,769
	=====	=====	=====	=====

Included in (i) other receivable is a subsidiary company, Westech Sdn Bhd which was placed under creditors' voluntary winding up on 26th October 2006.

It is partially secured, interest free and has no fixed terms of repayment.

The Company makes allowance for doubtful debts based on assessment of recoverability. Whilst management's judgement is guided by past experience, judgement is required about future recovery of debts.

## 18. AMOUNT OWING BY SUBSIDIARY COMPANIES

	Company	
	Period ended 31.12.08	Year ended 31.3.08
	RM	RM
Amount owing by subsidiary companies	10,202,422	10,079,414
Less :		
<b>Allowance for doubtful debts</b>		
At 1st April	(9,065,512)	(9,169,168)
Amount written back	5,511	103,656
	-----	-----
At 31st December/March	(9,060,001)	(9,065,512)
	-----	-----
	1,142,421	1,013,902
	=====	=====

The Company makes allowance for doubtful debts based on assessment of recoverability. Whilst management's judgement is guided by past experience, judgement is required about future recovery of debts.

The amount owing by subsidiary companies are unsecured, interest free and have no fixed terms of repayment.

## 19. FIXED DEPOSITS WITH LICENSED BANKS

### Group

Included in the fixed deposits are RM3,703,744 (31.3.08 : RM3,320,974) which have been pledged to financial institutions for banking facilities granted to the Group as mentioned in note 25.

# Notes To The Financial Statements

31st December 2008

## 20. SHARE CAPITAL

	Group and Company	
	Period ended 31.12.08	Year ended 31.3.08
	RM	RM
Ordinary shares of RM1 each		
Authorised	100,000,000	100,000,000
Issued and fully paid		
At 1st April	50,895,000	52,200,000
Capital reduction of 50 sen from the 52,200,000 ordinary shares	-	(26,100,000)
	50,895,000	26,100,000
Special issue	-	11,745,000
Rights issue	-	13,050,000
At 31st December/March	50,895,000	50,895,000

## 21. RESERVES

	Group		Company	
	Period ended 31.12.08	Year ended 31.3.08	Period ended 31.12.08	Year ended 31.3.08
	RM	RM	RM	RM
<b>Non-Distributable</b>				
Translation Adjustment Account	2,762	(295,380)	-	-
<b>Distributable</b>				
Accumulated losses	(6,137,673)	(6,585,909)	(24,750,388)	(24,463,313)
	(6,134,911)	(6,881,289)	(24,750,388)	(24,463,313)



# Notes To The Financial Statements

31st December 2008

## 22. HIRE PURCHASE PAYABLES

	Group	
	Period ended 31.12.08	Year ended 31.3.08
	RM	RM
Total principal outstanding	126,345	143,115
Less : Repayable within the next twelve month shown under current liabilities	(23,176)	(22,361)
	-----	-----
Repayable after the next twelve months	103,169	120,754
	=====	=====
Represented by :		
Minimum hire purchase payments :		
- Within one year	28,824	28,824
- After one year but not more than five years	112,889	115,296
- After five years	-	19,210
	-----	-----
	141,713	163,330
Less: Future interest charges	(15,368)	(20,215)
	-----	-----
Present value of hire purchase liabilities	126,345	143,115
	=====	=====

## 23. DEFERRED TAXATION

	Group		Company	
	Period ended 31.12.08	Year ended 31.3.08	Period ended 31.12.08	Year ended 31.3.08
	RM	RM	RM	RM
At 1st April	76,914	152,067	14,300	-
Recognised in income statement (note 8)	(27,717)	(75,153)	8,500	14,300
	-----	-----	-----	-----
	49,197	76,914	22,800	14,300
	=====	=====	=====	=====

This represents capital allowances claimed on property, plant and equipment in excess of their depreciation charged.

## 24. TRADE PAYABLES

### Group

The credit terms of trade payables range from 30 to 60 days.

