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CORPORATE INFORMATION

DIRECTORS	LIM TEIK HIAN | EXECUTIVE CHAIRMAN | JIMMY ONG CHIN KENG | MANAGING DIRECTOR | LIM TECK CHYE | EXECUTIVE DIRECTOR | WONG SEW YUN | INDEPENDENT NON EXECUTIVE DIRECTOR | NIK AZALAN BIN NIK A.KADIR | INDEPENDENT NON EXECUTIVE DIRECTOR | NG CHEE KONG | INDEPENDENT NON EXECUTIVE DIRECTOR | WONG THAI SUN | INDEPENDENT NON EXECUTIVE DIRECTOR |
SECRETARIES	LEE PENG LOON P'NG CHIEW KEEM
REGISTERED OFFICE	51-21-A MENARA BHL BANK JALAN SULTAN AHMAD SHAH 10050 PENANG TEL : 04-227 6888 FAX : 04-229 8118
SHARE REGISTRAR	PFA REGISTRATION SERVICES SDN. BHD. (19234-W) LEVEL 17, THE GARDENS NORTH TOWER MID VALLEY CITY, LINGKARAN SYED PUTRA 59200 KUALA LUMPUR TEL : 03-2264 3883 FAX : 03-2282 1886
AUDIT COMMITTEE	NIK AZALAN BIN NIK A. KADIR | CHAIRMAN AND INDEPENDENT NON EXECUTIVE DIRECTOR | NG CHEE KONG | INDEPENDENT NON EXECUTIVE DIRECTOR | WONG SEW YUN | INDEPENDENT NON EXECUTIVE DIRECTOR | WONG THAI SUN | INDEPENDENT NON EXECUTIVE DIRECTOR |
PRINCIPAL BANKERS	CIMB BANK BERHAD (13491-P) HSBC BANK MALAYSIA BERHAD (127776-V) MALAYAN BANKING BERHAD (3813-K)
AUDITORS	UHY DIONG CHARTERED ACCOUNTANTS 51-21-F MENARA BHL BANK JALAN SULTAN AHMAD SHAH 10050 PULAU PINANG
STOCK EXCHANGE LISTING	BURSA MALAYSIA / SECOND BOARD

LIM TEIK HIAN | Executive Chairman

Mr Lim Teik Hian, a Malaysian aged 42 was appointed to the Board on 16 February 1996. He has a Diploma in Business Administration from Australia Business College, Melbourne, Australia. Upon graduation, he joined the Company in 1989 as the Marketing Manager and was responsible for the development of domestic market for Emico. At a later stage, he was involved in the general management of the manufacturing concern and was instrumental in the commissioning of modern manufacturing facilities for Emico Group. He was seconded to Vietnam to set up Emico's plastic manufacturing plant and has been actively running the day-to-day operation since then. He was re-designated as Executive Chairman on 24 March 2009. His younger brother, Mr Lim Teck Chye sits on the Board of the Company as Executive Director. He is a member of Emico's Nominating Committee. Other than as disclosed in the related party transactions in Note 32 of the Financial Statements, he has no other conflict of interest.

Mr Lim has not been convicted of any offence in the past 10 years and has attended 4 out of 6 Board meetings held during the financial year.

JIMMY ONG CHIN KENG | Managing Director

Mr Jimmy Ong Chin Keng, a Malaysian aged 46 was appointed to the Board on 16 February 1996. He is a Chartered Accountant and holds a professional qualification from the Malaysian Institute of Certified Public Accountants and is a member of Malaysian Institute of Accountants. He joined Emico Group in February 1993 as the Financial Controller and rose to the rank of Finance Director in 1996. His responsibilities include financial planning and budgeting, establishment and maintenance of accounting system and internal controls, credit management and matters relating to corporate affairs. Prior to his engagement in Emico, he served in two international accounting firms namely PriceWaterhouseCoopers and KPMG for a total of 8 years. He was re-designated as Managing Director on 23 January 2009. He is a member of Emico's Remuneration Committee and sits on the Board of several private limited companies. Other than as disclosed in the related party transactions in Note 32 of the Financial Statements, he has no other conflict of interest.

Mr Ong has not been convicted of any offence in the past 10 years and has attended all Board meetings held during the financial year.

LIM TECK CHYE | Executive Director

Mr. Lim Teck Chye, a Malaysian aged 35, was appointed to the Board on 11 May 2004. He graduated from University of Toledo, Ohio, USA in Bachelor of Science in Engineering and Master of Science in Industrial Engineering. Upon graduation, he joined Fuji Lift & Escalator Manufacturing Sdn. Bhd. (formerly known as Northern Elevator Manufacturing Sdn Bhd) as its Marketing Manager in July 1997. In mid 1998, he was transferred abroad to set up an elevator manufacturing plant in Fujian province, China. The China factory is in full operation since July 1999 and has obtained ISO 9001:2000 quality certification. He was appointed to the Board of NEB Development Berhad formerly known as Northern Elevator Berhad as the Executive Director in October 1999 and has held the position since then. He and his brother, Mr Lim Teik Hian sits on Board of the Company as Executive Director and Executive Chairman respectively. Other than as disclosed in the related party transactions in Note 32 of the Financial Statements, he has no other conflict of interest.

