FUTUTECH BERHAD (122592-U)

FUTUTECH

BRITE-LITE®

Energy management through intelligent lighting solutions

FORTE® KITCHENS

FUTUTECH BERHAD
(122592-U)

ANNUAL REPORT 2008

ANNUAL REPORT 2008

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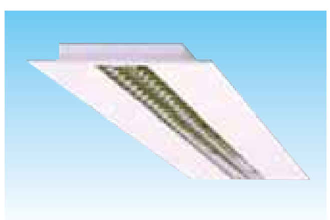


Corporate Information

BOARD OF DIRECTORS

Encik Kamil Ahmad Merican
Non-Independent Non-Executive Chairman

Mr. Loo Soo Loong, Evan
Acting Chief Executive Officer

Mr. Chan Kok Leong, Eric
Non-Independent Non-Executive Director

Mr. Vijeyaratnam a/l V. Thamotharam Pillay
Independent Non-Executive Director

Professor Datuk Dr. Nik Mohd Zain Bin Nik Yusof
Independent Non-Executive Director

COMPANY SECRETARIES

Ms. Chua Siew Chuan *(MAICSA 0777689)*
Ms. Mak Chooi Peng *(MAICSA 7017931)*

REGISTERED OFFICE

Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel : 603-2084 9000
Fax : 603-2094 9940

REGISTRAR

Securities Services (Holdings) Sdn. Bhd.
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel : 603-2084 9000
Fax : 603-2094 9940

AUDITORS

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

PRINCIPAL BANKERS

Malayan Banking Berhad
Public Bank Berhad
RHB Bank Berhad

STOCK EXCHANGE LISTING

Second Board of
Bursa Malaysia Securities Berhad

Profile of Directors

ENCIK KAMIL AHMAD MERICAN

Non-Independent Non-Executive Chairman
Malaysian, 59 years of age

Encik Kamil Ahmad Merican was appointed as a Non-Independent Non-Executive Chairman of Fututech on 22 May 2007. Encik Kamil graduated in Architecture from Universiti Teknologi Malaysia and the Architectural Association in London. He has worked in various architectural firms in London and Malaysia and possesses vast experience in the architectural field. Currently, Encik Kamil is the Chief Executive Officer of GDP Architects Sdn. Bhd. and an external examiner for Universiti Teknologi Malaysia and Universiti Malaya for the past 10 years.

Encik Kamil also sits on the Board of Eastern & Oriental Berhad and E&O Property Development Berhad.

Encik Kamil has no family relationship with any Director or major shareholders of the Company nor any conflict of interest with the Company. He has not been convicted of any offences within the past ten (10) years. He attended three (3) out of four (4) Board of Directors' Meetings held during the financial year ended 31 December 2008.

MR. LOO SOO LOONG, EVAN

Acting Chief Executive Officer
Malaysian, 45 years of age

Mr. Loo Soo Loong was appointed Executive Director of Fututech on 1 November 2002 and subsequently as the Acting Chief Executive Officer on 9 November 2006.

Mr. Loo obtained his Bachelor of Science degree in Business Administration from California State University, Chico (USA) in 1986 and his Bachelor of Law degree (LLB) from the University of Buckingham, United Kingdom in 1988. He qualified as an advocate and solicitor in Malaysia in 1990.

Mr. Loo was involved in managing one of Kuala Lumpur's largest bus companies, which was subsequently amalgamated under the DRB Bhd Group in 1995. He remained as a Non-Independent Non-Executive Director in the bus company at present. After practicing as an advocate and solicitor from 1995 to 2000, Mr. Loo departed to Hong Kong to set-up a US based internet company with venture capitalists from Hong Kong until end of 2001.

Mr. Loo has no family relationship with any Director or major shareholder of the Company nor any conflict of interest with the Company. He has not been convicted of any offences within the past ten (10) years. He attended all four (4) Board of Directors' Meetings held during the financial year ended 31 December 2008.

Profile of Directors *cont'd*

MR. CHAN KOK LEONG, ERIC

Non-Independent Non-Executive Director
Malaysian, 39 years of age

Mr. Chan Kok Leong was appointed to the Board on 6 February 2004. Mr. Chan holds a Master degree in Business Administration from Institut Superieor de Gestion, Paris and he is also a member of the Malaysian Association of Certified Public Accountants.

Mr. Chan has more than 19 years experience in the realm of audit, corporate finance and financial investment whereby he was involved in, amongst others, special assignments in accountancy and taxation related services, listing, restructuring, take over and merger as well as privatisation exercises.

In May 2003, Mr. Chan joined E&O Property Development Berhad as Director - Corporate & Investment. Currently, Mr. Chan is the Executive Director of Eastern & Oriental Berhad and E&O Property Development Berhad.

Mr. Chan is also a member of the Audit Committee, Nominating Committee and the Remuneration Committee of the Company. He has no family relationship with any Director or major shareholder of the Company nor any conflict of interest with the Company. He has not convicted of any offences within the past ten (10) years. He attended all four (4) Board of Directors' Meetings held during the financial year ended 31 December 2008.

MR. VIJEYARATNAM A/L V. THAMOTHARAM PILLAY

Independent Non-Executive Director
Malaysian, 58 years of age

Mr. Vijeyaratnam was appointed as a Director of the Company on 6 February 2004. Mr. Vijeyaratnam is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Accountants. He has more than 28 years post qualifying experience covering auditing, financial planning, general management and corporate advisory.

He is currently the Managing Director of his own consultancy company. Mr. Vijeyaratnam also sits on the Board of Directors of Multi-Purpose Holdings Bhd., Mieco Chipboard Berhad, Bandar Raya Developments Bhd. and Eastern & Oriental Berhad.

Mr. Vijeyaratnam is currently the Chairman of the Audit Committee, Nominating Committee and Remuneration Committee of the Company. He has no family relationship with any Director or major shareholder of the Company nor any conflict of interest with the Company. He has not been convicted of any offences within the past ten (10) years. Mr. Vijeyaratnam attended all four (4) Board of Directors' Meetings held during the financial year ended 31 December 2008.

Profile of Directors *cont'd*

PROFESSOR DATUK DR. NIK MOHD ZAIN BIN NIK YUSOF

Independent Non-Executive Director
Malaysian, 63 years of age

Professor Datuk Dr. Nik Mohd Zain was appointed as a Director of the Company on 21 April 2008. He obtained a Bachelor of Arts (Honours) from the University of Malaya, Malaysia and Master of Arts from the University of Wisconsin, Madison, USA and later gained a PHD in Law from the University of Kent, Canterbury, United Kingdom in 1989. He has vast local and international working experience through his years of involvement in various councils, committees and land settlement schemes. He currently does occasional lectures and provides training at national and international seminars on land and property matters.

Professor Datuk Dr. Nik Mohd Zain was a past-Chairman of the Prime Ministers Quality Award committee for both the public sector and the socio-economy. He has also been the examiner for the Prime Ministers Quality Award and was the alternate chairman to the evaluation committee for public sector from 1996 to 1997. He was the Secretary General, Ministry of Land and Co-operative Development and a Board member of Felda Holdings Sdn. Bhd. from 1995 to 2002. He was a professor of Land Law at University Technology Malaysia until January 2005. He is currently the Chairman of Yayasan Peneroka Negara, Malaysia and also an Adjunct Professor for Universiti Putra Malaysia.

Professor Datuk Dr. Nik Mohd Zain also sits on the Board of Directors of Island & Peninsular Berhad and Amway (Malaysia) Holdings Berhad.

Professor Datuk Dr. Nik Mohd Zain is also a member of the Audit Committee, Nominating Committee and Remuneration Committee of the Company. He has no family relationship with any Director or major shareholder of the Company nor any conflict of interest with the Company. He has not been convicted of any offences within the past ten (10) years.

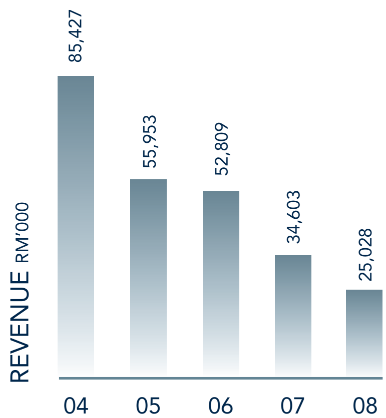
He attended three (3) out of four (4) Board of Directors' Meetings held during the financial year ended 31 December 2008 since his appointment on 21 April 2008.

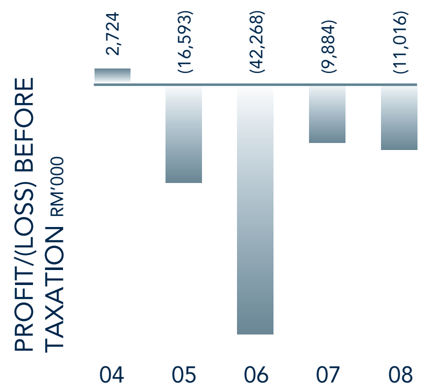
Corporate Structure

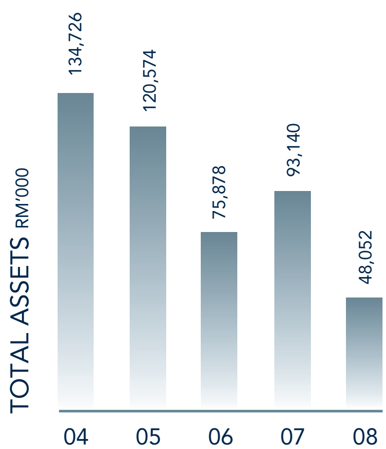
FUTUTECH

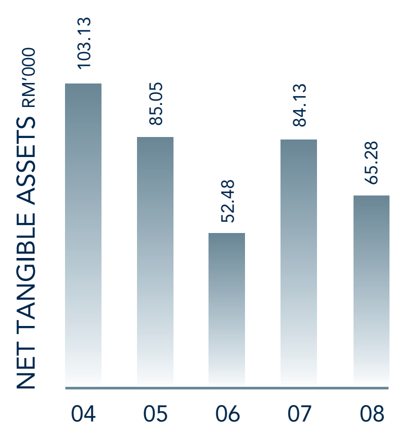
- 100% Acumen Industries Limited, Hong Kong
  - 100% Acumen Industries (Foshan) Co. Limited, China
- 100% Fututech (Labuan) Ltd.
  - 100% Acumen Design & Development Solutions Limited, Hong Kong
- 100% Futumeds Sdn. Bhd.
- 100% Lighting Louvres Manufacturing Sdn. Bhd.
- 100% Acumen Marketing Sdn. Bhd.
- 100% Advance Industries Sdn. Bhd.
  - 100% Ace Equity Sdn. Bhd.

5-Year Group Financial Summary









	2008 RM'000	2007 RM'000	2006 RM'000	2005 RM'000	2004 RM'000
Revenue	25,028	34,603	52,809	55,953	85,427
Profit/(Loss) before taxation	(11,016)	(9,884)	(42,268)	(16,593)	2,724
Profit/(Loss) after taxation & minority interest	(10,894)	(9,884)	(40,066)	(16,370)	(1,247)
Dividend - (Amount net of tax)	-	-	-	-	-
Total Assets	48,052	93,140	75,878	120,574	134,726
Shareholders' Funds	38,396	49,476	30,883	71,276	86,913
Net Tangible Assets	38,334	49,411	30,818	49,945	59,578
	Sen	Sen	Sen	Sen	Sen
Net Tangible Assets per share	65.28	84.13	52.48	85.05	103.13
Earnings/(loss) per share	(18.55)	(36.63)	(150.92)	(27.97)	(2.16)

Chairman's Statement

ECONOMIC OVERVIEW

The real gross domestic product (GDP) of Malaysia declined from 6.3% in 2007 to 4.6% in 2008 as the global financial crisis and worsening economic outlook hit major markets worldwide. Whilst Malaysia had recorded a relatively firm private consumption and public expenditure in addition to a well supported external demand in the first half of 2008, the second half of 2008 had experienced a sharp reversal which saw rapid correction in commodity prices globally and the subsequent global downturn in many economies. The speed, depth and breath of the economic downturn were severe and unprecedented.

In the second half of 2008, many economies had reported that they were entering into a recession. With strong trade and investment linkages to global economies, our country's economy was not spared from the said impact. Growth in the manufacturing sector in Malaysia turned negative as overall demand contracted rapidly particularly in the export oriented industries. Businesses in all sectors turned cautious as global uncertainties prevailed. As a result, many countries including Malaysia had introduced measures and stimulus packages to help balance the impact of the global downturn. Under such economic conditions, unemployment in the country registered an increase from 3.2% (2007) to 3.7% (2008) whilst inflation at 5.4% was higher in 2008 than 2007 due to the sharp increase in food and fuel prices in 2008. The Ringgit was relatively strong against major currencies during the first half of 2008 but weakened particularly against the U.S. currency due to the subsequent global developments.

2008 GROUP REVIEW

The Group began its year in 2008 with renewed optimism to strengthen the Group after the completion of its corporate restructuring exercise. Plans that were carried out included amongst others; de-gearing of the Group's borrowings, improve sales through effective sales & marketing channels, rationalize costs & operations and implement human resource initiatives.