The trade payables of the Group in the local and foreign denominated currencies are as follows :-

	Period ended 31.12.08	Year ended 31.3.08
	RM	RM
Ringgit Malaysia	3,137,969	5,917,622
US Dollar	247,848	827,888
Canada Dollar	-	25,218
Renminbi	39,559	311,044
	-----	-----
	3,425,376	7,081,772
	=====	=====

# Notes To The Financial Statements

31st December 2008

## 25. BILLS PAYABLE

### Group

This trade line facilities granted by the financial institutions to the subsidiary companies are secured against the Group's fixed deposits as mentioned in note 19.

They bear weighted average interest rate at 7.75% (31.3.08 : 8%) per annum.

## 26. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	Period ended 31.12.08	Year ended 31.3.08	Period ended 31.12.08	Year ended 31.3.08
	RM	RM	RM	RM
i) Other payables and accruals	12,471,785	12,100,992	527,390	572,193
ii) Company in which the Director has substantial interest	4,200	-	-	-
	-----	-----	-----	-----
	12,475,985	12,100,992	527,390	572,193
	=====	=====	=====	=====

The amount in (ii) above is unsecured, interest free and has no fixed terms of repayment.

## 27. SEGMENTAL REPORTING

Segment information is presented in respect of the Group's business and geographical segments.

Inter segment pricing is determined on arm's length basis.

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

### By Business Segment

The Group's operations comprise the following main business segments :

Industrial division	Manufacture of polymer, chemicals, adhesive, decorative coatings and related products and sales of chemicals, adhesives, building materials, equipment and consumer products
Aviation Services	Agency of air-cargo transportation
Property & Investment holding	Investment holding, property development and provision of management and marketing services

31.12.08	Industrial Division	Aviation Services	Property & Investment Holding	Elimination	Consolidation
Revenue	RM	RM	RM	RM	RM
External sales	58,963,591	18,881,747	801,491	-	78,646,829
Inter-segment sales	10,676,867	1,182	1,943,735	(12,621,784)	-
	-----	-----	-----	-----	-----
Total	69,640,458	18,882,929	2,745,226	(12,621,784)	78,646,829
	=====	=====	=====	=====	=====

# Notes To The Financial Statements

31st December 2008

	<b>Industrial Division</b>	<b>Aviation Services</b>	<b>Property &amp; Investment Holding</b>	<b>Elimination</b>	<b>Consolidation</b>
<b>Results</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Segment results (external)	809,578	329,505	(323,016)	(5,511)	810,556
Finance costs					(147,466)
Profit before taxation					663,090
Taxation					(214,854)
Profit after taxation					448,236

	<b>Industrial Division</b>	<b>Aviation Services</b>	<b>Property &amp; Investment Holding</b>	<b>Elimination</b>	<b>Consolidation</b>
<b>Other information</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Segment assets	70,694,000	1,611,251	36,919,049	(45,296,748)	63,927,552
Segment liabilities	64,771,743	1,049,538	701,150	(47,354,968)	19,167,463
Capital expenditure	235,562	-	54,347		289,909
Depreciation	423,257	-	26,714		449,971
Amortisation	16,726	-	-		16,726
Non-cash expenses other than depreciation and amortisation					1,368,499

<b>31.3.08</b>	<b>Industrial Division</b>	<b>Aviation Services</b>	<b>Property &amp; Investment Holding</b>	<b>Elimination</b>	<b>Consolidation</b>
<b>Revenue</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
External sales	79,057,433	697,083	1,962,273	-	81,716,789
Inter-segment sales	13,233,458	13,471	4,337,560	(17,584,489)	-
Total	92,290,891	710,554	6,299,833	(17,584,489)	81,716,789

<b>Results</b>					
Segment results (external)	4,014,090	(216,051)	1,490,936	(138,109)	5,150,866
Finance costs					(601,335)
Profit before taxation					4,549,531
Taxation					(665,888)
Profit after taxation					3,883,643