Mr Lim has not been convicted of any offence in the past 10 years and has attended 4 out of 6 Board meetings held during the financial year.

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NIK AZALAN BIN NIK A. KADIR | Independent and Non-Executive Director

Encik Nik Azalan Bin Nik A. Kadir, a Malaysian aged 60 was appointed to the Board on 16 April 1993. He graduated in 1978 with a qualification in Electronic Data Processing ("EDP") from Caulfield Institute of Technology Melbourne, Australia (currently Caulfield-Monash University). He was a bank officer with Bank Bumiputra Malaysia Berhad from 1978 to 1980. Subsequently, he assumed the position of Senior Executive with the Terengganu State Economic Development Corporation, Terengganu, to pursue his interest in the business sector. He was appointed as a Director of several private limited companies which are principally involved in the assembling, trading and maintenance of personal computers and mini-computers, insulation, fabrication and mechanical siteworks for the oil and gas industry. He also sits on the Board of EG Industries Berhad, a public listed company and Kelang Assets Sdn Bhd, a subsidiary of a public listed company, Worldwide Holdings Berhad. He is also the Chairman of Emico's Audit Committee and the Remuneration Committee and member of the Nominating Committee.

Encik Nik has not been convicted of any offence in the past 10 years and has attended 5 out of 6 Board meetings held during the financial year.

NG CHEE KONG | Independent and Non-Executive Director

Mr Ng Chee Kong, a Malaysian aged 66 is an Independent Non-Executive Director of the Company. He was appointed to the Board on 24 May 1999 and is a member of the Audit and the Remuneration Committee. He also sits as the Chairman of the Nominating Committee. He received his early education in Penang and joined the banking profession with a major local bank until his retirement 36 years later. During his tenure with the bank, he obtained a Diploma in Marketing & Selling Bank Services conferred by The International Management Centres, Buckingham, England.

Mr Ng has not been convicted of any offence in the past 10 years and has attended all Board meetings held during the financial year.

WONG SEW YUN | Independent and Non-Executive Director

Mr Wong Sew Yun, a Malaysian aged 53 was appointed to the Board on 14 January 1995. He has been involved in business for more than 27 years. He has his own business operating a transportation company plying East, West Malaysia and Indonesia. He is also involved in ceramic wares business and sits on the Board of several private limited companies.

Mr Wong has not been convicted of any offence in the past 10 years and has attended all Board meetings held during the financial year.

WONG THAI SUN | Independent and Non-Executive Director

Mr Wong Thai Sun, a Malaysian aged 54 was appointed to the Board on 26 December 2008. He holds a Bachelor of Economics and Accountancy from Australia National University. He is a member of the Malaysian Institute of Accountants and the Certified Public Accountants, Australia. He has public practice experience in accountancy for over 20 years in Malaysia and in overseas and is currently having his own public practice firm, which is Wong Thai Sun & Associates. He is also a director of D'Nounce Technology Bhd and Suiwah Corporation Bhd.

Mr Wong has not been convicted of any offence in the past 10 years.

EMICO HOLDINGS BERHAD

PROPERTY DEVELOPMENT & INVESTMENT

♦	100%	Emico Development Sdn Bhd
♦	100%	Emico Capital Sdn Bhd
♦	71%	Mercu Tanah Langkawi Sdn Bhd
♦	60%	NEB Development Berhad
♦	49.7%	Operasi Tembaga Sdn Bhd
♦	39.8%	PKB - Operasi Tembaga Sdn Bhd
♦	60%**	NEB Pacific Sdn Bhd
♦	60%**	Unic Builders Sdn Bhd
◊	50%**	Panashiba Industries (M) Sdn Bhd

TRADING

♦	100%	Emico Asia Sdn Bhd
♦	51%	Emico Melaka Sdn Bhd
♦	100%**	Emico Newk Sdn Bhd

MANUFACTURING

Consumer Products

♦	100%	Emico Penang Sdn Bhd
♦	100%	Emico Marketing Sdn Bhd
♦	100%	Emico Metalizing Sdn Bhd
♦	100%	Emico (Vietnam) Co. Ltd.
♦	100%**	Emico Tools Sdn Bhd
♦	100%**	Emico Creative Design Sdn Bhd
♦	53.3%**	Standard Trend Apparel Industries Sdn Bhd
◊	24.5%**	PT Panashiba Industries, Indonesia

Lifts and Escalators

◊	20.9%	Quanzhou Fuji-Sino Elevators Co. Ltd, China
◊	24%**	Asian Elevator (M) Sdn Bhd
◊	18%**	Jiangnan Escalator (M) Sdn Bhd

♦ Subsidiary Companies
◊ Associated Companies
** Dormant / Inactive

The Board has appointed the Audit Committee to assist the Board in discharging its duties of maintaining a sound system of internal controls to safeguard shareholders' investment and the Group's assets.