However, the international financial meltdown that led to a rapid deterioration of the global economies had taken its toll on all businesses worldwide. Whilst we had invested additional efforts to drive sales mainly in the first half of 2008 via exhibitions and exploring more overseas sales opportunities amongst others, the adverse economic conditions had unfortunately dampened such efforts. Sales for the Group subsequently declined from RM35 million in 2007 to RM25 million in 2008 which was significantly attributed to the drop in the point-of-sales business and to a lesser extent on the reduced project sales of the kitchen division. However, the overall lighting division managed to register an improvement through its export sales although local sales dipped due to cancellation and deferment of lighting projects towards the second half of 2008. Overall, the Group suffered a loss before tax of RM11.02 million in 2008 compared to RM9.9 million in 2007 after taking into consideration of an impairment loss of approximately RM5.0 million due to the disposal of the land and building of a dormant subsidiary previously involved in the medical business. The said disposal of RM6.5 million will provide the Group with additional working capital and strengthen the Group's overall financial position especially in the current economic condition.

2009 PROSPECTS

The global economic outlook remains uncertain. The existing problems in the global financial sector are expected to continue into 2009 or beyond whilst credit crunch, job losses, declining asset values and excess capacity will prevail in the most advance economies. With adverse repercussions on global trade and recession hitting many economies around the world, the global economy is not expected to record any growth. With such conditions, real GDP performance of the Malaysian economy in 2009 is projected to be in the range of -1% to 1% [Bank Negara Malaysia: Annual Report 2008]. On the more positive note, we welcome the Government's stimulus packages which we hope will be able to mitigate the said impact on the Malaysian economy. One of the sectors benefiting from the implementation the stimulus packages in

Chairman's Statement *cont'd*

Malaysia will be the construction sector which we hope will help some of the projects being targeted by our local lighting business. Although the Group had undergone an earlier rationalization and streamlining exercise in 2007 and early 2008, we will continue to be vigilant in the implementation of measures that will help to counteract stiffer challenges presented by today's global downturn and continue to seek out viable opportunities in the local & export markets.

APPRECIATION & ACKNOWLEDGMENT

On behalf of the Board of Directors, I would like to take this opportunity to express our sincere gratitude and appreciation to our valued customers, business associates, bankers, suppliers, shareholders and regulatory authorities.

The current economic environment presents challenges that are very demanding. Together, we need to maintain our perseverance and work diligently through such times. To our staff and employees, I wish to thank all of you for your cooperation, determination and loyalty in carrying out the objectives of the Group.

KAMIL AHMAD MERICAN
Chairman

June 2009

Statement on Corporate Governance

Fututech Berhad ("Fututech) fully subscribes to the recommendations of the revised Malaysian Code on Corporate Governance ("Code") in 2008. The Board of Directors of Fututech is committed to ensure that good governance is practiced to maximise shareholders value.

In view of this, Fututech has in place, measures to ensure compliance with the Code as follows:-

A. BOARD OF DIRECTORS

Composition of the Board of Directors

The Board has five (5) members comprising four (4) Non-Executive Directors, including the Chairman and one (1) Executive Director. Out of the four (4) Non-Executive Directors, two (2) are independent. The Company complied with the provision of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") in regards to the composition of the Board of Directors. Profile of each Director is presented on pages 3 to 5 of this Annual Report.

There is clear division of responsibility between the Chairman and the Acting Chief Executive Officer to ensure that there is a balance of power and authority. The Acting Chief Executive Officer implements the policies and decisions of the Board, overseeing the operations and business development. He also has the responsibility of reporting, clarifying and communicating matters to the Board.

The Directors each bring objective and independent judgment to the Board and there is no domination by a group or an individual in the process of decision making by the Board. In addition thereto, the independent Directors also provide the Board with independent guidance and unbiased advice based on their experience specific to the industry as well as the general commercial environment. The Board also ensures a high degree of transparency and accountability towards all the shareholders.

Meetings and Supply of Information

The Board of Directors meet on a quarterly basis with additional meetings convened when deemed necessary.

Issues in relation to, amongst others, financial performance, strategies, resources and standards of conduct of the Group are deliberated and examined before decisions are made. To assist the Directors in reviewing and considering the issues to be discussed at the meeting, they are provided with reports relevant to the agenda of the meeting prior to each board meeting. They are also given access to all information of the Group and the advice of the Company Secretaries and/or other independent professional advisors, where necessary, to enable them to discharge their duties effectively and diligently.

There were four (4) meetings of the Board of Directors held during the year 2008.

Statement on Corporate Governance *cont'd*

A. BOARD OF DIRECTORS *cont'd*

Meetings and Supply of Information *cont'd*

Attendance of each Director at the meetings held during the financial year ended 31 December 2008 is as follows:-

Name of Directors	Designation	Number of Meetings Attended
Encik Kamil Ahmad Merican	*Non-Independent Non-Executive Chairman*	3/4
Mr. Loo Soo Loong, Evan	*Acting Chief Executive Officer*	4/4
Mr. Vijeyaratnam a/l V. Thamotharam Pillay	*Independent Non-Executive Director*	4/4
Mr. Chan Kok Leong, Eric	*Non-Independent Non-Executive Director*	4/4
Professor Datuk Dr. Nik Mohd Zain Bin Nik Yusof *(Appointed w.e.f. 21 April 2008)*	*Independent Non-Executive Director*	3/3

Committees

There are three (3) committees of the Board, namely Audit Committee, Nominating Committee and Remuneration Committee, to assist the Board in discharging its duties and responsibilities within clearly defined terms of reference.

The Board delegated to each committee specific authority to consider and approve specific matters in accordance with their respective terms of reference. Each committee will report to the Board with its decisions and/or recommendation. The ultimate responsibility for final decision on all matters however, rests with the Board.

Appointment and Retirement of Directors

Nominating Committee ("NC")

The NC comprises the following members during the year:-

Mr. Vijeyaratnam a/l V. Thamotharam Pillay	- *Chairman, Independent Non-Executive Director*
Mr. Chan Kok Leong, Eric	- *Non-Independent Non-Executive Director*
Professor Datuk Dr. Nik Mohd Zain Bin Nik Yusof *(Appointed on 21/4/2008)*	- *Independent Non-Executive Director*

The Committee consists entirely of Non-Executive Directors whilst two (2) of whom are Independent.

The NC is responsible for making recommendations to the Board as to the appointment of new Directors. The Committee also keeps under review the Board structure, size and composition.

The NC systematically assessed the effectiveness of the Board, its Committees and the contribution of each individual Director on an annual basis.

Statement on Corporate Governance *cont'd*

A. BOARD OF DIRECTORS *cont'd*

Nominating Committee ("NC") *cont'd*

The Articles of Association of the Company requires a director appointed during a financial year to retire at the following annual general meeting. One-third of the directors for the time being are obliged to retire at every annual general meeting of the Company. In addition, all directors are bound to retire at an annual general meeting of the Company at least once in every three years. Directors over the age of seventy are required to retire annually. All the retiring directors shall be eligible for re-election.

All Directors submit themselves for re-election at regular intervals in accordance with the Company's Articles of Association and regulatory requirements.

Evaluations of the Board have been conducted during the financial year to ensure that the current composition of the Board fairly reflects the interest of minority shareholders of the Company and all Directors continue to make an effective contribution to the Board and the Group. The evaluations also ensure that the Directors represent the required mix of skills and experience in discharging the Board's duties and responsibilities.

Directors' Training

All the Directors have completed the Mandatory Accreditation Program prescribed by Bursa Securities. During the financial year, the Directors have attended training programmes in compliance with paragraph 15.09 of the Listing Requirements of Bursa Securities. During the financial year, the Directors have attended individually or collectively the various programmes and briefings on amongst others, the following:-

- The Art of Living (Reducing stress using modern and ancient techniques) on 12 March 2008
- Importance of Strategy Execution on 10 June 2008
- The Economic Value Added Approach to Value Creation and Risk Management Challenges and Opportunities on 10 July 2008
- CSR Essentials for Directors on 16 September 2008
- Teaming for excellence on 11 & 12 October 2008

The Company will continuously arrange for further training for the Directors as part of their obligation to update and enhance their skills and knowledge which are important for their carrying out an effective role as Directors. From time to time, the Board also receives updates and briefings, particularly on regulatory and legal developments relevant to the Company's business.

B) DIRECTORS' REMUNERATION

Remuneration Committee ("RC")

The RC comprises the following members during the financial year:-

Mr. Vijeyaratnam a/l V. Thamotharam Pillay	- *Chairman, Independent Non-Executive Director*
Mr. Chan Kok Leong, Eric	- *Non-Independent Non-Executive Director*
Professor Datuk Dr. Nik Mohd Zain Bin Nik Yusof *(Appointed on 21/4/2008)*	- *Independent Non-Executive Director*

The responsibilities to assess and to recommend to the Board the remuneration package of the Executive Directors are vested with the RC.

Statement on Corporate Governance *cont'd*

B) DIRECTORS' REMUNERATION *cont'd*

Remuneration Committee ("RC") *cont'd*

The Board as a whole recommends the remuneration of the Non-Executive Directors in the form of Directors' fees, which is subject to shareholders' approval at annual general meeting. No Director will participate in the deliberation and decision in respect of his own remuneration.

Directors' Remuneration

The aggregate remuneration of the Directors for the financial year ended 31 December 2008 categorised into the appropriate components and analysed into bands of RM50,000 are as below:-

	Salary and other emoluments RM	Fees RM	Total RM
Executive Directors	240,480	-	240,480
Non-Executive Directors	-	80,666	80,666

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

Range of Remuneration	Executive Directors	Non-Executive Directors
Below RM50,000	-	4
RM100,000 to RM150,000	-	-
RM150,000 to RM200,000	-	-
RM200,001 to RM250,000	1	-

C) SHAREHOLDERS AND INVESTORS

Dialogue between the Company and Investors

The Board values the support of its shareholders and investors. It also recognises the importance of effective communication with shareholders and the investment community of the material corporate and business matters of the Group.

The Annual Report is an important medium of information for the shareholders and investors whereas the Annual General Meeting of the Company provides a vital platform for both private and institutional shareholders to share viewpoints and acquire information on issues relevant to the Group.

Besides the Annual Report, the Board also ensures that timely announcements are made to Bursa Securities and disseminates clear, accurate and sufficient information to enable the shareholders and investors to make informed decisions.

Statement on Corporate Governance *cont'd*

C) SHAREHOLDERS AND INVESTORS *cont'd*

Annual General Meeting ("AGM")

AGM is the principal platform for dialogue with shareholders, wherein, the Board presents the operations and performance of the Group. During the meeting, shareholders are given every opportunity to enquire and comment on matters relating to the Group's business.

The Chairman and members of the Board are available to respond to shareholders' queries during AGM.

D) ACCOUNTABILITY AND AUDIT

Financial Reporting

Financial statements of the Company are drawn up in accordance with the Companies Act, 1965 and the applicable accounting standards in Malaysia, which are consistently applied and supported by reasonable and prudent judgments and estimates.

The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

Internal Control

The Board has the overall responsibility for maintaining a sound system of internal control in safeguarding the interest of its shareholders and the Group's assets.

The Statement on Internal Control is set out on pages 23 and 24 of this Annual Report, providing an overview of the Company's state of internal control.

Relationship with Auditors

The Company maintains a professional and transparent relationship with the external auditors in seeking their professional advice and towards ensuring compliance with the accounting standards.

Key features underlying the relationship of the Audit Committee with the external auditors are included in the Audit Committee's terms of reference as detailed on pages 18 to 22 of this Annual Report.

E) OTHER COMPLIANCE INFORMATION

Non-audit fees

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

E) OTHER COMPLIANCE INFORMATION *cont'd*

Recurrent Related Party Transaction of Revenue Nature

Details of transactions with related parties undertaken by the Group during the financial year are as follows:

Related Parties	Interested Directors/ Major Shareholders/ Person Connected to them (Interested Parties)	Nature of relationship	Aggregate Value
E&O Property Development Berhad ("EOPD") Group and Acumen Marketing Sdn. Bhd. ("AMSB")	EOPD, Encik Kamil Ahmad* ("KAM") and Mr. Chan Kok Leong, Eric# ("CKL"), Tinggi Murni Sdn. Bhd.+ ("TMSB") and Samundra Pelangi Sdn. Bhd.+ ("SPSB")	Sale and supply of lightings, light fittings, outdoor fittings, kitchen cabinetry and related products by AMSB to EOPD Group.	RM162,753

Notes:
- * *KAM is a Non-Independent Non-Executive Director of EOPD Group.*
- \# *CKL is an Executive Director of EOPD Group, TMSB and SPSB.*
- \+ *SPSB is a wholly-owned subsidiary of TMSB which in turn is a wholly-owned subsidiary of EOPD.*

The Company will be seeking renewal of the existing mandate from the shareholders to enter into proposed recurrent related party transactions of a revenue or trading nature at the forthcoming AGM of the Company. Details of the recurring related party transactions of a revenue or trading nature are set out in the Circular to Shareholders dated 4 June 2009.

Material Contract

There were no material contracts involving Directors' or major shareholders' interest that are still subsisting at the end of the financial year or since then.

Revaluation Policy on Landed Properties

The Group does not have a revaluation policy on landed properties.

Options, Warrants or Convertible Securities

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

Utilisation of Proceeds

There were no proceeds arising from the corporate exercise during the financial year.