# Notes To The Financial Statements

31st December 2008

	Industrial Division	Aviation Services	Property & Investment Holding	Elimination	Consolidation
Other information	RM	RM	RM	RM	RM
Segment assets	74,269,217	848,873	38,080,164	(46,209,024)	66,989,230 =====
Segment liabilities	67,914,965	665,741	2,667,568	(48,272,755)	22,975,519 =====
Capital expenditure	101,365	-	262,071		363,436
Depreciation	602,468	-	77,700		680,168
Amortisation	22,301	-	-		22,301
Non-cash expenses other than depreciation and amortisation					279,608 =====

## By Geographical Segment

The Group operates mainly in Malaysia and has sales office in Canada and Hong Kong. In determining the geographical segments of the Group, revenue is based on the geographical location of customers. Total assets and capital expenditures are based on the geographical location of assets.

	Revenue		Total Assets		Capital Expenditure	
	Period ended 31.12.08	Year ended 31.3.08	Period ended 31.12.08	Year ended 31.3.08	Period ended 31.12.08	Year ended 31.3.08
	RM	RM	RM	RM	RM	RM
Malaysia	57,189,718	76,383,634	49,695,811	53,466,210	287,951	349,378
Singapore	306,748	375,050	122,965	208,388	-	-
Canada	1,467,125	2,298,749	2,281,400	1,971,784	1,958	14,058
Hong Kong	19,683,238	2,659,356	11,827,376	11,342,848	-	-
	78,646,829 =====	81,716,789 =====	63,927,552 =====	66,989,230 =====	289,909 =====	363,436 =====

## 28. FINANCIAL INSTRUMENTS

### a) Credit Risk

As at 31st December 2008, the Group's credit risk is minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group Management reporting procedures.

The Group has no significant concentration of credit risk and places its cash with credit worthy financial institutions.

# Notes To The Financial Statements

31st December 2008

## b) Fair Values

The carrying amounts of the financial assets and liabilities of the Group and of the Company as at 31st December 2008 approximate their fair values on the balance sheet of the Group and of the Company except as set out below:-

	Group				Company			
	Carrying Amount		Fair Value		Carrying Amount		Fair Value	
	Period ended 31.12.08	Year ended 31.3.08	Period ended 31.12.08	Year ended 31.3.08	Period ended 31.12.08	Year ended 31.3.08	Period ended 31.12.08	Year ended 31.3.08
	RM	RM	RM	RM	RM	RM	RM	RM
<b>Financial Assets</b>								
Unquoted shares	439,650	439,650	*	*	-	-	-	-
Amount owing by subsidiary companies	-	-	-	-	1,142,421	1,013,902	#	#
	=====	=====	=====	=====	=====	=====	=====	=====

\* It is not practicable to estimate the fair value of the unquoted shares because of the lack of quoted market prices and the ability to estimate the fair value without incurring excessive costs.

# It is not practical to estimate the fair values of the above amounts due principally to a lack of fixed repayment term entered by the parties involved and without incurring excessive costs.

## 29. SIGNIFICANT RELATED PARTY DISCLOSURES

### a) Identities of related parties

Controlling related party relationships are as follows :-

- (i) Its subsidiary companies as disclosed in note 11 above.
- (ii) Firm in which a Director has an interest : Ian Ghee & Associates

### b) Transactions

	Company	
	Period ended 31.12.08	Year ended 31.3.08
	RM	RM
<b>i) Firm in which a Director, Ian Ghee Eik Kai has interest</b>		
Ian Ghee & Associates		
Professional fee paid	-	12,600
	=====	=====
<b>ii) Related company, Ridgemonde Chemicals &amp; Resins Sdn Bhd</b>		
Interest on advances	-	30,082
	=====	=====
<b>iii) Subsidiary companies</b>		
Management fees received	1,943,735	500,000
Administrative fees received	-	257,559
Advisory fees received	-	1,000,000
	=====	=====

The Directors are of the opinion that the above transactions were carried out on terms and conditions not materially different from those obtainable in transactions with unrelated parties.