TERMS OF REFERENCE

- **Purpose**

  The primary objective of the Audit Committee (as a sub-committee of the Board) is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, financial reporting and internal control.

- **Reporting Responsibilities**

  The Audit Committee will report to the Board on the nature and extent of the functions performed by it and may make such recommendations to the Board on any audit and financial reporting matters as it may think fit.

- **Attendance at Meeting**

  The head of finance, the head of internal audit and a representative of external audit shall normally attend meetings. The Company Secretary shall be the Secretary of the Audit Committee. Other board members or employees may be invited to brief the Audit Committee on issues that are incorporated into the agenda.

- **Frequency of Meeting**

  The Committee will meet as frequently as the Chairman shall decide, with due notice of issues to be discussed and shall record its conclusions whilst discharging its duties and responsibilities.

  The Audit Committee should meet with the external auditors without executive board members present at least twice a year.

  The Chairman of the Audit Committee should engage on a continuous basis with senior management, such as the chairman, chief executive officer, the finance director, the head of the internal audit and the external auditors in order to be kept informed of matters affecting the Company.

- **Quorum**

  The quorum for a meeting shall be 2 (two) members, the majority of whom shall be independent directors.

- **Authority**

  The Audit Committee is authorised by the Board to investigate any activity within its terms of reference. The Audit Committee shall have unrestricted access to both the internal and external auditors and to all employees of the Group. The internal audit function reports directly to the Audit Committee. The Audit Committee may, with the approval of the Board, consult legal or other professionals where they consider it necessary to discharge their duties.

MEMBERSHIP AND MEETINGS

The composition of the Company's Audit Committee, appointed by the Board from amongst its members, comprises of 4 (four) members of which all are Non-Executive Directors.

Membership

- The members of the Audit Committee shall be appointed by the Board.
- The Audit Committee shall consist of not less than three (3) members of whom :
  - a) all members of the Audit Committee must be non-executive directors with a majority of them being independent directors;
  - b) at least one (1) member of the Audit Commmittee :
    - i) must be a member of the Malaysian Institute of Accountants; or
    - ii) if he or she is not a member of the Malaysian Institute of Accountants,
      - a) he or she must have at least three (3) years' working experience; and
        - he or she must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
        - he or she must be a member of one (1) of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or
    - iii) he or she fulfils such other requirements as prescribed or approved by Bursa Securities
  - c) all members of the Audit Committee should be financially literate.
- No alternate director shall be appointed as a member of the Audit Committee.
- The Chairman of the Audit Committee shall be appointed by the members of the Audit Committee among their member who is an independent director.
- The Board must revied the term of office and performance of the Audit Committee and each of its members 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.
- The Board shall, within three (3) months of a vacancy occurring in the Audit Committee which result in the number of members reduced to below three (3), appoint such number of new members as may be required to make up the minimum number of three (3) members.

Meetings

During the year ended 31 December 2008, the Committee held meetings on 28 February, 14 April, 27 May, 28 August, 27 November and 26 December 2008 respectively, making a total of 6 (six) meetings.

No.	Name	Status of directorship	Independence Status	Attendance of meetings
(i)	Nik Azalan Bin Nik Abdul Kadir (Chairman)	Non-Executive	Independent	5/6
(ii)	Ng Chee Kong (Member)	Non-Executive	Independent	6/6
(iii)	Jimmy Ong Chin Keng (Member) - Resigned on 26 December 2008	Executive	Non-Independent	5/5
(iv)	Wong Sew Yun (Member)	Non-Executive	Independent	6/6
(v)	Wong Thai Sun (Member) - Appointed on 26 December 2008	Non-Executive	Independent	1/1

DUTIES AND RESPONSIBILITIES

The primary goal of the Committee is to review the financial condition of the Group, its internal controls, performance and findings of the internal auditors and to recommend appropriate remedial action.