Statement on Corporate Governance *cont'd*

E) OTHER COMPLIANCE INFORMATION *cont'd*

Corporate Social Responsibility ("CSR")

As a responsible corporate citizen, the Company is committed to ensuring that its actions not only benefit its shareholders but also its employees, society and the environment.

In this aspect, the Company strived to maintain high standards of recruitment, development and retention of employees initiatives in the workplace aimed at being a sustainable employer of choice. These include the following:-

- Employee volunteerism
- Health, safety and welfare include a series of in-house programmes on safety and health and training on handling chemical, flammable materials and machineries in work place.
- Employee communication channels
- Employee training

Although the Company's overall environmental impact is indirect, we strived to reduce our consumption of resources and generation of waste and encouraged paper usage reduction and recycling plans.

The Group recognises the importance of meeting the environmental and social needs of the community that the Group operates in and will endeavour to take appropriate and timely action in addressing to CSR issues, if any.

Directors' Responsibility Statement

The Directors are required by the Companies Act, 1965 to ensure that financial statements prepared for each financial year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year is in accordance with the applicable approved accounting standards.

In preparing those financial statements, the Directors of the Company are required to:

- Adopt a suitable accounting policies and then applied them consistently;
- Made judgement and estimates that are prudent and reasonable;
- Ensured applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepared the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

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

Report of the Audit Committee

The present members of the Audit Committee are as follows:

Mr. Vijeyaratnam a/l V. Thamotharam Pillay *(Member of MIA)*	- *Chairman, Independent Non-Executive Director*
Mr. Chan Kok Leong, Eric *(Appointed on 21 April 2008)*	- *Member, Non-Independent Non-Executive Director*
Professor Datuk Dr. Nik Mohd Zain Bin Nik Yusof *(Appointed on 21 April 2008)*	- *Member, Independent Non-Executive Director*

TERMS OF REFERENCE :

Composition of the Committee

1) The Committee shall be appointed by the Board from amongst the Directors of the Company which fulfils the following requirements:-

   (a) the Committee shall consist of not less than three (3) members;
   (b) all members of the Committee shall be Non-Executive Directors and financially literate, a majority of the Committee members shall be Independent Directors; and
   (c) at least one member of the Committee:-

      (i) must be a member of the Malaysian Institute of Accountants; or
      (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and;

         (aa) he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967;
         (bb) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
         (cc) fulfills such requirements as prescribed or approved by Bursa Securities.

   (d) no alternate Director of the Board shall be appointed as a member of the Committee.

2) The members of the Committee shall elect a Chairman from amongst their number who shall be an Independent Director. In the absence of the Chairman of the Committee, the other members of the Committee shall elect amongst themselves a Chairman who must be an independent Director to chair the meeting.

3) The Company Secretary or any other person appointed by the Committee shall be the Secretary of the Committee.

4) In the event of any vacancy in the Committee resulting in non-compliance to the composition criteria as stated in paragraph 1 above with the Listing Requirements of Bursa Securities, the Board shall within three (3) months from the date of that event fill the vacancy.

5) The term of office and performance of the Committee and each of its members shall be reviewed by the Board at least once every three (3) years to determine whether such Committee and members have carried out their duties in accordance with their terms of reference.

Report of the Audit Committee *cont'd*

TERMS OF REFERENCE : *cont'd*

Meetings of the Committee

1. The Committee shall meet regularly, with due notice of issues to be discussed, and shall record its conclusions in discharging its duties and responsibilities. In addition, the Chairman may call for additional meetings at any time at the Chairman's discretion.

2. Upon the request of the external auditors, the Chairman of the Committee shall convene a meeting of the Committee to consider any matter the external auditors believe should be brought to the attention of the Directors or shareholders.

3. Notice of Audit Committee meetings shall be given to all the Audit Committee members unless the Audit Committee waives such requirement.

4. The Chairman of the Audit Committee shall engage on a continuous basis with senior management, the internal auditors and the external auditors in order to be kept informed of matters affecting the Company.

5. Other Board members, senior management and employees may attend meetings upon the invitation of the Audit Committee. The Audit Committee shall be able to convene meetings with the external auditors, the internal auditors or both, without executive Board members or employees present whenever deemed necessary.

6. Minutes of each meeting shall be distributed to each member of the Audit Committee and also to the other members of the Board. The Audit Committee Chairman shall report on each meeting to the Board.

7. The minutes of the Audit Committee meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

8. The quorum for the Audit Committee meeting shall be two (2) both being independent Directors and any decision shall be by simple majority. The Chairman of the Committee shall not have a second or casting vote.

9. A resolution in writing signed by all members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee. Any such resolution may consist of several documents in like form, each signed by one or more members.

OBJECTIVES

The principal objectives of the Audit Committee are to assist the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the holding company and each of its subsidiaries. In addition, the Audit Committee shall:-

(a) evaluate the quality of the audits performed by the internal and external auditors;
(b) provide assurance that the financial information presented by management is relevant, reliable and timely;
(c) oversee compliance with laws and regulations and observance of a proper code of conduct; and
(d) determine the quality, adequacy and effectiveness of the Group's control environment.

Report of the Audit Committee *cont'd*

OBJECTIVES *cont'd*

Authority of the Committee

The Committee shall:-

(a) have explicit authority to investigate any activity within its terms of reference;
(b) have the resources which it needs to perform its duties;
(c) have full and unlimited/unrestricted access to all information pertaining to the Company and group which it requires in the course of performing its duties;
(d) have unrestricted access to the senior management of the Company and group;
(e) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any, which can be outsourced);
(f) be able to consult independent professional or other advice in the performance of its duties;
(g) be able to convene meetings with external auditors, the internal auditors or both, excluding the attendance of the other Directors and employees, whenever deemed necessary, and
(h) where the Audit Committee is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the Audit Committee shall promptly report such matter to Bursa Securities.

Functions of the Committee

(a) To consider the appointment of the external auditors, the audit fee and any question of resignation or dismissal;
(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 audit firm is involved;
(c) To review with the external auditors their evaluation of the system of internal controls and his audit report;
(d) To review the quarterly and year-end financial statements of the Board, focusing particularly on:–

- any change in accounting policies and practices;
- significant adjustments arising from the audit;
- the going concern assumption; and
- compliance with accounting standards and other legal requirements.

(e) To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management, where necessary);
(f) To review the external auditors' management letter and management's response;
(g) To do the following, in relation to the internal audit function:-

- review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
- review any appraisal or assessment of the performance of members of the internal audit function;
- approve any appointment or termination of senior staff members of the internal audit function; and
- take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

(h) To consider any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
(i) To report its findings on the financial and management performance, and other material matters to the Board;

Report of the Audit Committee *cont'd*

OBJECTIVES *cont'd*

Functions of the Committee *cont'd*

(j) To consider the major findings of internal investigations and management's response;
(k) To determine the remit of the internal audit function;
(l) To consider other topics as defined by the Board; and
(m) To consider and examine such other matters as the Audit Committee considers appropriate.

SUMMARY OF ACTIVITIES

The Committee held 3 meetings during the financial year ended 31 December 2008. Details of the attendance by the Members are as follows:-

Name of Members	Designation on the Board of Directors	No. of Meetings Attended	Percentage (%)
Mr. Vijeyaratnam a/l V. Thamotharam Pillay *(Member of MIA)*	Independent Non-Executive Director	3/3	100
Mr. Chan Kok Leong, Eric *(Appointed on 21 April 2008)*	Non-Independent Non-Executive Director	3/3	100
Professor Datuk Dr. Nik Mohd Zain Bin Nik Yusof *(Appointed on 21 April 2008)*	Independent Non-Executive Director	3/3	100

During the year, the Committee carried out its duties as set out in its Terms of Reference, including but not limited to:-

- review of audit plans prepared by both internal and external auditors;
- review of unaudited quarterly financial statements during the financial year prior to submission to the Board for consideration and approval;
- review and evaluate the policies for risk management and systems of internal control;
- review of internal audit reports presented by internal auditors and consider the major findings by the internal auditors and management's responses thereto;
- review of the audited financial statements for the financial year ended 31 December 2008 and to discuss significant audit issues and findings with the external auditors;
- review the procedures for identification of related party transactions for compliance with the Listing Requirements of Bursa Securities and the appropriateness of such transaction, if any, before recommending to the Board for approval; and
- met with the external auditors without the presence of the Executive Director and management.

In addition to the above, the Audit Committee members also attended training and were briefed on the latest changes in the approved accounting standards by the external auditors.

Report of the Audit Committee *cont'd*

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to external consultants. The outsourced internal auditors assist the Board and the Audit Committee in providing independent assessment of the adequacy, efficiency and effectiveness of the Group's internal control systems. The internal auditors report directly to the Audit Committee.

The scope of review of the outsourced internal audit function is determined and approved by the Audit Committee with feedback from Executive Management. During the financial year under review, the outsourced internal auditors carried out reviews were accordance with the audit plan approved by the Audit Committee. The processes reviewed were procurement and payment, human resource management and inventory management. Results of the review were presented to the Audit Committee at their scheduled meetings. Apart from the scheduled Audit Committee meetings, the Chairman of Audit Committee also had informal discussions with the outsourced internal auditors to ensure that internal audit coverage continues to be adequate and relevant to the operations of the Group.

Follow up reviews were also carried out subsequent to the financial year end, to assess the implementation status of agreed management action plans in relation to the internal audit findings reported to the Audit Committee during the financial year ended 31 December 2008. Results of the follow up reviews were reported to the Audit Committee on 25 February 2009.

Statement on Internal Control

INTRODUCTION

Pursuant to 15.27(b) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board of Directors ("the Board") of Fututech Berhad ("Fututech") Group is pleased to provide the following Statement on Internal Control of the Group as guided by the Bursa Securities' Statement on Internal Control: Guidance for Directors of Public Listed Companies ("the Guidance"). This statement outlines the nature and state of the internal controls of the Group during the financial year.

BOARD RESPONSIBILITY

The Board recognizes the importance of maintaining a sound and effective system of internal controls to safeguard shareholders' interests and the Group's assets, and affirms its overall responsibility for reviewing the adequacy and effectiveness of the internal control system. This responsibility has been delegated to the Audit Committee, which is empowered by its terms of reference to obtain the necessary assurance on the adequacy and effectiveness of the Group's internal controls system through independent reviews carried out by the internal audit function and the annual statutory audits carried out by the external auditors. Significant controls matters are reported to the Board by the Audit Committee.

However, it should be noted that due to inherent limitations in any system of internal control, such systems put into effect by Management can only manage rather than eliminate all risk of failure to achieve the Group's business objectives. Therefore, the system can only provide reasonable but not absolute assurance against material errors, misstatement, loss, contingencies, fraud or any irregularities.

RISK MANAGEMENT FRAMEWORK

Risk Management is regarded by the Board to be an integral part of the business operations. The Heads of Department are primarily responsible for managing the risks in their respective departments. During the weekly management meetings which are attended by all Heads of Department, key management staff and the Chief Executive Officer, significant risks identified and corresponding actions or control procedures which have been implemented to manage such risks are communicated to Senior Management. These significant risks identified are also brought to the attention of Board members at their scheduled meetings.

The abovementioned process serves as the on going process used to identify, evaluate and managed risks. The Board shall continue to evaluate the Group's risk management process to ensure it remains relevant to the Group's requirements.

INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to external consultants. The outsourced internal auditors assist the Board and the Audit Committee in providing independent assessment of the adequacy, efficiency and effectiveness of the Group's internal control systems. They report directly to the Audit Committee.

Statement on Internal Control *cont'd*

OTHER KEY ELEMENTS OF INTERNAL CONTROLS

The other key elements of the Group's internal control systems are described below:

- Standard Operating Procedures, which set out the policies, procedures and practices to be complied in accordance to the ISO Standards, are in place for key operating units;
- regular internal quality inspection to monitor compliance of the ISO requirements by the operating units;
- clearly defined and structured lines of reporting and responsibilities within the Group including segregation of duties, appropriate authority limits, review and approval procedures in order to enhance the internal control system of the Group's various operations;
- budgeting process where operating companies in the Group prepare budgets for the coming year, which are considered and reviewed by the Board;
- periodic reporting on operations and financial matters from foreign subsidiaries to monitor their performance and results;
- weekly management meetings to discuss the Group's operations and performance, including the regular monitoring of results against budget, with significant variances explained and management action taken, where necessary; and
- regular factory visits by members of the senior management team and executive directors.

Where necessary, the Board will put in place appropriate action plans to further enhance the system of internal controls to meet with the Group's strategic, financial, business and operational requirements.

FINANCIAL STATEMENTS

Directors' Report

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2008.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services.

The principal activities of the subsidiaries are described in Note 11 to the financial statements.

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

RESULTS

	Group RM	Company RM
Loss for the year	(10,894,121)	(9,984,310)

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than the impairment loss recognised by the Group on property, plant and equipment amounting to RM5,044,221.

DIVIDENDS

No dividend was proposed or paid since the end of the previous financial year. The directors do not recommend any dividend for the financial year ended 31 December 2008.

DIRECTORS

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

Loo Soo Loong

Vijeyaratnam a/l V. Thamotharam Pillay

Chan Kok Leong

Kamil Ahmad Merican

Professor Datuk Dr. Nik Mohd Zain Bin Nik Yusof

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 6 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 26 to the financial statements.