# Notes To The Financial Statements

31st December 2008

## c) Balances in respect of non trade transaction

	Group	
	Period ended 31.12.08	Year ended 31.3.08
	RM	RM
<b>With a firm in which Ian Ghee Eik Kai has interest :</b>		
Ian Ghee & Associates		
Amount owing to	4,200	-
	=====	=====

## 30. CONTINGENT LIABILITIES

### Pending Litigations

- (a) A Vendor has filed a claim at the High Court of Shah Alam on 29th July 1988 against Westech Sdn Bhd (“WSB”) for the recovery of RM579,514 plus interest and costs for not completing the purchase of a boat. WSB denied the claim and filed a counter claim for the refund of a deposit of RM108,900 plus damages.

The Court has allowed the Vendor’s application for Summary Judgement on 26th April 2001. The Notice of Appeal against the summary judgement was dismissed.

WSB was placed under Creditors’ Voluntary Winding Up pursuant to Section 254(1) (a) of the Companies Act 1965 on 26th October 2006.

- (b) A Supplier has filed a claim at the Hight Court of Shah Alam against Westech Sdn Bhd (“WSB”) for a principal sum of RM354,183 plus costs and interest of RM377,852 as at 31st August 2003 and further interest at the rate of 1.5% per month calculated from 1st September 2003 until date of full settlement. The principal sum claimed is for goods allegedly sold and delivered.

The Court has allowed the Supplier’s application for Summary Judgement on 26th January 2005. WSB has filed the Notice of Appeal against the Summary Judgement and the next hearing and mention on the case was fixed on 28th November 2006.

However, on 26th October 2006, WSB was placed under Creditors’ Voluntary Winding Up pursuant to Section 254 (1) (a) of the Companies Act 1965.

- (c) A claim was made in the High Court of Shah Alam, by an ex-director against the Company for the recovery of retirement benefits, annual leave passage and balance of untaken annual leave. The Company has filed a counter claim against the ex-director for the recovery of a car loan, aggravated and exemplary damages.

The ex-director has been adjudicated a bankrupt on 24 June 2003. However, he has obtained the sanction from the Director General of Insolvency to proceed with his appeal.

The Company has filed an application to strike out certain paragraphs of the Statement of Claim and the court has dismissed the said application. The Company has appealed against the said decisions and the court will hear the Notice of Appeal on 24 April 2009.

Meanwhile the Company has obtained an order of security for costs. The ex-director has appealed against the order of security for costs and the court has fixed 24 April 2009 for the hearing of the appeal.

No provision has been made for the above pending litigations as the Directors are of the opinion that the Group’s chances of success in respect of the appeals, suits and counter claims are good.

# Notes To The Financial Statements

31st December 2008

## 31. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

- (1) During the financial period, the Company changed its financial year from 31st March to 31st December.
- (2) On 16 April 2008, one of the subsidiary companies Nagamas Enterprise (HK) Ltd (“NE”) has been appointed by Leisure Cargo Asia as its Cargo General Sales Agent to market and manage the cargo operation for Air Berlin flights operating at Beijing and Shanghai.

The appointment shall commence from 1st May 2008 and shall expire on 31st October, 2010 and may thereafter be renewed by mutual agreement of the parties or terminated in accordance with provisions identical to the said contract.

- (3) One of the wholly-owned subsidiary, Nagamas International (HK) Limited (“NIHK”) signed a Memorandum of Understanding (“MOU”) with Zhan Jiang Overseas Chinese Administrative Zone (“Zhan Jiang”) on 13 September 2008.

In the MOU, NIHK and Zhan Jiang (the “Parties”) agreed to explore the possibility of developing a piece of land measuring about 1500 Chinese acres located at Overseas Chinese Administrative Zone, off Zhan Jiang City, Guangdong Province of China (“Land”) as a Malaysia–China Industrial Park (“Proposed Development”).

## 32. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

- (1) Pursuant to a Marketing Joint Venture Agreement entered into by Nagamas International (HK) Limited (“NIHK”), a wholly owned subsidiary of the Company, with Zhiangxu Zhenda Construction Co. Ltd (“ZZ”), the investment amount and fixed investments profits owed by ZZ to NIHK as at 31st December, 2008 amounted to approximately RM8,800,000. In view of the current economic slowdown ZZ is unable to repay this guaranteed amount by 31st January, 2009.