The primary duties and responsibilities of the Committee are as follows:

- to review both the internal and external auditor's scope of audit plan, their evaluation of the system of internal controls and audit reports.
- to review and evaluate the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its works.
- to consider the appointment and/or reappointment of external and internal auditors, their fees and any question of their resignation or dismissal and to recommend to the Board.
- to nominate, for the approval of the Board of Directors, a person or persons as auditor(s).
- to review the assistance and co-operation given by the Company's officers to the external and internal auditors.
- to review the quarterly and year end financial statements before submission to the Board of Directors, focusing particularly on :
  - a) changes in or implementation of major accounting policy changes
  - b) significant and unusual events; and
  - c) compliance with accounting standards and other legal requirements
- to review any related party transactions that may arise within the Company or the Group.
- to consider adequacy of Management's actions taken on internal and external audit reports.
- to review the allocation of shares to employees under the Employees' Share Option Scheme.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the year, the Audit Committee reviewed and appraised the annual audit plan and audit reports prepared by the Internal Auditors. The Committee also appraised the adequacy of actions taken by the Management in resolving the reported audit issues and in implementing suggested improvement measures.

On quarterly basis and financial year end the Committee reviewed the financial statements prepared by the Management for proper approval by the Board on its announcements. Any significant issues resulting from the audit of the financial statements by the External Auditors were noted by the Committee.

The Committee, at the conclusion of each meeting, recommended the Management to improve on internal controls, procedures and systems of the Company, where deemed appropriate.

ACTIVITIES OF INTERNAL AUDIT

The role of the Internal Auditors is to examine, evaluate and ensure compliance with the Group's policies, procedures and system of internal controls so as to provide reasonable assurance that such system continue to operate effectively in the Emico Group of Companies. The Internal Auditors work focuses on areas of priority as identified in accordance with the annual audit plan approved each year by the Audit Committee. For the year 2008, audit visits were conducted in all active subsidiaries of the Group.

The audit activities were as follows:-

a. ascertaining the extent of compliance with the established policies, procedures and statutory requirements;

b. reviewing of new systems and modified systems to ensure that proper controls exist in the systems or where certain necessary controls were absent, to prescribe controls before implementation;

c. identifying opportunities to improve the operations and the processes in the Company and the Group

The Internal Auditors reports their audit findings to the Audit Committee and the Management of the respective subsidiaries.

The Board of Directors of Emico Holdings Berhad is committed to ensuring that the Group is moving towards the highest standards of Corporate Governance in discharging its responsibilities to protect and enhance shareholders value and the Group's financial performance.

Currently, the Board is moving towards full compliance with all the principles in Part 1 of the Malaysian Code on Corporate Governance and is also committed to ensuring adoption of the Best Practice as recommended in Part 2 of the Code.

The Board

The Board consists of the following members:

- one executive chairman
- two executive directors
- four independent non-executive directors

The Board of Directors is leading and controlling the Group while the Company's Executive Chairman and Managing Director has the responsibility for the running of the Group's businesses.

Board Meeting

There were six Board Meetings held during the financial year ended 31 December 2008 and the attendance of the Directors were as follows:

Name of Director	Directorship	Attendance
Lim Beng Huan - Resigned on 24 March 2009	Executive Chairman	6/6
Loh Lay Choo - Resigned on 23 January 2009	Managing Director	6/6
Lim Teik Hian	Executive Director (Re-designated as Executive Chairman on 24 March 2009)	4/6
Jimmy Ong Chin Keng	Executive Director (Re-designated as Managing Director on 23 January 2009)	6/6
Lim Teck Chye	Executive Director	4/6
Wong Sew Yun	Independent Non-Executive Director	6/6
Nik Azalan Bin Nik A. Kadir	Independent Non-Executive Director	5/6
Ng Chee Kong	Independent Non-Executive Director	6/6
Wong Thai Sun - Appointed on 26 December 2008	Independent Non-Executive Director	N/A

Supply Of Information

The Board is able to access a complete information in a timely basis in form and of a quality necessary for the discharge of their duties and responsibilities. Where required, the Board has the authority to source for independent or expert advice and views from outside the Group.

Appointment and Re-election of The Board

All Directors are required to submit themselves for re-election at least every three years.

The Board is responsible for the appointments of Directors and determining the remuneration package of each Director. In order to improve its effectiveness, the Board had set up a Nominating and a Remuneration Committee which consist of the following:

- **Nominating Committee**

  Chairman
  Mr Ng Chee Kong | Independent and Non-Executive Director

  Member
  Encik Nik Azalan Bin Nik A. Kadir | Independent and Non-Executive Director
  Mr Lim Teik Hian | Executive Chairman

- **Remuneration Committee**

  Chairman
  Encik Nik Azalan Bin Nik A. Kadir | Independent and Non-Executive Director

  Member
  Mr Ng Chee Kong | Independent and Non-Executive Director
  Mr Jimmy Ong Chin Keng | Managing Director

DIRECTORS' REMUNERATION

Directors do not participate in decisions regarding their own remuneration. Directors' fee and emoluments are endorsed by the Board and approved by shareholders of the Company at Annual General Meeting.