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM1.00 each			
	At 1.1.2008	Acquired	Disposed	At 31.12.2008
The Company				
Direct interest:				
Loo Soo Loong	5,560,000	-	-	5,560,000

	Number of warrants			
	At 1.1.2008	Acquired	Disposed	At 31.12.2008
The Company				
Direct interest:				
Loo Soo Loong	2,224,000	-	(2,200,000)	24,000

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

WARRANTS 2007/2017

The salient terms of Warrants 2007/2017 are disclosed in Note 19 to the financial statements.

Directors' Report *cont'd*

OTHER STATUTORY INFORMATION

(a) Before the income statements and the balance sheets of the Group and of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

(ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

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

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SUBSEQUENT EVENT

Details of the subsequent event are disclosed in Note 30 to the financial statements.

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 27 April 2009.

Kamil Ahmad Merican | **Loo Soo Loong**

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

We, Kamil Ahmad Merican and Loo Soo Loong, being two of the directors of Fututech Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 33 to 78 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2008 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 27 April 2009.

Kamil Ahmad Merican **Loo Soo Loong**

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

I, Koh Teck Soon, being the officer primarily responsible for the financial management of Fututech Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 33 to 78 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed Koh Teck Soon
Kuala Lumpur in Federal Territory
on 27 April 2009

Koh Teck Soon

Before me,

R. Vasugi Ammal, PJK
Commissioner for oaths
No. W480

Independent Auditors' Report
to the Members of Fututech Berhad (Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Fututech Berhad , which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 33 to 78.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the 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 the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

Independent Auditors' Report
to the Members of Fututech Berhad (Incorporated in Malaysia) *cont'd*

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS *cont'd*

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 11 to the financial statements.

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

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

OTHER MATTERS

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

Ernst & Young
AF: 0039
Chartered Accountants

Choong Mei Ling
No. 1918/09/10(J)
Chartered Accountant

Kuala Lumpur, Malaysia
27 April 2009

Income Statements
for the year ended 31 December 2008

		Group		Company	
		2008	2007	2008	2007
	Note	RM	RM	RM	RM
Revenue	3	25,027,548	34,602,900	-	-
Cost of sales		(23,272,689)	(30,003,454)	-	-
Gross profit		1,754,859	4,599,446	-	-
Other income		2,213,377	875,843	27,067	123,185
Administration expenses		(5,691,837)	(6,350,903)	(384,637)	(719,947)
Selling and distribution expenses		(2,041,005)	(3,131,398)	-	-
Other expenses		(6,856,311)	(4,029,011)	(9,665,573)	(1,497,880)
Loss from operations		(10,620,917)	(8,036,023)	(10,023,143)	(2,094,642)
Finance costs		(395,250)	(1,847,809)	38,833	(278,305)
Loss before taxation	4	(11,016,167)	(9,883,832)	(9,984,310)	(2,372,947)
Taxation	7	122,046	(873)	-	-
Loss for the year		(10,894,121)	(9,884,705)	(9,984,310)	(2,372,947)
Loss per share (sen)					
Basic	8	(18.55)	(36.63)		

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

Balance Sheets
as at 31 December 2008

		Group		Company	
		2008	2007	2008	2007
	Note	RM	RM	RM	RM
Assets					
Non-current assets					
Property, plant and equipment	9	22,791,310	38,770,576	1,299	1,658
Prepaid land lease payments	10	931,183	945,378	-	-
Subsidiaries	11	-	-	14,599,999	17,275,857
Other investments	12	73,000	116,000	-	-
Other intangible assets	13	61,251	65,064	-	-
		23,856,744	39,897,018	14,601,298	17,277,515
Current assets					
Inventories	14	7,999,900	9,194,001	-	-
Trade receivables	15	6,250,541	7,858,119	-	-
Other receivables	16	1,812,995	2,729,356	31,680,924	28,166,135
Cash and bank balances	17	1,751,642	33,461,428	14,370	33,137,467
		17,815,078	53,242,904	31,695,294	61,303,602
Non-current asset classified as held for disposal	18	6,380,000	-	-	-
		24,195,078	53,242,904	31,695,294	61,303,602
Total assets		48,051,822	93,139,922	46,296,592	78,581,117
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	19	58,726,356	58,726,356	58,726,356	58,726,356
Other reserves	20	314,942	500,916	-	-
Accumulated losses		(20,645,681)	(9,751,560)	(12,625,946)	(2,641,636)
Total equity		38,395,617	49,475,712	46,100,410	56,084,720
Non-current liability					
Long term borrowings	21	1,842,264	2,728,762	-	-
Current liabilities					
Short term borrowings	21	839,402	24,219,106	-	16,500,000
Trade payables	23	3,780,697	5,950,807	-	-
Other payables	24	2,809,909	10,379,973	196,182	5,996,397
Provision for taxation		383,933	385,562	-	-
		7,813,941	40,935,448	196,182	22,496,397
Total liabilities		9,656,205	43,664,210	196,182	22,496,397
Total equity and liabilities		48,051,822	93,139,922	46,296,592	78,581,117

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

Statements of Changes in Equity
for the year ended 31 December 2008

	Attributable to equity holders of the Company					Minority interests	Total equity
		Non-distributable					
	Share capital	Share premium	Other reserves	Accumulated losses	Total		
	RM	RM	RM	RM	RM	RM	RM
Group							
At 1 January 2008	58,726,356	-	500,916	(9,751,560)	49,475,712	-	49,475,712
Foreign exchange translation, representing net expense recognised directly in equity	-	-	(185,974)	-	(185,974)	-	(185,974)
Loss for the year	-	-	-	(10,894,121)	(10,894,121)	-	(10,894,121)
Total recognised income and expense for the year	-	-	(185,974)	(10,894,121)	(11,080,095)	-	(11,080,095)
At 31 December 2008	58,726,356	-	314,942	(20,645,681)	38,395,617	-	38,395,617
At 1 January 2007	58,726,357	10,042,337	338,002	(38,223,251)	30,883,445	133,145	31,016,590
Foreign exchange translation, representing net expense recognised directly in equity	-	-	104,178	-	104,178	-	104,178
Loss for the year	-	-	-	(9,884,705)	(9,884,705)	-	(9,884,705)
Total recognised income and expense for the year	-	-	104,178	(9,884,705)	(9,780,527)	-	(9,780,527)
Capital reduction and consolidation	(29,363,179)	(8,860,072)	-	38,223,251	-	-	-
Transaction costs	-	(1,182,265)	-	-	(1,182,265)	-	(1,182,265)
Rights issue	29,363,178	-	-	-	29,363,178	-	29,363,178
Deconsolidation of a subsidiary	-	-	58,736	-	58,736	-	58,736
Purchase of minority interests' shares	-	-	-	133,145	133,145	(133,145)	-
At 31 December 2007	58,726,356	-	500,916	(9,751,560)	49,475,712	-	49,475,712

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

Statements of Changes in Equity
for the year ended 31 December 2008 *cont'd*

	Non-distributable			
	Share capital RM	Share premium RM	Accumulated losses RM	Total RM
Company				
1 January 2008	58,726,356	-	(2,641,636)	56,084,720
Loss for the year, representing total recognised income and expense for the year	-	-	(9,984,310)	(9,984,310)
At 31 December 2008	58,726,356	-	(12,625,946)	46,100,410
1 January 2007	58,726,357	10,042,337	(38,491,940)	30,276,754
Loss for the year, representing total recognised income and expense for the year	-	-	(2,372,947)	(2,372,947)
Capital reduction and consolidation	(29,363,179)	(8,860,072)	38,223,251	-
Transaction costs	-	(1,182,265)	-	(1,182,265)
Rights issue	29,363,178	-	-	29,363,178
At 31 December 2007	58,726,356	-	(2,641,636)	56,084,720

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

Cash Flow Statements
for the year ended 31 December 2008

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Cash flows from operating activities				
Loss before taxation	(11,016,167)	(9,883,832)	(9,984,310)	(2,372,947)
Adjustments for:				
Amortisation of prepaid land lease payments	14,195	14,195	-	-
Bad debts written off	638,597	79,610	-	-
Depreciation	3,651,268	3,967,470	359	19,328
Impairment loss recognised on				
- property, plant and equipment	5,044,221	430,000	-	-
- subsidiary	-	-	2,675,858	-
Intangible asset written off	3,813	-	-	-
Interest expense	451,120	1,852,079	(38,833)	282,575
Interest income	(55,870)	(4,270)	(55,200)	(4,270)
Loss/(gain) on disposal of property, plant and equipment	240,621	113,793	-	(88,986)
(Gain)/loss on deconsolidation of subsidiary	(9,059)	19,070	-	-
Other investment written off	43,000	-	-	-
Property, plant and equipment written off	-	15,896	-	-
Provision for diminution in value of investment	-	900	-	-
Provision for doubtful debts	302,650	2,231,829	6,989,715	1,497,880
Provision for slow moving inventories	1,390,264	198,579	-	-
Reversal of provision for doubtful debts	(649,251)	-	-	-
Short term accumulating compensated absences	27,650	(45,064)	-	(11,146)
Unrealised loss on foreign exchange	218,368	168,814	80,463	-
Operating profit/(loss) before working capital changes	295,420	(840,931)	(331,948)	(677,566)
Net changes in:				
Inventories	(196,163)	857,905	-	-
Receivables	1,882,239	6,107,394	(10,584,967)	(4,011,183)
Payables	(5,265,284)	(7,405,056)	(1,640,182)	247,114
Cash used in operations	(3,283,788)	(1,280,688)	(12,557,097)	(4,441,635)
Net taxes (paid)/refunded	(224,228)	514,758	-	-
Interest paid	(451,120)	(1,852,079)	38,833	(282,575)
Net cash used in operating activities	(3,959,136)	(2,618,009)	(12,518,264)	(4,724,210)

Cash Flow Statements
for the year ended 31 December 2008 *cont'd*

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Cash flows from investing activities				
Interest received	55,870	4,270	55,200	4,270
Purchases of property, plant and equipment	(30,000)	(28,050)	-	-
Proceeds from disposal of property, plant and equipment	692,111	1,275,735	-	100,000
Net cash generated from investing activities	717,981	1,251,955	55,200	104,270
Cash flows from financing activities				
Proceeds from issuance of shares	-	29,363,178	-	29,363,178
Net (repayment)/drawdown of term loans	(16,810,779)	2,649,313	(16,500,000)	4,200,000
Repayment of hire purchase liabilities	(2,090,895)	(1,748,255)	-	-
Short term borrowings	(1,753,488)	155,630	-	-
Net cash (used in)/generated from financing activities	(20,655,162)	30,419,866	(16,500,000)	33,563,178
(Decrease)/increase in cash and cash equivalents	(23,896,317)	29,053,812	(28,963,064)	28,943,238
Effects of exchange rate changes	(42,396)	7,954	-	-
Cash and cash equivalents at beginning of year	25,690,355	(3,371,411)	28,977,434	34,196
Cash and cash equivalents at end of year (Note 17)	1,751,642	25,690,355	14,370	28,977,434

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

Notes to the Financial Statements
31 December 2008

1. CORPORATE INFORMATION

The principal activities of the Company are investment holding and provision of management services.

The principal activities of the subsidiaries are described in Note 11. There have been no significant changes in the nature of these activities during the year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Second Board of the Bursa Malaysia Securities Berhad. The principal place of business of the Company is located at No. 3, First Floor, Jalan Puchong, Batu 12 ½, 47100 Puchong, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27 April 2009.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Accounting

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised Financial Reporting Standards ("FRSs") and IC Interpretations which are mandatory for financial periods beginning on or after 1 July 2007 as described fully in Note 2.3.

The financial statements of the Group and the Company have been prepared on a historical basis and presented in Ringgit Malaysia (RM).

2.2 Summary of Significant Accounting Policies

(a) Subsidiaries and Basis of Consolidation

(i) Subsidiaries

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

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

(ii) Basis of Consolidation

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

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

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

(ii) Basis of Consolidation cont'd

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

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

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

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

(b) Intangible Assets

(i) Goodwill

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

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(b) Intangible Assets *cont'd*

(ii) Other Intangible Assets

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

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

Other intangible assets represent licence fees and development expenditure which are stated at cost less accumulated amortisation and impairment.

(i) Licence fees incurred for rights to manufacture, assemble, market or distribute certain licensed products will be amortised upon the subsidiaries commencing the manufacture of the said licensed products over the licence period on a straight line basis.

(ii) Development expenditure represents expenses incurred in the development of new products prior to the commencement of commercial production. The said expenditure will be amortised over a period in which benefits are expected to be derived, commencing in the year in which the related revenue is first recognised on a straight-line basis.

(c) Property, Plant and Equipment and Depreciation

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

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

Notes to the Financial Statements

31 December 2008 *cont'd*

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(c) Property, Plant and Equipment and Depreciation cont'd

Freehold land is stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated impairment losses. Freehold land of the Group has not been revalued since they were first revalued in 1993. The directors have not adopted a policy of regular revaluations of such assets and no later valuation has been recorded. As permitted under the transitional provisions of IAS 16 (Revised): Property, Plant and Equipment, these assets continue to be stated at their 1993 valuation less accumulated depreciation.