On 15th January, 2009, NIHK entered into a Repayment Agreement with ZZ and Zhang Yongliang (“ZYL”). NIHK agreed that the repayment of the amount owing by ZZ be extended to 31st July, 2009 and ZZ has agreed to pay four times of the interest rates charged by the People’s Bank of China for the same amount of loan for the same duration effective from 1st February, 2009.

ZYL a Chinese National has voluntarily agreed to assume unlimited joint and several obligations over the amount owing and interest. ZYL further agreed and pledged all his shares held in Huizhou City Longji Mazhong Real Estate Development Co. Ltd. and all his personal assets as securities towards the repayable amount.

## Statement By Directors

We, DATO' TAN YIK HUAY and DATO' NG KEK KIONG, being two of the Directors of NAGAMAS INTERNATIONAL BERHAD., do hereby state on behalf of the Directors that, in our opinion, the financial statements set out on pages 25 to 61 are drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31ST DECEMBER 2008 and of their results, changes in equity and cash flows of the Group and of the Company for the period ended on that date.

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

DATO' TAN YIK HUAY

DATO' NG KEK KIONG

Petaling Jaya  
Dated : 23rd April 2009

### STATUTORY DECLARATION

I, DATO' NG KEK KIONG, the director primarily responsible for the accounting records and financial management of NAGAMAS INTERNATIONAL BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 25 to 61 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly  
declared by the above named DATO' NG KEK KIONG at Kuala Lumpur  
in the Federal Territory on this 23rd April 2009

DATO' NG KEK KIONG

Before me,

SIA TUAN PANG  
No. W483

Pesuruhjaya Sumpah  
Malaysia



# Report Of The Auditors

to the members of Nagamas International Berhad

## Report on the Financial Statements

We have audited the financial statements of Nagamas International Berhad., which comprise the balance sheets as at 31st 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 period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 25 to 61.

## 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 judgment, 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 Company'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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

In our opinion, the financial statements 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 of 31st December 2008 and of their financial performance and cash flows for the period then ended.

# Report Of The Auditors

to the members of Nagamas International Berhad

## Report on Other Legal and Regulatory Requirements

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

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in note 11 to the financial statements.
- c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

## Other 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.

TAI, YAPP & CO  
AF: 0205  
Chartered Accountants

PHOON LEE MENG  
No: 2046/07/10 (J)  
Partner

Kuala Lumpur  
Dated : 23rd April 2009

# Analysis Of Shareholdings

## ANALYSIS OF SHAREHOLDINGS AS AT 30 APRIL 2009

### SHARE CAPITAL

Authorised Share Capital	: RM100,000,000.00
Issued and Fully Paid-up Capital	: RM50,895,000.00
Class of securities	: Ordinary shares of RM1.00 each
Voting rights	: One vote per ordinary share held

### ANALYSIS OF SHAREHOLDINGS

Category	Number of Shareholders	%	Number of Shares Held	%
1-99	36	1.28	1,623	0.00
100-1,000	1,715	61.03	986,569	1.94
1,001-10,000	821	29.22	2,921,100	5.74
10,001-100,000	195	6.94	6,136,724	12.06
100,001 to less than 5% of issued shares	40	1.42	18,963,759	37.26
5% and above of issued shares	3	0.11	21,885,225	43.00
<b>Total</b>	<b>2,810</b>	<b>100.00</b>	<b>50,895,000</b>	<b>100.00</b>

### SUBSTANTIAL SHAREHOLDERS

(per Register of Substantial Shareholders)