The remuneration of the Directors for the financial year ended 31 December 2008 is as follows:

	Fee	Salaries and other emoluments	Benefits-in-kind
	RM	RM	RM
Executive Directors	25,000	831,874	59,125
Non- Executive Directors	15,000	22,000	-
Total	40,000	853,874	59,125

The number of Directors whose remuneration fall into the respective bands are as follows:

Range of Remuneration (RM)	Executive	Non-Executive
25,000 & below	1	3
25,000 - 50,000		
50,000 - 100,000		
100,000 - 150,000	1	
150,000 - 200,000		
200,000 - 250,000	3	
250,000 - 300,000		

DIRECTORS' TRAINING AND EDUCATION

On joining, all new directors are given background information describing the Company and its activities. Site visits are arranged whenever necessary. All the Directors holding office have completed the Mandatory Accreditation Programme as specified by Bursa Securities. The Directors are also encouraged to attend various external professional programmes on a continuous basis to enable them to discharge their duties and to ensure that they are kept abreast on various issues facing the changing business environment within which the Group operates.

The Directors have during the financial year ended 31 December 2008, evaluated their own training needs on a continuous basis and attended the following programmes:-

Director's Name	Training Programme
Lim Teik Hian	Overview of Vietnam's economy and Capital Market - Business Lunch Talk, Ho Chi Minh
Jimmy Ong Chin Keng	Managing Taxes in Challenging Times
	FRS Application and Financial Reporting Issues
	Regional Conference of Malaysian Institute of Accountants
	Tax and Finance Developments Seminar "Staying Agile"
Lim Teck Chye	Supervisory Development Programme
	Financial Training for Non Financial Manager
	Customer Relationship Management
	Change Management Workshop
Ng Chee Kong	Conference on The New Economic Vision for Penang and Malaysia
	Malaysia Exchange Control Regulations
Wong Thai Sun	National Seminar on Taxation 2008
	Indirect Tax Facilities & Exemptions for Manufacturing Companies
	Dividends & The Single Tier Tax System
	Corporate Taxation - Significant Development & Tax Planning Considerations
	Introduction to Corporate Taxation & Self Assessment System

Save as disclosed above, the other directors are unable to attend training due to their heavy work commitments.

SHAREHOLDERS

The Group has always placed high emphasis on communication with its shareholders on any major developments of the Group on a timely basis. This is achieved through regular quarterly and annual reports, and announcements.

The principal forum for dialogue with shareholders is at General Meeting, where investors are also encouraged to participate and pose questions to the Board on matters relating to operational and financial information.

ACCOUNTABILITY AND AUDIT

In presenting and reporting the annual reports and the quarterly announcement to shareholders, the Board has presented a balanced and understandable assessment of the Group's position and prospects.

The Board acknowledges its duty and responsibility for maintaining a sound system of internal control to safeguard shareholders' investment and the Group's assets. It has established an Audit Committee comprising four (4) directors, the majority of whom are independent, to perform internal control covering financial, operational and compliance control and risk management necessary for the Group to achieve its objectives within acceptable risk profile. These controls can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board has established formal and transparent relationship with the external auditors. The appointment of the auditors is recommended by Audit Committee and subject to the approval of the shareholders in Annual General Meeting. The auditors remuneration is determined by the Board but is recommended by the Audit Committee.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are required by the Companies Act, 1965 ("the Act") to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and the profit or loss of the Group and the Company for the financial year. As required by the Act and the Listing Requirements of Bursa Malaysia Securities Berhad, the financial statements have been prepared in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Act.

The Directors consider that in preparing the financial statements for the year ended 31 December 2008 set out on pages 29 to 84, the Group has used the appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates. The Directors have responsibility for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and the Company which enable them to ensure that the financial statements comply with the Act. The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

INTRODUCTION

Pursuant to Paragraph 15.27(b) of Bursa Securities Listing Requirements, the Board of Directors of Emico Holdings Berhad is pleased to provide the following statement on the state of internal control of the Group, which has been prepared in accordance with the Statement on Internal Control: Guidance for Directors of Public Listed Companies ("Internal Control Guidance") issued by the Institute of Internal Auditors Malaysia and adopted by Bursa Malaysia Securities Berhad.

RESPONSIBILITY FOR RISK AND INTERNAL CONTROL

The Board recognises the importance of a sound system of internal control and a structured risk management framework to good corporate governance. The Board affirms its overall responsibility for the Group's systems of internal control and for reviewing the adequacy and integrity of those systems. Because of the limitations that are inherent in any systems of internal control, those systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced, or potentially exposed to, by the Group in pursuing its business objectives. This process has been in place throughout the financial year and up to the date of approval of the annual report. The adequacy and effectiveness of this process have been continually reviewed by the Board and are in accordance with the Internal Control Guidance.