Freehold land has an unlimited useful life and is therefore not depreciated. Depreciation of other property, plant and equipment is provided on a straight-line basis to write off the cost of each asset to their residual value over the estimated useful life at the following annual rates:

Building	2% - 3%
Building structure	10%
Plant and machinery	7.5% - 10%
Office equipment, furniture, fittings, motor vehicles, and renovations	10% - 20%

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

(d) Inventories

Inventories are stated at the lower of cost and net realisable value (determined on the weighted average basis). Cost of raw materials consists of the original purchase price plus incidental cost incurred in bringing the inventories to their present location. For cost of finished goods and work-in-progress, cost comprise raw materials, direct labour, other direct costs and appropriate proportions of production overheads.

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

(e) Leases and Hire Purchase

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident 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 building elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(e) Leases and Hire Purchase *cont'd*

(i) Finance Lease

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

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

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2 (c).

(ii) Operating Lease

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

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

(f) Provision

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

Notes to the Financial Statements
31 December 2008 *cont'd*

2. **SIGNIFICANT ACCOUNTING POLICIES** *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(g) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

(h) Employee Benefits

(i) Short Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined Contribution Plans

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

(iii) Termination Benefits

The Group pays termination benefits in cases of termination of employment. Termination benefits are recognised as a liability and expense when it is without realistic possibility of withdrawal.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(i) Revenue Recognition

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

(i) Sale of Goods

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

(ii) Interest Income

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

(iii) Dividend Income

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

(j) Foreign Currencies

(i) Functional and Presentation Currency

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

(ii) Foreign Currency Transaction

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(j) Foreign Currencies *cont'd*

(ii) Foreign Currency Transaction cont'd

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

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

(iii) Foreign Operations

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

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;

- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rates prevailing at the date of acquisition.

(k) Non-Current Assets Classified as Held for Sale

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

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(k) *Non-Current Assets Classified as Held for Sale* *cont'd*

Immediately before classification as held for sale, the measurement of the non-current assets is brought up-to-date in accordance with applicable FRS 5. Then, on initial classification as held for sale, non-current assets are measured in accordance with FRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

(l) *Impairment of Assets*

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(m) Financial Instruments

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

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

(i) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank and deposits at call which have an insignificant risk of changes in value, net of outstanding bank overdrafts and less monies held in relation to the excess of share application pursuant to the Rights Issue.

(ii) Other Non-Current Investments

Non-current investments other than investments in subsidiaries are stated at cost less provision for any diminution in value other than temporary. Such provision is made when there is a decline other than temporary in the value of investments and is recognised as an expense in the period in which the decline occurred.

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

(iii) Marketable Securities

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

(iv) Receivables

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

(v) Payables

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

2. **SIGNIFICANT ACCOUNTING POLICIES** *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(m) Financial Instruments *cont'd*

(vi) Interest-Bearing Borrowings

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

Borrowing costs directly attributable to the acquisition and construction of property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale.

All other borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

(vii) Equity

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

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs and IC Interpretations

(a) Adoption of Standards and IC Interpretation

The Malaysian Accounting Standards Board ("MASB") has issued a number of applicable new and revised FRSs and IC Interpretation, which were effective for financial periods beginning on or after 1 July 2007 as follows:

FRS 107 : Cash Flow Statements
FRS 112 : Income Taxes
FRS 118 : Revenue
FRS 134 : Interim Financial Reporting
FRS 137 : Provisions, Contingent Liabilities and Contingent Assets
Amendments to FRS 121 The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
IC Interpretation 8 : Scope of FRS 2

The adoption of all the above standards and interpretation does not result in significant changes to the accounting policies and does not have a significant financial impact on the Group and Company other than additional disclosure requirements.

Notes to the Financial Statements
31 December 2008 *cont'd*

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs and IC Interpretations *cont'd*

(b) *Standards and IC Interpretations in issue but not yet Effective*

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

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

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

2.4 Significant Accounting Estimates and Judgements

(a) *Key Sources of Estimation Uncertainty*

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

(i) Income Taxes

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

(ii) Impairment of Investment in Subsidiaries

Impairment review has been carried out on investment in subsidiaries by the Group during the year. Cost of investment in subsidiary which has ceased operations was fully impaired as at 31 December 2008. Certain other subsidiaries were impaired up to the net assets value of the subsidiaries.

2. **SIGNIFICANT ACCOUNTING POLICIES** *cont'd*

2.4 Significant Accounting Estimates and Judgements *cont'd*

(a) Key Sources of Estimation Uncertainty *cont'd*

(iii) Depreciation of Property, Plant and Machinery

The cost of plant and machinery is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be within 13 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(iv) Impairment Loss on Property, Plant and Equipment

During the financial year, the Group recorded an impairment loss on land and building amounting to RM5,044,221, which is represented by the difference between the net carrying amount of the assets held for sale and the sale consideration less cost to sell, as disclosed in Notes 18 and 30.

3. **REVENUE**

Revenue of the Group and the Company represents the invoiced value of sales less returns and discounts.

Notes to the Financial Statements
31 December 2008 *cont'd*

4. LOSS BEFORE TAXATION

Loss before taxation is stated after charging/(crediting):

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Amortisation of prepaid land lease payments	14,195	14,195	-	-
Auditors' remuneration				
- current year	66,335	88,463	30,000	30,000
- underprovision in prior years	3,350	-	5,020	-
Bad debts written off	638,597	79,610	-	-
Depreciation	3,651,268	3,967,470	359	19,328
(Gain)/loss on foreign exchange				
- realised	(132,068)	(378,224)	-	-
- unrealised	218,368	168,814	80,463	-
(Gain)/loss on deconsolidation of subsidiary	(9,059)	19,070	-	-
Impairment loss recognised on				
- property, plant and equipment	5,044,221	430,000	-	-
- subsidiary	-	-	2,675,858	-
Intangible asset written off	3,813	-	-	-
Interest income	(55,870)	(4,270)	(55,200)	(4,270)
Interest expense	451,120	1,852,079	(38,833)	282,575
Loss/(gain) on disposal of property, plant and equipment	240,621	113,793	-	(88,986)
Other investment written off	43,000	-	-	-
Property, plant and equipment written off	-	15,896	-	-
Provision for doubtful debts				
- subsidiaries	-	-	6,989,715	1,497,880
- others	302,650	2,231,829	-	-
Provision for slow moving inventories	1,390,264	198,579	-	-
Provision for diminution in value of investments	-	900	-	-
Reversal of provision for doubtful debts	(649,251)	-	-	-
Rental expenses	325,378	579,349	-	-
Rental income	(198,000)	(396,000)	-	-
Short-term accumulating compensated absences	27,650	(45,064)	-	(11,146)
Staff costs (Note 5)	7,128,034	9,885,405	-	60,839

5. STAFF COSTS

	Group		Company	
	2008	**2007**	**2008**	**2007**
	RM	**RM**	**RM**	**RM**
Wages and salaries	6,363,830	8,803,711	-	58,655
Social security costs	538,216	705,350	-	-
Pension costs	56,928	82,511	-	-
Other staff related expenses	169,060	293,833	-	2,184
	7,128,034	9,885,405	-	60,839

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM240,480 (2008: RM664,076) and RM12,000 (2008: RM20,000) respectively as further disclosed in Note 6.

6. DIRECTORS REMUNERATION

	Group		Company	
	2008	**2007**	**2008**	**2007**
	RM	**RM**	**RM**	**RM**
<u>Directors of the Company</u>				
Executive:				
Salaries and other emoluments	204,000	595,244	-	20,000
Pension costs - defined contribution plans	24,480	68,832	-	-
Fees	12,000	-	12,000	-
	240,480	664,076	12,000	20,000
Non-Executive:				
Fees	68,666	81,500	68,666	81,500
<u>Directors of the subsidiaries</u>				
Salaries and other emoluments	189,274	166,842	-	-
Pension costs - defined contribution plans	21,600	5,382	-	-
	210,874	172,224	-	-
Total	520,020	917,800	80,666	101,500

Notes to the Financial Statements

31 December 2008 *cont'd*

6. DIRECTORS REMUNERATION *cont'd*

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

	Number of Directors	
	2008	2007
Executive Directors:		
Below RM100,000	-	1
RM100,000 - RM250,000	1	1
RM250,001 - RM350,000	-	-
RM350,001 - RM450,000	-	1
Non-Executive Directors:		
Below RM50,000	4	4

7. TAXATION

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Current income tax:				
Malaysian income tax	78,000	129,093	-	-
Overprovision in prior years	(200,046)	-	-	-
	(122,046)	129,093	-	-
Deferred tax (Note 25):				
Relating to origination and reversal of temporary differences	(3,035)	(135,797)	-	-
Relating to changes in tax rates	(121)	(9,453)	-	-
Underprovision in prior years	3,156	17,030	-	-
	-	(128,220)	-	-
Total income tax expense	(122,046)	873	-	-

7. TAXATION *cont'd*

Domestic income tax is calculated at the Malaysian statutory tax rate of 26% (2007: 27%) of the estimated assessable profit for the year. Certain subsidiaries of the Company being Malaysian resident companies with paid-up capital of RM2.5 million or less qualify for the preferential tax rates under Paragraph 2A, Schedule 1 of the Income Tax Act, 1967 as follows:

On the first RM500,000 of chargeable income	: 20%
In excess of RM500,000 of chargeable income	: Malaysian corporate statutory tax rate

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

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

	2008 RM	2007 RM
Group		
Loss before taxation	(11,016,167)	(9,883,832)
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	(2,864,203)	(2,668,635)
Effect of different tax rates in foreign countries	104,227	54,219
Effect of income subject to tax rate of 20% (2007: 20%)	(23,279)	(35,000)
Effect of deferred tax recognised at different tax rates	-	8,042
Effect of changes in tax rates on opening balance of deferred tax	(121)	(9,453)
Expenses not deductible for tax purposes	447,481	639,556
Utilisation of previously unrecognised tax losses	(65,079)	-
Deferred tax assets not recognised during the year	2,475,818	1,995,114
Underprovision of deferred tax in prior years	3,156	17,030
Overprovision of income tax expense in prior years	(200,046)	-
Income tax expense for the year	(122,046)	873
Company		
Loss before taxation	(9,984,310)	(2,372,947)
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	(2,595,921)	(640,696)
Expenses not deductible for tax purposes	2,558,689	640,696
Deferred tax assets not recognised during the year	37,232	-
Income tax expense for the year	-	-

8. LOSS PER SHARE

(a) Basic

Basic loss per share amounts is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2008	**2007**
Loss attributable to shareholders (RM)	(10,894,121)	(9,884,705)
Weighted average number of ordinary shares in issue	58,726,356	26,988,337
Basic loss per share (sen)	(18.55)	(36.63)

(b) Diluted

Fully diluted earnings per share on the basis of the assumed conversion of warrants has not been disclosed as the effect is anti-dilutive.

9. PROPERTY, PLANT AND EQUIPMENT

	** Land and buildings RM	Plant and machinery RM	*Other assets RM	Total RM
Group				
At 31 December 2008				
Cost				
At 1 January 2008	23,872,629	38,867,157	5,840,534	68,580,320
Additions	-	-	30,000	30,000
Disposal/write-off	-	(3,376,478)	(607,784)	(3,984,262)
Reclassified as held for sale	(12,860,900)	-	(172,051)	(13,032,951)
Exchange differences	-	2,336	1,541	3,877
At 31 December 2008	11,011,729	35,493,015	5,092,240	51,596,984

9. PROPERTY, PLANT AND EQUIPMENT *cont'd*

	** Land and buildings RM	Plant and machinery RM	*Other assets RM	Total RM
Group *cont'd*				
At 31 December 2008 *cont'd*				
Accumulated Depreciation and Impairment				
At 1 January 2008	1,834,937	23,369,478	4,605,329	29,809,744
Charge for the year	473,416	2,656,303	521,549	3,651,268
Disposal/write-off	-	(2,442,143)	(609,387)	(3,051,530)
Impairment loss recognised	5,027,702	-	16,519	5,044,221
Reclassified as held for sale	(6,501,793)	-	(151,158)	(6,652,951)
Exchange differences	-	493	4,429	4,922
At 31 December 2008	834,262	23,584,131	4,387,281	28,805,674
Net Carrying Amount				
At 31 December 2008	10,177,467	11,908,884	704,959	22,791,310
At 31 December 2007				
Cost				
At 1 January 2007	23,872,629	40,193,657	6,676,210	70,742,496
Additions	-	23,500	4,550	28,050
Disposal/write-off	-	(1,350,000)	(818,416)	(2,168,416)
Exchange differences	-	-	(21,810)	(21,810)
At 31 December 2007	23,872,629	38,867,157	5,840,534	68,580,320
Accumulated Depreciation and Impairment				
At 1 January 2007	1,361,520	20,112,689	4,714,913	26,189,122
Charge for the year	473,417	2,919,600	574,453	3,967,470
Disposal/write-off	-	(92,811)	(670,181)	(762,992)
Impairment loss recognised	-	430,000	-	430,000
Exchange differences	-	-	(13,856)	(13,856)
At 31 December 2007	1,834,937	23,369,478	4,605,329	29,809,744
Net Carrying Amount				
At 31 December 2007	22,037,692	15,497,679	1,235,205	38,770,576