Name	No. of ordinary shares of RM1.00 each held			
	Direct	%	Indirect	%
MB Longji Sdn Bhd	13,621,225 <sup>1</sup>	26.76	-	-
Trendy Approach Sdn Bhd	5,000,000	9.82	-	-
Pristine Way Sdn Bhd	3,264,000	6.41	-	-
Dato' Ng Kek Kiong	-	-	13,621,225 <sup>2</sup>	26.76
Ng Fung Mo	-	-	13,621,225 <sup>2</sup>	26.76
Leong Chun Yin	47,500	0.09	8,264,000 <sup>3</sup>	16.24
Leong Pek Wha	-	-	3,264,000 <sup>4</sup>	6.41

#### Notes:-

- <sup>1</sup> Held through nominees.
- <sup>2</sup> Deemed interested through MB Longji Sdn Bhd by virtue of Section 6A of the Companies Act, 1965.
- <sup>3</sup> Deemed interested through Trendy Approach Sdn Bhd and Pristine Way Sdn Bhd by virtue of Section 6A of the Companies Act, 1965.
- <sup>4</sup> Deemed interested through Pristine Way Sdn Bhd by virtue of Section 6A of the Companies Act, 1965.

### DIRECTORS' SHAREHOLDINGS

(per Register of Directors' Shareholdings)

Name	No. of ordinary shares of RM1.00 each held			
	Direct	%	Indirect	%
Dato' Tan Yik Huay	-	-	-	-
Dato' Lee Ah Chien @ Lee Ow Kim	-	-	-	-
Dato' Ng Kek Kiong	-	-	13,621,225 <sup>1</sup>	26.76
Datuk Azizan Bin Abd Rahman	1,915,000 <sup>2</sup>	3.76	-	-
Ng Fung Mo	-	-	13,621,225 <sup>1</sup>	26.76
Liu Xiuqing	-	-	-	-
Wong Soo Thiam	-	-	-	-
Ian Ghee Eik Kai	-	-	-	-

#### Notes:-

- <sup>1</sup> Deemed interested through MB Longji Sdn Bhd by virtue of Section 6A of the Companies Act, 1965.
- <sup>2</sup> Held through nominees.

# Analysis Of Shareholdings

## 30 LARGEST SHAREHOLDERS

(per Record of Depositors)

	Name	No. of Shares Held	%
1.	A.A. Anthony Nominees (Tempatan) Sdn Bhd <i>Qualifier: Pledged Securities Account for MB Longji Sdn Bhd</i>	13,621,225	26.76
2.	Trendy Approach Sdn Bhd	5,000,000	9.82
3.	Pristine Way Sdn Bhd	3,264,000	6.41
4.	A.A. Anthony Nominees (Tempatan) Sdn Bhd <i>Qualifier: Pledged Securities Account for Abdul Aziz Bin Abdul Rahman</i>	2,000,000	3.93
5.	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Qualifier: Pledged Securities Account for Azizan Bin Abd Rahman (100722)</i>	1,915,000	3.76
6.	Sharifah Asiah Binti Syed Aziz Baftim	1,601,350	3.15
7.	Yuen Yew Kok	1,108,000	2.18
8.	Seow Lun Hoo @ Seow Wah Chong	1,085,000	2.13
9.	HSBC Nominees (Asing) Sdn Bhd <i>Qualifier: Exempt AN for Credit Suisse (HK BR-TST-Asing)</i>	1,000,000	1.96
10.	HSBC Nominees (Asing) Sdn Bhd <i>Qualifier: Exempt AN for Credit Suisse (SG BR-TST-Asing)</i>	935,000	1.84
11.	Liong Kwai Kiew	882,600	1.73
12.	Tan Mei Leng	851,200	1.67
13.	Tan Mei Leng	665,700	1.31
14.	Chu Poi Tee	660,750	1.30
15.	Lai Ming Chun @ Lai Poh Lin	525,000	1.03
16.	Choo Kok Chin	444,000	0.87
17.	Leung Yoke Lin @ Leong Chong Lin	410,000	0.81
18.	Fan Wai Fong	320,000	0.63
19.	Woon Kon Khin @ Woon Kon Min	303,600	0.60
20.	Lin Liguo	281,079	0.55
21.	Mayban Securities Nominees (Tempatan) Sdn Bhd <i>Qualifier: Pledged Securities Account for Foo Chi Ching (Dealer 060)</i>	251,650	0.49
22.	Liu Qinfang	250,000	0.49
23.	Devayani Janette Velerie A/P R Suppiah	238,680	0.47
24.	Gerald Glesphy A/L G. M Perara	214,750	0.42
25.	Tang Soon Chye	200,000	0.39
26.	Soong Mun Wai	200,000	0.39
27.	Choo Hong Chuan	181,000	0.36
28.	TA Nominees (Tempatan) Sdn Bhd <i>Qualifier: Pledged Securities Account for Chai Nam Kiong</i>	160,000	0.31
29.	Tai Siew Kee	157,900	0.31
30.	Gwee Siew Young	157,500	0.31
	<b>Total</b>	<b>38,884,984</b>	<b>76.40</b>