RISK MANAGEMENT

The Board and management practise proactive significant risks identification on a quarterly basis or earlier as appropriate, particularly any major proposed transactions, changes in nature of activities and/or operating environment, or venturing into new operating environment which may entail different risks, and put in place the appropriate risk response strategies and controls until those risks are managed to, and maintained at, a level acceptable to the Board.

INTERNAL AUDIT FUNCTION

The Board acknowledges the importance of internal audit function and has engaged the services of an independent professional accounting and consulting firm, Messrs UHY Diong to provide much of the assurance it requires regarding the effectiveness as well as the adequacy and integrity of the Group's systems of internal control.

The internal audit adopts a risk-based approach in developing its audit plan which addresses all the core auditable areas of the Group based on their risk profile. Scheduled internal audits are carried out by the Internal Auditors based on the audit plan presented to and approved by the Audit Committee. The audit focuses on areas with high risk and inadequate controls to ensure that an adequate action plan has in place to improve the controls. For those areas with high risk and adequate controls, the audit ascertains that the risks are effectively mitigated by the controls. On a quarterly basis or earlier as appropriate, the internal auditors report to the Audit Committee on areas for improvement and will subsequently follow up to determine the extent of their recommendations that have been implemented.

INTERNAL CONTROL

Apart from risk management and internal audit, the Group has put in place the following key elements of internal control:-

- An organisation structure with well-defined scopes of responsibility, clear lines of accountability, and appropriate levels of delegated authority;
- A process of hierarchical reporting which provides for a documented and auditable trail of accountability;
- A set of documented internal policies and procedures for operational, financial and human resource management, which is subject to regular review and improvement;
- Regular and comprehensive information provided to management, covering financial and operational performance and key business indicators, for effective monitoring and decision making;
- A comprehensive business planning and detailed budgeting process where operating units prepare budgets for the coming year which are approved both at operating unit level and by the Board;
- Monthly monitoring of results against budget, with major variances being followed up and management action taken, where necessary; and
- Regular visits to operating units by members of the Board and senior management.

Based on the internal auditors' report for the financial year ended 31 December 2008, there is a reasonable assurance that the Group's systems of internal control are generally adequate and appear to be working satisfactorily. A number of minor internal control weaknesses were identified during the financial period, all of which have been, or are being, addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

The Board continues to review and implement measures to strengthen the internal control environment of the Group.

This statement has been reviewed by the external auditors in compliance with Paragraph 15.24 of Bursa Malaysia Securities Listing Requirements.

This statement is issued in accordance with a resolution of the Directors dated 16 April 2009.

1. **Utilisation of Proceeds**

   There was no capital raising exercise carried out by the Company during the financial year.

2. **Share Buy-Backs**

   The Company has not purchased any of its own shares and as such, there is no treasury shares maintained by the Company for share buy-backs.

3. **Options, Warrants or Convertible Securities**

   During the financial year, there were no options, or convertibles securities exercised by the Company except for the issuance of 250,110 ordinary shares of RM1 each through the conversion of 2,649 units of Irredeemable Convertible Secured Loan Stocks.

4. **American Depository Receipts (ADR) or Global Depository Receipt (GDR) Programme**

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

5. **Sanctions And/Or Penalties**

   There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies.

6. **Non-Audit Fees**

   The non-audit fee paid/payable to external auditors for the financial year ended 31 December 2008 was RM2,000.

7. **Variation in Results**

   There were no variations of 10% or more between the audited results for the financial year ended 31 December 2008 and the unaudited results announced on 4 March 2009.

8. **Profit Guarantee**

   During the financial year, there was no profit guarantee given by the Company.

9. **Material Contracts**

   There were no material contracts entered by the Company and its subsidiaries involving Director's and major shareholder's interest other than those disclosed in the financial statements.

10. **Revaluation Policy**

    The Company has not adopted a regular revaluation policy on landed properties.

11. **Recurrent Related Party Transactions of a Revenue Nature**

    There were no material recurrent related party transactions of a revenue nature during the year other than those disclosed in the financial statements.

12. **Corporate Social Responsibility (CSR)**

    The Group acknowledges that in pursuit of any business objective, there is a need to find a balance between profitability and contributions towards being a socially responsible corporate citizen. With such belief, the Group is committed and uses its best endeavour, on ongoing basis, to integrate CSR practices into its day to day business operations i.e. constantly review of the staff benefits to enhance the quality of life of its employees and adopting eco-friendly practices such as recycling to protect the environment.

On behalf of the Board of Directors of Emico Holdings Berhad, I am pleased to present herewith the Annual Report and Accounts of the Group and of the Company for the financial year ended 31 December 2008.