Notes to the Financial Statements

31 December 2008 *cont'd*

9. PROPERTY, PLANT AND EQUIPMENT *cont'd*

**** Land and buildings**

	Freehold land RM	Buildings RM	Total RM
Group			
At 31 December 2008			
Cost			
At 1 January 2008	5,567,553	18,305,076	23,872,629
Reclassified as held for sale	(2,129,473)	(10,731,427)	(12,860,900)
At 31 December 2008	3,438,080	7,573,649	11,011,729
Accumulated Depreciation and Impairment			
At 1 January 2008	-	1,834,937	1,834,937
Charge for the year	-	473,416	473,416
Impairment loss recognised	940,242	4,087,460	5,027,702
Reclassified as held for sale	(940,242)	(5,561,551)	(6,501,793)
At 31 December 2008	-	834,262	834,262
Net Carrying Amount			
At 31 December 2008	3,438,080	6,739,387	10,177,467
At 31 December 2007			
Cost			
At 1 January 2007/31 December 2007	5,567,553	18,305,076	23,872,629
Accumulated Depreciation and Impairment			
At 1 January 2007	-	1,361,520	1,361,520
Charge for the year	-	473,417	473,417
At 31 December 2007	-	1,834,937	1,834,937
Net Carrying Amount			
At 31 December 2007	5,567,553	16,470,139	22,037,692

9. PROPERTY, PLANT AND EQUIPMENT *cont'd*

	Office equipment RM	Furniture and fittings RM	Motor vehicle RM	Total RM
Company				
At 31 December 2008				
Cost				
At 1 January 2008/31 December 2008	57,022	2,376	-	59,398
Accumulated Depreciation				
At 1 January 2008	56,532	1,208	-	57,740
Charge for the year	120	239	-	359
At 31 December 2008	56,652	1,447	-	58,099
Net Carrying Amount				
At 31 December 2008	370	929	-	1,299
At 31 December 2007				
Cost				
At 1 January 2007	57,022	2,376	330,430	389,828
Disposal	-	-	(330,430)	(330,430)
31 December 2007	57,022	2,376	-	59,398
Accumulated Depreciation				
At 1 January 2007	53,962	971	302,895	357,828
Charge for the year	2,570	237	16,521	19,328
Disposal	-	-	(319,416)	(319,416)
At 31 December 2007	56,532	1,208	-	57,740
Net Carrying Amount				
At 31 December 2007	490	1,168	-	1,658

9. PROPERTY, PLANT AND EQUIPMENT *cont'd*

(a) The net carrying amount of property, plant and equipment held under hire purchase liabilities is as follows:

	Group 2008 RM	Group 2007 RM
Plant and machinery	2,119,468	6,612,631
Motor vehicle	88,852	113,084
	2,208,320	6,725,715

(b) The net carrying amount of freehold land and buildings of the Group amounting to RM7,112,536 (2007: RM22,037,692) are pledged to financial institutions for bank borrowings as disclosed in Note 21.

(c) Other assets comprise office equipment, furniture, fittings, motor vehicles and renovation.

10. PREPAID LAND LEASE PAYMENTS

	Group 2008 RM	Group 2007 RM
Long Term Leasehold Land		
At 1 January	945,378	959,573
Amortisation for the year	(14,195)	(14,195)
At 31 December	931,183	945,378

11. SUBSIDIARIES

	Company 2008 RM	Company 2007 RM
Unquoted shares, at cost:		
At 1 January/31 December	28,952,003	28,952,003
Less: Accumulated impairment losses		
At 1 January	(11,676,146)	(11,676,146)
Impairment loss recognised in income statement	(2,675,858)	-
At 31 December	(14,352,004)	(11,676,146)
Net carrying amount	14,599,999	17,275,857

11. SUBSIDIARIES *cont'd*

Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Effective interests (%) 2008	2007	Principal activities
Advance Industries Sdn. Bhd.	Malaysia	100	100	Manufacturing, assembly, installation and sales of light fittings, advertising point-of-sale, furniture and related products
Acumen Marketing Sdn. Bhd.	Malaysia	100	100	Supply of lightings, light fittings, outdoor fittings, advertising point-of-sale, furniture and related products
Lighting Louvres Manufacturing Sdn. Bhd.	Malaysia	100	100	Manufacturing and sale of aluminium lighting louvres
Ace Equity Sdn. Bhd.	Malaysia	100	100	Manufacturing and sale of high pressure die cast alloy products. Temporary ceased operations.
Futumeds Sdn. Bhd.	Malaysia	100	100	Production and sale of disposable safety medical devices. Temporary ceased operations.
Fututech (Labuan) Limited	Federal Territory of Labuan	100	100	Investment holding
Acumen Design & Development Solutions Limited *	Hong Kong	100	100	Provision of consultancy services
Lighting Louvres International Corporation	United States of America	-	100	Assembly and sale of light fittings and related products
Acumen Industries Limited *	Hong Kong	100	100	Investment holding
Acumen Industries (Foshan) Co. Ltd. *	People's Republic of China	100	100	Manufacturing, assembly, installation and sales of advertising point-of-sale and related products

* *Audited by firms of auditors other than Ernst & Young*

(a) Deconsolidation of a Subsidiary

On 19 March 2008, Lighting Louvres International Corporation, a subsidiary of the Company was voluntarily dissolved.

Notes to the Financial Statements
31 December 2008 *cont'd*

12. OTHER INVESTMENTS

	Group 2008 RM	Group 2007 RM
Club memberships	93,500	156,500
Less : Provision for diminution in value	(25,000)	(45,000)
	68,500	111,500
Quoted shares in Malaysia, at cost	19,800	19,800
Less : Provision for diminution in value	(15,300)	(15,300)
	4,500	4,500
Total other investments	73,000	116,000
Market value of quoted shares	5,100	4,500

13. OTHER INTANGIBLE ASSETS

	Group 2008 RM	Group 2007 RM
At cost:		
Software		
At 1 January	65,064	65,064
Written off	(3,813)	-
At 31 December	61,251	65,064

14. INVENTORIES

	Group	
	2008	**2007**
	RM	**RM**
At cost :		
Raw materials	5,255,688	6,235,617
Work in progress	1,029,497	1,531,017
Finished goods	1,714,715	1,427,367
	7,999,900	9,194,001

The cost of inventories recognised as an expense during the financial year in the Group amounted to RM14,260,997 (2007: RM16,566,669).

15. TRADE RECEIVABLES

	Group	
	2008	**2007**
	RM	**RM**
Trade receivables	11,501,233	13,419,527
Less: Provision for doubtful debts	(5,250,692)	(5,561,408)
	6,250,541	7,858,119

Debts amounting to RM410,047 (2007: Nil) which were previously provided as doubtful debts were written off during the financial year.

The Group's normal trade credit term ranges from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

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

Notes to the Financial Statements
31 December 2008 *cont'd*

16. OTHER RECEIVABLES

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Due from subsidiaries	-	-	38,541,132	27,997,247
Deposits	136,116	197,017	-	-
Prepayments	170,031	780,148	-	38,491
Tax recoverable	1,017,467	1,234,593	129,507	129,507
Sundry receivables	489,381	1,046,246	-	890
	1,812,995	3,258,004	38,670,639	28,166,135
Less: Provision for doubtful debts	-	(528,648)	(6,989,715)	-
	1,812,995	2,729,356	31,680,924	28,166,135

Debts of the Group amounting to RM70,039 (2007: Nil) which were previously provided as doubtful debts were written off during the financial year.

The amount due from subsidiaries is unsecured, interest free and has no fixed terms of repayment.

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

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Cash on hand and at banks	1,751,642	5,256,366	14,370	4,932,405
Deposit with licensed bank	-	205,062	-	205,062
Repo	-	28,000,000	-	28,000,000
Cash and bank balances	1,751,642	33,461,428	14,370	33,137,467
Less: Bank overdraft (Note 21)	-	(3,611,040)	-	-
Less: Excess share application monies account (Note 24)	-	(4,160,033)	-	(4,160,033)
Cash and cash equivalents	1,751,642	25,690,355	14,370	28,977,434

Deposit with licensed bank in the previous financial year end was pledged as security for borrowings as disclosed in Note 21.

18. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

As disclosed in Note 30 to the financial statements, a subsidiary, Futumeds Sdn. Bhd. entered into a sale and purchase agreement on 24 February 2009 to dispose certain land and building. The carrying amount, net of impairment was reclassified to assets held for sale as at the balance sheet date.

19. SHARE CAPITAL

	Number of ordinary shares of RM1 each		Amount	
	2008	2007	2008	2007
			RM	RM
Authorised Share Capital:				
At 1 January	300,000,000	100,000,000	300,000,000	100,000,000
Created during the year	-	200,000,000	-	200,000,000
At 31 December	300,000,000	300,000,000	300,000,000	300,000,000

Issued and Fully Paid:

	Number of ordinary shares of RM1 each Share capital (issued and fully paid)	← Amount → Share capital (issued and fully paid)	Share premium	Total share capital and share premium
		RM	RM	RM
At 1 January 2007	58,726,357	58,726,357	10,042,337	68,768,694
Capital reduction and consolidation	(29,363,179)	(29,363,179)	(8,860,072)	(38,223,251)
Transaction cost	-	-	(1,182,265)	(1,182,265)
Rights issue	29,363,178	29,363,178	-	29,363,178
At 31 December 2007	58,726,356	58,726,356	-	58,726,356
At 1 January 2008/31 December 2008	58,726,356	58,726,356	-	58,726,356

19. SHARE CAPITAL *cont'd*

Warrants 2007/2017

The Warrants 2007/2017 were constituted under a Deed Poll dated 22 November 2007 ("Warrants 2007/2017 Deed Poll") and issued on 21 December 2007 in conjunction with the issuance of the Company's Rights Issue in 2007. The salient features of the warrants are as follows:

(a) each warrant entitles its registered holder to subscribe for one (1) new ordinary share of RM1 each at the exercise price during the exercise period; subject to adjustments in accordance with the provisions of the Warrants 2007/2017 Deed Poll;

(b) the exercise price is fixed at RM1 per share and the exercise period is ten years commencing on and including the date of issuance which expires on 20 December 2017;

(c) the new ordinary shares of RM1 each to be issued pursuant to the exercise of the warrants will rank pari passu in all respects with the existing issued ordinary shares of the Company; and

(d) the Warrants 2007/2017 holders are not entitled to participate in any distribution and/or offer of further securities in the Company until and unless such warrant holders exercise their warrants for new ordinary shares.

The number of unexercised Warrants as at balance sheet date was 23,490,542.

20. OTHER RESERVES

	Group	
	2008	**2007**
	RM	**RM**
Other reserve	475,000	475,000
Translation reserves	(160,058)	25,916
	314,942	500,916

20. OTHER RESERVES *cont'd*

The movements in each category of reserves were as follows:

	Group	
	2008	**2007**
	RM	**RM**
Other Reserve		
At 1 January/31 December	475,000	475,000
Translation Reserves		
Balance at 1 January	25,916	(136,998)
Less: Deconsolidation of subsidiary	-	58,736
Arising during the year	(185,974)	104,178
Balance at 31 December	(160,058)	25,916

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

(a) **Other Reserve**

The other reserve is in respect of capitalisation of retained profits by a subsidiary for a bonus issue.

(b) **Translation Reserves**

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Notes to the Financial Statements
31 December 2008 *cont'd*

21. BORROWINGS

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Short Term Borrowings				
Secured:				
Bank overdrafts	-	3,611,040	-	-
Trade facilities	-	806,812	-	-
Term loans	342,499	16,842,065	-	16,500,000
Hire purchase payables (Note 22)	496,903	2,012,513	-	-
	839,402	23,272,430	-	16,500,000
Unsecured:				
Trust receipts	-	946,676	-	-
Total short term borrowings	839,402	24,219,106	-	16,500,000
Long Term Borrowings				
Term loans, secured	1,110,321	1,421,534	-	-
Hire purchase payables (Note 22)	731,943	1,307,228	-	-
Total long term borrowings	1,842,264	2,728,762	-	-
Total Borrowings				
Bank overdrafts	-	3,611,040	-	-
Term loans	1,452,820	18,263,599	-	16,500,000
Trade facilities	-	806,812	-	-
Hire purchase payables	1,228,846	3,319,741	-	-
Trust receipts	-	946,676	-	-
	2,681,666	26,947,868	-	16,500,000

21. BORROWINGS *cont'd*

	Group		Company	
	2008	**2007**	**2008**	**2007**
	RM	**RM**	**RM**	**RM**
Maturity of Borrowings (Excluding Hire Purchase Payables):				
Within one year	342,499	22,206,593	-	16,500,000
More than 1 year and less than 2 years	365,963	342,065	-	-
More than 2 years and less than 5 years	744,358	929,128	-	-
More than 5 years	-	150,341	-	-
	1,452,820	23,628,127	-	16,500,000

The average effective interest rates at the balance sheet date for borrowings, excluding hire purchase payables, were as follows:

	Group		Company	
	2008	**2007**	**2008**	**2007**
	%	**%**	**%**	**%**
Bank overdrafts	-	7.25 - 8.75	-	-
Term loans	6.55 - 6.80	7.02 - 8.50	-	7.02
Trade facilities	-	7.75 - 8.75	-	-
Trust receipts	-	4.05	-	-

The bank overdrafts and term loans of the Group and Company were secured by the following:

(a) Legal charges over the freehold land and building of Group as disclosed in Notes 9;

(b) Deposit with licensed bank as disclosed in Note 17; and

(c) Corporate guarantee by the Company.