## Particulars Of Properties

### Properties Held By The Group As At 31 December 2008

Location	Description & Usage	Age Of Building	Land Area / Built Up	Tenure	Net Book Value (RM)	Acquisition Date
<b>Tenco Industries Sdn Bhd</b> 5, Jalan Pelabur 23/1 Section 23 40300 Shah Alam Selangor Darul Ehsan	Office/ Factory	17 years	149,149/ 54,319 sq ft	Leasehold expiring 30 years ending 20 Oct 2019	3,843,066	26/10/1989
<b>Tenco Westech Industries Inc.</b> # 348-13988 Cambie Road Richmond, B.C., Canada	Office/ Warehouse	16 years	2,116 sq ft	Freehold	569,319	5/12/1995

# Form Of Proxy

I/We, ..... NRIC/Company No. ....  
 (PLEASE USE BLOCK LETTERS)

of .....  
 (FULL ADDRESS)

being a member(s) of NAGAMAS INTERNATIONAL BERHAD hereby appoint .....

of.....or failing him/her,.....

of.....

or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote for me/us on my/our behalf at the Twenty Fifth (25th) Annual General Meeting of the Company to be held at No. 5, Jalan Pelabur 23/1, 40300 Shah Alam, Selangor Darul Ehsan, Malaysia on Monday, 29 June 2009 at 3.00 p.m. and at any adjournment thereof.

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

Resolutions	Subject	*For	*Against
1	To receive the Audited Financial Statements for the financial period ended 31 December 2008 and Reports of the Directors and Auditors thereon.		
2	To approve the payment of Directors' fees for the financial period ended 31 December 2008.		
3	To re-elect Dato' Tan Yik Huay as Director of the Company.		
4	To re-elect Dato' Ng Kek Kiong as Director of the Company.		
5	To re-elect Mr Ian Ghee Eik Kai as Director of the Company.		
6	To re-appoint Messrs Tai Yapp & Co. as auditors of the Company.		
	<b>Special Business: –</b>		
7	To approve the authority for Directors to issue shares pursuant to Section 132D of the Companies Act, 1965.		

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

Signed this ..... day of ..... 2009.

No. of shares held	
CDS Account No.	

\_\_\_\_\_  
 Signature/Common Seal of Shareholder

Notes:-

- i. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. If the proxy is not a member of the Company, then the proxy shall be an advocate or an approved company auditor or a person approved by the Companies Commission of Malaysia. The provision of Section 149(1)(b) of the Companies Act, 1965 shall apply to the Company.
- ii. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- iii. A member shall not be entitled to appoint more than two (2) proxies. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
- iv. The instrument appointing a proxy and the power of attorney (if any) under which it is signed or a notarially certified copy thereof must be deposited at the Registered Office of the Company at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur, not less than forty-eight (48) hours before the time set for holding this meeting or any adjournment thereof.

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**The Company Secretaries**  
**NAGAMAS INTERNATIONAL BERHAD**  
Suite 11.1A, Level 11, Menara Weld  
76 Jalan Raja Chulan  
50200 Kuala Lumpur  
MALAYSIA