REVIEW OF RESULTS

The Group recorded a lower turnover of RM65.2 million and loss for the year of RM0.3 million as compared to 2007 results of RM69.2 million for turnover and loss for the year of RM1.2 million. The 5.8% decline in turnover was primarily attributed to the decline in the property development division as well as lower sales in the trading of household products. However, the Group is able to post a lower loss for current year despite a decline in turnover due to better margin achieved by the manufacturing and trading of consumer products division.

DIVIDEND

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

REVIEW OF OPERATIONS

The Group is organized into the following divisions:

(i) Manufacturing and trading -consumer products

(ii) Property Development

MANUFACTURING AND TRADING -CONSUMER PRODUCTS

Manufacturing and trading of plastic consumer products such as trophy components and OEM products, posted a higher turnover of RM29.6 million as compared to RM25.3 million last year.

The 17.0% increase in turnover for the trophy division during the year was primarily due to the development of new products from Emico which has drawn good response from our customers especially the European and South East Asian markets. The Group's trophy division is expected to continue to grow and contribute positively to the profitability for 2009.

In addition, the manufacturing of OEM products for our Swedish customer also posted higher turnover as compared to previous year with more products being produced and assembled in Emico's factory. The development of new projects and increment of product ranges will give an impetus to the turnover in 2009 onwards.

Currently, Emico's Vietnam businesses are still occupied mainly by OEM products. The recent economic downturn has adversely affect the result of the Vietnam operations and has posted a net loss of RM0.9 million as compared to RM0.6 million in the previous year.

Emico Asia which specialises in sourcing of products from Asia for its customer in United Kingdom ("UK") achieved a turnover of RM16.0 million as compared to RM22.2 million last year. The decline was brought about by the global economic downturn which caused lower demand for consumer household items. We will increase our effort to boost our UK business by providing better services and competitive priced products to our customer.

PROPERTY DEVELOPMENT

Turnover from the property development division showed a slight decrease of RM2.2 million or 10% from RM21.8 million to RM19.6 million. The turnover for the property development project in Sungai Petani, Kedah declined by RM8.7 million, however this was compensated by the increase in turnover of RM6.5 million from the joint venture Melaka project.

As at 31 December 2008, the status of Sungai Petani project known as Bandar Mutiara project are as follow:

Completed in 2008

a) 17 units of double storey shop office; and
b) 8 units of three storey shop office.

Construction in progress

a) 96 units of single storey terrace house completed in January 2009 whereby 79% has been sold;
b) 21 units of single storey terrace house at 55% completion whereby 38% has been sold; and
c) 75 units double storey terrace house at 35% completion whereby 20% has been sold.

With the combined efforts for the joint venture project with a development arm of the Melaka State Government in Jasin Melaka, we have completed 106 units of single storey terrace houses with occupational certificates during the year whereby 80% of the houses have already been sold as at 31 December 2008.

We foresee that the property development division will remain sluggish in the coming year in view of the global economic meltdown. However, we are still optimistic in selling the remaining completed unsold units as well as making effort to sell vacant development land to tide over these difficult period.

PROSPECTS

Emico's management will concentrate its resources to building its core businesses i.e Manufacturing and trading - consumer products division and Property development as explained below:-

(1) Manufacturing and trading -consumer products division

The trophy division will continue its expansion overseas especially in Europe and USA. Our collaboration with an Italian company where they will concentrate on design of metal trophy whilst Emico will design and manufacture the plastic trophy components are working very well. Our new design trophies are well accepted and distributed throughout Europe and other parts of the world. We will continue to put more emphasis on designing of new trophies in order to sustain our company's reputation as one of the leading trophy suppliers in the global market especially European region.

The OEM business with Swedish company continues to grow at a steady pace. However, the net results are marginal due to fluctuation in raw materials prices and exchange rates during the year.

(2) Property development

For Sungai Petani project, management will continue to market the existing completed units before we embark on further new phases. We will increase our marketing effort whilst managing our cash flow during these trying times.

CONCLUSION

The export to overseas market will continue to be very challenging with fluctuation in Ringgit against US Dollar. Therefore, to mitigate the losses on the foreign exchange, we will continue to monitor very closely these fluctuations. Further the Group has also implemented stringent cost reduction exercise and improved production efficiency programs.

Emico Group will continue to restructure the non productive assets to par down its loan stocks which will expire in May 2009. However, the Group was granted a further extension of the loan stocks up to 31 December 2010. Overall, we have a positive outlook on the business and a belief that appropriate strategies in sales and marketing will yield opportunities for higher revenue growth in 2009 and beyond.