Notes to the Financial Statements
31 December 2008 *cont'd*

22. HIRE PURCHASE PAYABLES

	Group 2008 RM	Group 2007 RM
Minimum Lease Payments:		
Not later than 1 year	562,418	2,220,770
Later than 1 year and not later than 2 years	553,092	638,664
Later than 2 years and not later than 5 years	215,662	733,259
	1,331,172	3,592,693
Less: Future finance charges	(102,326)	(272,952)
Present value of hire purchase payables	1,228,846	3,319,741
Present Value of Hire Purchase Payables		
Not later than 1 year	496,903	2,012,513
Later than 1 year and not later than 2 years	519,629	598,753
Later than 2 years and not later than 5 years	212,314	708,475
	1,228,846	3,319,741
Analysed as:		
Due within 12 months (Note 21)	496,903	2,012,513
Due after 12 months (Note 21)	731,943	1,307,228
	1,228,846	3,319,741

The hire purchase and lease bore effective interests of between 3.75% to 6.3% (2007: 3.75% to 6.3%) per annum.

23. TRADE PAYABLES

The normal trade credit term granted to the Group ranges from 30 to 90 days.

24. OTHER PAYABLES

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Due to a subsidiary	-	-	-	164,047
Sundry payables	529,833	2,483,545	189,682	1,275,750
Accruals	2,280,076	3,736,395	6,500	396,567
Excess share application monies	-	4,160,033	-	4,160,033
	2,809,909	10,379,973	196,182	5,996,397

The amount due to a subsidiary is unsecured, interest free and has no fixed terms of repayment.

25. DEFERRED TAXATION

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
At 1 January	-	128,220	-	-
Recognised in income statement (Note 7)	-	(128,220)	-	-
At 31 December	-	-	-	-

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

	Property, plant and equipment	Unabsorbed capital allowances and unused tax losses	Provision for liabilities	Net
	RM	RM	RM	RM
1 January 2007	3,132,806	(1,926,082)	(1,078,504)	128,220
Recognised in the income statement	(638,344)	279,885	230,239	(128,220)
At 31 December 2007	2,494,462	(1,646,197)	(848,265)	-
1 January 2008	2,494,462	(1,646,197)	(848,265)	-
Recognised in the income statement	(148,829)	266,578	(117,749)	-
At 31 December 2008	2,345,633	(1,379,619)	(966,014)	-

25. DEFERRED TAXATION *cont'd*

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

	Group		Company	
	2008	**2007**	**2008**	**2007**
	RM	**RM**	**RM**	**RM**
Unused tax losses	26,416,276	25,056,204	802,725	754,017
Unabsorbed capital allowances	14,149,749	10,366,168	-	-
Others	10,208,260	6,079,841	94,492	-

The unused tax losses and unabsorbed capital allowances are available for offset against future taxable profits of the subsidiaries in which those items arose. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profits of other subsidiaries in the Group and they have arisen in subsidiaries that have a recent history of losses.

The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the Group and Company are subject to no substantial changes in shareholdings under the Income Tax Act, 1967 and guidelines issued by the tax authority.

26. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	Group	
	2008	**2007**
	RM	**RM**
Sales to E&O Property Development Berhad* group of companies ("EOPD")	162,753	439,380
Sale of motor vehicle to a former director	-	100,000

* *A corporate shareholder in which Kamil Ahmad Merican and Chan Kok Leong are directors.*

The sale of products to EOPD were made according to terms and conditions offered to the major customers of the Group

26. SIGNIFICANT RELATED PARTY TRANSACTIONS *cont'd*

(b) Compensation of key management personnel

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

	Group		Company	
	2008	**2007**	**2008**	**2007**
	RM	**RM**	**RM**	**RM**
Salaries and allowances	1,625,583	1,868,483	-	20,000
Defined contribution plan	170,304	169,466	-	-
Directors' fees	80,666	-	80,666	81,500
	1,876,553	2,037,949	80,666	101,500

Included in total key management personnel are:

	Group		Company	
	2008	**2007**	**2008**	**2007**
	RM	**RM**	**RM**	**RM**
Directors' remuneration (Note 6)	520,020	917,800	80,666	101,500

27. CONTINGENT LIABILITY

	2008	**2007**
	RM	**RM**
Company		
Unsecured:		
Corporate guarantee given to banks for credit facilities granted to subsidiaries	2,681,666	10,447,868

28. SEGMENTAL INFORMATION

Geographical Segments

	Malaysia RM	Outside Malaysia RM	Eliminations RM	Consolidated RM
31 December 2008				
Revenue				
External sales	24,189,666	837,882	-	25,027,548
Inter-segment sales	5,826,074	-	(5,826,074)	-
Total revenue	30,015,740	837,882	(5,826,074)	25,027,548
Results				
Segment results	(17,531,370)	(1,226,195)	8,136,648	(10,620,917)
Loss from operations				(10,620,917)
Finance costs, net	(395,250)	-	-	(395,250)
Loss before taxation				(11,016,167)
Taxation	122,046	-	-	122,046
Loss for the year				(10,894,121)
Assets				
Segment assets	108,302,513	845,109	(62,113,267)	47,034,355
Unallocated assets	-	-	-	1,017,467
				48,051,822
Liabilities				
Segment liabilities	89,348,839	4,196,870	(84,273,437)	9,272,272
Unallocated liabilities	-	-	-	383,933
				9,656,205
Other Information				
Depreciation	3,620,043	31,225	-	3,651,268

28. SEGMENTAL INFORMATION *cont'd*

Geographical Segments *cont'd*

	Malaysia RM	Outside Malaysia RM	Eliminations RM	Consolidated RM
31 December 2007				
Revenue				
External sales	32,579,255	2,023,645	-	34,602,900
Inter-segment sales	11,394,995	-	(11,394,995)	-
Total revenue	43,974,250	2,023,645	(11,394,995)	34,602,900
Results				
Segment results	(8,586,431)	(586,402)	1,136,810	(8,036,023)
Loss from operations				(8,036,023)
Finance costs, net	(1,847,809)	-	-	(1,847,809)
Loss before taxation				(9,883,832)
Taxation	(873)	-	-	(873)
Loss for the year				(9,884,705)
Assets				
Segment assets	146,500,095	1,711,635	(56,306,401)	91,905,329
Unallocated assets	-	-	-	1,234,593
				93,139,922
Liabilities				
Segment liabilities	109,284,254	4,303,569	(70,309,175)	43,278,648
Unallocated liabilities	-	-	-	385,562
				43,664,210
Other Information				
Depreciation	3,920,563	46,907	-	3,967,470

No business segment is prepared as the Group's operations are substantially in the manufacturing sector only.

Notes to the Financial Statements

31 December 2008 *cont'd*

29. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

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

(b) Foreign Currency Risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States Dollar, Japanese Yen, Singapore Dollar, Australian Dollar, Euro, Sterling Pound, Taiwan Dollar and New Zealand Dollar. Foreign exchange exposures in these transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

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

	Group	
	2008	**2007**
	RM	**RM**
United States Dollar	1,839,357	2,041,205
Japanese Yen (100 units)	-	(1,116)
Singapore Dollar	194,558	864,636
Australian Dollar	1,576,267	1,428,870
Euro	-	(119,031)
Sterling Pound	18,108	363,090
New Taiwan Dollar	-	41,648
New Zealand Dollar	-	35,998
	3,628,290	4,655,300

(c) Interest Rate Risk

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

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

29. FINANCIAL INSTRUMENTS *cont'd*

(c) Interest Rate Risk *cont'd*

Information on the carrying amounts, average interest rates as at balance sheet date and the remaining maturities of the Group's and Company's instruments that are exposed to interest rate risk are disclosed in Notes 21 and 22.

(d) Credit Risk

The Group's credit risk is primarily attributable to trade receivables. Credit risks are minimised, controlled and monitored through the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's association to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

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

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets.

(e) Liquidity Risk

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

(f) Fair Values

The carrying amounts of financial assets and financial liabilities approximate their fair values except for the following:

		Group	
	Note	Carrying amount RM	Fair value RM
At 31 December 2008			
Borrowings			
Term loan	21	1,452,820	1,424,709
Hire purchase payables	22	1,228,846	1,216,888
		2,681,666	2,641,597

29. FINANCIAL INSTRUMENTS *cont'd*

(f) Fair Values *cont'd*

	Note	Group Carrying amount RM	Fair value RM
At 31 December 2007			
Borrowings			
Term loan	21	18,263,599	18,819,530
Hire purchase payables	22	3,319,741	3,306,502
		21,583,340	22,126,032

(i) Borrowings

The fair value of borrowings is estimated using discounted cash flow analysis, based on current incremental lending rates for similar types of lending and borrowing arrangements.

(ii) Quoted Shares

The fair value of quoted shares is determined by reference to stock exchange quoted market bid prices at the close of business at the balance sheet date. The fair values of the quoted shares are as disclosed in Note 12.

(iii) Amount Due to/from Subsidiaries

It is not practical to estimate the fair values of amounts due to/from related subsidiaries due principally to a lack of fixed repayment terms entered into by the parties involved and without incurring excessive costs. The directors are of the opinion that the carrying amounts recorded at the balance sheet date do not differ significantly from the values that would eventually be received or settled.

30 SUBSEQUENT EVENT

On 24 February 2009, Futumeds Sdn. Bhd., a subsidiary of the Company entered into a conditional sale and purchase agreement for the disposal of land and building for a total cash consideration of RM6,500,000.

List of Properties Owned by the Group
as at 31 December 2008

Address/Location	Tenure	Area (square metre)	Description/ Existing Use	Approximate Age of Building	Net Carrying Amount	Date of Last Revaluation (R)/ Acquisition (A)
HSD 97288 Lot P.T. 32331 Mukim Petaling Daerah Petaling Selangor	Freehold	7,985	2-Storey office cum factory	12 years	7,113	A : 20. 11.2001
HSD 145784 Lot PT1172 Pekan Puchong Perdana Daerah Petaling Selangor *(Asset held for sale)*	Freehold	3,534	4-Storey office cum factory	7 years	6,380	A : 16. 08.2000
Pajakan Mukim PM640 Lot No. 10492 Tempat Batu 28 Ijok Mukim Ijuk District Kuala Selangor Negeri Selangor	Leasehold Expiring in 2077	13,961	factory	6 years	3,996	A : 28. 10.2002

Analysis of Shareholdings

AS AT 29 APRIL 2009

Authorised Share Capital	: RM300,000,000	**Class of Shares**	: Ordinary Shares of RM1.00 each
Paid-up Share Capital	: RM58,726,356	**Voting Rights**	: One vote per ordinary share

SIZE OF SHAREHOLDINGS as at 29 April 2009

Size of Shareholdings	No. of Shareholders	Total Shareholdings	% of Shareholding
1 to 99	259	6,102	0.01
100 to 1,000	740	473,970	0.81
1,001 to 10,000	778	2,681,666	4.57
10,001 to 100,000	195	6,787,784	11.56
100,001 to 2,936,316 *	52	24,014,051	40.89
2,936,317 and above **	4	24,762,783	42.17
Total :	2,028	58,726,356	100.00

Remarks :
* *Less than 5% of issued shares*
** *5% and above of issued shares*

SUBSTANTIAL SHAREHOLDERS as per the Register of Substantial Shareholders as at 29 April 2009

		Direct Interest		Indirect Interest	
Name of Substantial Shareholders	**Notes**	**No. of Shares**	**% of Shareholding**	**No. of Shares**	**% of Shareholding**
E & O Property Development Berhad	(1)	10,375,783	17.67	5,894,000	10.04
Samudra Pelangi Sdn. Bhd.		5,894,000	10.04	-	-
Loo Soo Loong		5,560,000	9.47	-	-
Tinggi Murni Sdn. Bhd.	(2)	-	-	5,894,000	10.04
Dynamic Degree Sdn. Bhd.	(3)	-	-	16,269,783	27.70
Eastern & Oriental Berhad	(3)	-	-	16,269,783	27.70
Dato' Tham Ka Hon	(3)	-	-	16,269,783	27.70
G.K. Goh Holdings Limited	(3)	-	-	16,269,783	27.70
GKG Investment Holdings Pte. Ltd.	(3)	-	-	16,269,783	27.70
Goh Geok Khim	(3)	-	-	16,269,783	27.70
Goh Yew Lin	(3)	-	-	16,269,783	27.70
Chia Kwoon Meng		5,798,700	9.87	-	-

Notes :
(1) Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 held through Samudra Pelangi Sdn. Bhd. ("SPSB").
(2) Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965, held through SPSB.
(3) Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 held through E & O Property Development Berhad.

Analysis of Shareholdings *cont'd*

THIRTY LARGEST SHAREHOLDERS as per the Record of Depositors as at 29 April 2009

	Name of Registered Holders	No. of Shares Held	% of Shareholding
1	AMSEC NOMINEES (TEMPATAN) SDN. BHD. *AmBank (M) Berhad for E & O Property Development Berhad*	10,375,783	17.67
2	AMSEC NOMINEES (TEMPATAN) SDN. BHD. *AmBank (M) Berhad for Samudra Pelangi Sdn. Bhd.*	5,894,000	10.04
3	AMSEC NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Loo Soo Loong	5,500,000	9.37
4	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB Bank for Chia Kwoon Meng	2,993,000	5.10
5	GOH HUI TIANG	1,768,700	3.01
6	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Chia Kwoon Meng (CEB)	1,601,900	2.73
7	CHU YOKE LEN	1,500,000	2.55
8	SOONG CHEE KEONG	1,092,200	1.86
9	AMSEC NOMINEES (TEMPATAN) SDN. BHD. AmBank (M) Berhad for Yap Ching Loon	1,027,000	1.75
10	POLOFIELD SDN. BHD.	1,000,000	1.70
11	SALTER'S ASSETS LIMITED	1,000,000	1.70
12	FONG MOH CHEEK @ FONG MOW KIT	883,000	1.50
13	CATHERINE GRIPE	832,000	1.42
14	WONG LOKE FOO @ WONG LOKE FALL	780,000	1.33
15	DERRICK KONG YING KIT	776,600	1.32
16	CHIA KWOON MENG	773,800	1.32
17	NIK IBRAHIM KAMIL BIN NIK AHMAD KAMIL	763,453	1.30
18	MELISSA KONG YIN PING	632,800	1.08
19	TAY CHAI ONG	622,000	1.06
20	HAM AH LUI @ HAM WEE BOON	553,731	0.94
21	YAP NYUK FOONG	500,000	0.85
22	AIBB NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Wong Ching Ping @ Wong Chin Ping	456,400	0.78
23	CHIA KWOON MENG	430,000	0.73
24	HUANG PHANG LYE	410,000	0.70
25	AMSEC NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Chin Siew Ling	400,000	0.68
26	CHAN SAU CHEE	400,000	0.68
27	LIM KOK WEI	400,000	0.68
28	HDM NOMINEES (TEMPATAN) SDN. BHD. DBS Vickers SECS (S) Pte. Ltd. for Yeap Poh Chim	365,000	0.62
29	AFFIN NOMINEES (ASING) SDN. BHD. UOB Kay Hian Pte. Ltd. for Chan Tze Leung Robert	358,600	0.61
30	TAN JOO TIAN	329,500	0.56
	Total :	44,419,467	75.64

Analysis of Shareholdings *cont'd*

DIRECTORS' SHAREHOLDINGS as per the Register of Directors' Shareholdings as at 29 April 2009

	Direct Interest		Indirect Interest	
Name of Directors	**No. of Shares**	**% of Shareholding**	**No. of Shares**	**% of Shareholding**
Kamil Ahmad Merican	-	-	-	-
Loo Soo Loong	5,560,000	9.47	-	-
Chan Kok Leong	-	-	-	-
Vijeyaratnam a/l V. Thamotharam Pillay	-	-	-	-
Professor Datuk Dr. Nik Mohd Zain Bin Nik Yusof	-	-	-	-

Analysis of Warrantholdings

AS AT 29 APRIL 2009 :

No. of 2007/2017 warrants issued	: 23,490,542
No. of 2007/2017 warrants outstanding	: 23,490,542

DISTRIBUTION OF 2007/2017 WARRANTHOLDERS

Size of Shareholdings	No. of 2007/2017 Warrantholders	No. of 2007/2017 warrants	%
1 to 99	38	2,167	0.01
100 to 1,000	109	64,403	0.27
1,001 to 10,000	246	920,960	3.92
10,001 to 100,000	114	3,983,401	16.96
100,001 to 1,174,526 *	34	9,714,504	41.35
1,174,527 and above **	3	8,805,107	37.48
Total :	544	23,490,542	100.00

Remarks :
* *Less than 5% of issued shares*
** *5% and above of issued shares*

Analysis of Warrantholdings *cont'd*

THIRTY LARGEST WARRANTHOLDERS as per the Record of Depositors as at 29 April 2009

	Name of Registered Holders	No. of warrants	%
1	AMSEC NOMINEES (TEMPATAN) SDN. BHD. *AmBank (M) Berhad for E & O Property Development Berhad*	4,811,427	20.48
2	AMSEC NOMINEES (TEMPATAN) SDN. BHD. *AmBank (M) Berhad for Samudra Pelangi Sdn. Bhd.*	2,357,600	10.04
3	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. *CIMB Bank for Chia Kwoon Meng*	1,636,080	6.96
4	AMSEC NOMINEES (TEMPATAN) SDN. BHD. *AmBank (M) Berhad for Yap Ching Loon*	727,100	3.10
5	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. *Pledged Securities Account for Chia Kwoon Meng*	640,760	2.73
6	GOH HUI TIANG	627,480	2.67
7	CHIA KWOON MENG	577,100	2.46
8	CHEW CHOONG SIAM	575,900	2.45
9	FONG MOH CHEEK @ FONG MOW KIT	504,000	2.15
10	LIM KOK WEI	460,000	1.96
11	DERRICK KONG YING KIT	400,880	1.71
12	POLOFIELD SDN. BHD.	400,000	1.70
13	MELISSA KONG YIN PING	377,680	1.61
14	SOONG CHEE KEONG	349,404	1.49
15	CATHERINE GRIPE	332,800	1.42
16	WONG LOKE FOO @ WONG LOKE FALL	312,000	1.33
17	HLG NOMINEE (TEMPATAN) SDN. BHD. *Pledged Securities Account for Pang Yang Chung*	265,000	1.13
18	TAN LIAM KWEE	242,000	1.03
19	ANDY TAN CHO YEOW	238,800	1.02
20	CHAN SAU CHEE	200,000	0.85
21	YAP NYUK FOONG	200,000	0.85
22	ECML NOMINEES (TEMPATAN) SDN. BHD. *Pledged Securities Account for Yeap Gek @ Yeap Poh Chim*	197,900	0.84
23	KOH SOOI KWANG	192,080	0.82
24	HUANG PHANG LYE	176,000	0.75
25	MOHAMED AZMI BIN MAHMOOD	166,640	0.71
26	HAUW TIO HIONG	152,320	0.65
27	HAM AH LUI @ HAM WEE BOON	152,000	0.65
28	LIM KOK SENG	150,000	0.64
29	HDM NOMINEES (TEMPATAN) SDN. BHD. *DBS Vickers Secs (S) Pte. Ltd. for Yeap Poh Chim*	140,000	0.60
30	HLB NOMINEES (TEMPATAN) SDN. BHD. *Pledged Securities Account for Ng Yoke Yen*	140,000	0.60
	Total :	17,702,951	75.40

Analysis of Warrantholdings *cont'd*

DIRECTORS' WARRANTHOLDINGS as at 29 April 2009

	Warrantholdings			
Name of Directors	**Direct**	**%**	**Indirect**	**%**
Kamil Ahmad Merican	-	-	-	-
Loo Soo Loong	24,000	0.10	-	-
Chan Kok Leong	-	-	-	-
Vijeyaratnam A/L V. Thamotharam Pillay	-	-	-	-
Professor Datuk Dr. Nik Mohd Zain Bin Nik Yusof	-	-	-	-

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-Fifth Annual General Meeting of Fututech Berhad ("the Company") will be held at Tioman Room, Bukit Jalil Golf & Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur on Friday, 26 June 2009 at 10.00 a.m. for the following purposes:

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2008 and the Reports of the Directors and Auditors. ***Resolution 1***

2. To approve payment of Directors' fees for the financial year ended 31 December 2008. ***Resolution 2***

3. To re-elect as Director, Mr. Vijeyaratnam a/l V. Thamotharam Pillay who retires in accordance with Article 89 of the Company's Articles of Association. ***Resolution 3***

4. To re-elect as Director, Mr. Chan Kok Leong who retires in accordance with Article 89 of the Company's Articles of Association. ***Resolution 4***

5. To re-appoint Ernst & Young as Auditors for the year ending 31 December 2009 and to authorise the Directors to fix the Auditors' remuneration. ***Resolution 5***

As Special Business

6. **To consider and if thought fit, to pass the following Ordinary Resolutions, with or without modifications:** ***Resolution 6***

   Authority for Directors to Issue Shares

   "THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and they are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting of the Company to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10 % of the issued share capital of the Company for the time being, and that the Directors be and are also authorised to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad."

7. **Proposed Renewal of Existing Shareholders' Mandate For Recurrent Related Party Transactions of a Revenue or Trading Nature** ***Resolution 7***

   "THAT subject to the Companies Act, 1965, the Memorandum and Articles of Association of the Company and the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), approval be and is hereby given to the Company and its subsidiaries to enter into any of the category of existing recurrent transactions of a revenue or trading nature as set out in Section 2.2, Table 1 of the Company's Circular to Shareholders dated 4 June 2009 with the related parties mentioned therein which are necessary for Fututech Group's day-to-day operations subject further to the following:-

   (a) the transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those available to the public and on terms not to the detriment of the minority shareholders; and

7. **Proposed Renewal of Existing Shareholders' Mandate For Recurrent Related Party Transactions of a Revenue or Trading Nature** *cont'd*

   (b) disclosure is made in the annual report of the breakdown of the aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the financial year based on the following information:

      (i) the types of recurrent related party transactions made; and

      (ii) the names of the related parties involved in each type of the recurrent related party transactions made and their relationship with the Company.

   AND THAT such approval shall continue to be in force until:-

   (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the forthcoming AGM at which such Proposed Renewal of Shareholders' Mandate was passed, at which time it will lapse, unless by a resolution passed at an AGM whereby the authority is renewed;

   (b) the expiration of the period within which the next AGM of the Company subsequent to the date it is required to be held pursuant to the provisions of the Act; or

   (c) revoked or varied by resolution passed by the shareholders in an AGM or Extraordinary General Meeting,

   whichever is earlier;

   And the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this resolution."

8. To transact any other business of which due notice shall have been received in accordance with the Companies Act, 1965.

By Order of the Board
CHUA SIEW CHUAN (MAICSA 0777689)
MAK CHOOI PENG (MAICSA 7017931)
Company Secretaries

Kuala Lumpur
4 June 2009

Notice of Annual General Meeting *cont'd*

Notes:

1. *A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company, an advocate, an approved company auditor, or a person approved by the Registrar.*
2. *A member of the Company may appoint more than one proxy to attend at the same meeting. Where a member appoints two or more proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.*
3. *Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
4. *A Power of Attorney or a certified copy thereof or the instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing.*
5. *The instrument appointing a proxy, together with the power of attorney (if any) under which it is signed or a certified copy thereof, shall be deposited at the Registered Office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur at least forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting as the case may be.*

EXPLANATORY NOTES TO SPECIAL BUSINESS:

6. ***Authority for Directors to Issue Shares***

   The Ordinary Resolution proposed under item 6 of the Agenda, if passed, will empower the Directors to issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company, subject to compliance with the relevant regulatory requirements. The approval is sought to avoid any delay and cost in convening a general meeting for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting.

7. ***Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transaction of A Revenue or Trading Nature***

   The Ordinary Resolution proposed under item 7 of the Agenda, if passed will enable the Company and its subsidiaries (Fututech's Group) to enter into any of the existing recurrent related party transactions of a revenue or trading nature which are necessary for Fututech Group's day to day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

Statement Accompanying Notice of Twenty-Fifth Annual General Meeting

The Directors standing for re-election at the Twenty-Fifth Annual General Meeting of the Company are :

i) Mr. Vijeyaratnam a/l V. Thamotharam Pillay

ii) Mr. Chan Kok Leong

Further details of the Directors standing for re-election are set out in page 4 of the Annual Report.

FUTUTECH

FORM OF PROXY

I/We, ____ ,
(full name in block letters)

NRIC No./Co. No. __________________ of ____

____
(address)

being a member(s) of Fututech Berhad, hereby appoint __________________________________
(full name)

NRIC No.__________________ of ____

____
(address)

or failing him, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Twenty-Fifth Annual General Meeting of Fututech Berhad ("the Company") to be held at Tioman Room, Bukit Jalil Golf & Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur on Friday, 26 June 2009, at 10:00 a.m. and at any adjournment thereof in the manner indicated below:-

		FOR	AGAINST
Resolution 1	To receive Audited Financial Statements for the year ended 31 December 2008 and the Reports of Directors and Auditors.		
Resolution 2	To approve payment of Directors' fees.		
Resolution 3	To re-elect Mr. Vijeyaratnam a/l Thamotharam Pillay as a Director.		
Resolution 4	To re-elect Mr. Chan Kok Leong as a Director.		
Resolution 5	To re-appoint Messrs. Ernst & Young as Auditors and to authorise the Directors to fix the Auditors' remuneration.		
Resolution 6	To approve the authority under Section 132D of the Companies Act, 1965 for Directors to issue shares.		
Resolution 7	To approve the Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transaction of A Revenue or Trading Nature.		

Please indicate with an "X" or "√" in the appropriate space above. Unless voting instructions are specified herein, the proxy will vote or abstain from voting as he / she thinks fit.

Number of ordinary shares held

____
Signature of Shareholder(s) or Common Seal

Signed this __________ day of June, 2009

Notes:

1. *A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company, an advocate, an approved company auditor, or a person approved by the Registrar.*

2. *A member of the Company may appoint more than one proxy to attend at the same meeting. Where a member appoints two or more proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.*

3. *Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

4. *A Power of Attorney or a certified copy thereof or the instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing.*

5. *The instrument appointing a proxy, together with the power of attorney (if any) under which it is signed or a certified copy thereof, shall be deposited at the Registered Office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur at least forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting as the case may be.*

Fold This Flap For Sealing

Then Fold Here

Affix
Stamp

FUTUTECH BERHAD
Level 7, Menara Milenium,
Jalan Damanlela, Pusat Bandar Damansara,
Damansara Heights, 50490 Kuala Lumpur

1st Fold Here