APPRECIATION

On behalf of the Board, I would like to welcome Mr. Wong Thai Sun who was appointed as an Independent Non-Executive Director to the Board on 26 December 2008. I would also like to express thanks and appreciation to my father Mr. Lim Beng Huan and mother Madam Loh Lay Choo who ceased being Executive Chairman and Managing Director respectively on 24 March 2009 and 23 January 2009 for their contribution, passion and business values that have driven the Emico Group to what it is today. As the new Executive Chairman of the Group together with Mr. Jimmy Ong Chin Keng the Managing Director, we will endeavor to bring the Group to a greater height.

With this, I wish to thank all bankers, suppliers, customers, business associates and most important of all the management and staff of Emico for the dedication and professionalism that underpins everything we do, and for their part in further developing the Emico business. We are also grateful to all our shareholders of the Company and relevant authorities for their continued invaluable support and confidence in the Group.

Lim Teik Hian
Executive Chairman

FINANCIAL | STATEMENTS

The Directors have pleasure in submitting 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 Company is principally involved in investment holding.

The principal activities of the subsidiary companies and associated companies are stated in Note 9 and Note 10 respectively. There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

RESULTS OF OPERATIONS

	The Group RM	The Company RM
Loss for the year	(254,616)	(2,937,863)
Attributable to:		
Equity holders of the parent	(535,715)	(2,937,863)
Minority interest	281,099	0
	(254,616)	(2,937,863)

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.

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any payment of dividend for the current financial year.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up share capital from RM52,535,811 to RM52,785,921 by way of issuance of 250,110 ordinary shares of RM1 each through the conversion of 2,694 units of Irredeemable Convertible Secured Loan Stocks.

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

The Company has not issued any debentures during the financial year.

WARRANTS

On 1 December 2003, 11,130,000 detachable warrants were granted by the Company to the subscribers of the rights shares. The warrants may be exercised at any time after the issue date but not later than 5.00 p.m. on 1 December 2013. Each warrant entitles its registered holder, at any time during the exercise period of the warrants, to subscribe for one new ordinary share. The exercise price of each warrant is fixed at RM1 payable in cash for each new ordinary share of RM1 each in the Company. As at 31 December 2008, none of the 11,130,000 warrants were exercised to subscribe for new ordinary shares.

EMPLOYEES' SHARE OPTIONS SCHEME

In 2002, the Securities Commission had approved the Company's Employees' Share Option Scheme (the "Scheme") which was proposed in 2001. The shareholders of the Company had approved the scheme at the Extraordinary General Meeting held on 16 September 2002. The effective date of implementation was 24 May 2004 and the principal features of the Scheme are as follows:

(a) The total numbers of new ordinary shares of RM1 each to be offered under the Scheme shall not exceed 10% of the issued and paid-up share capital of the Company at any point of time during the existence of the Scheme;

(b) An employee (including full time Executive Directors) of the Group shall be eligible to participate in the Scheme, if the employee:

    (i) is employed full time and is on the payroll of the Group for at least a year; and

    (ii) has attained the age of eighteen years on the date of allocation;

(c) The Scheme shall be in force for a period of 5 years from 24 May 2004. The Company is entitled to terminate the Scheme prior to the expiry of the five years period provided that prior to the termination of the Scheme, the approval of the Securities Commission, the shareholders of the Company and all holders of the unexercised share options have been obtained;

(d) The price payable upon the exercise of the share options under the Scheme shall be the higher of either of the following:

    (i) a discount of not more than 10% from the five days weighted average market price of the underlying shares immediately preceding the date of offer; or

    (ii) the par value of the shares; and

(e) The new ordinary share of RM1 each to be issued pursuant to the exercise of the share options under the Scheme shall, upon allotment and issue, rank pari passu in all respects with the then issued and fully paid-up ordinary shares of RM1 each of the Company except that they will not be entitled for any dividends, rights, allotments or other distributions, the entitlement date of which is prior to the date of allotment of the new shares.

    As at 31 December 2008, the Company has not granted any share option to the Group's eligible employees.

DIRECTORS

The Directors who have held office during the period since the date of the last report are follows: -

Lim Teik Hian	
Jimmy Ong Chin Keng	
Lim Teck Chye	
Wong Sew Yun	
Nik Azalan Bin Nik A. Kadir	
Ng Chee Kong	
Wong Thai Sun	(appointed on 26 December 2008)
Loh Lay Choo	(resigned on 23 January 2009)
Lim Beng Huan	(resigned on 24 March 2009)

DIRECTORS' INTEREST

The shareholdings in the Company and its related corporations of those who are Directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act 1965, are as follows:-

		Number of Ordinary Shares of RM1 each		
Shareholdings in the Company	At 1-1-2008	Bought	Sold	At 31-12-2008
Direct interest				
Lim Teik Hian	52,000	0	0	52,000
Wong Sew Yun	895,859	0	0	895,859
Lim Teck Chye	1,541,630	0	(300,000)	1,241,630
Indirect interest				
Lim Beng Huan	12,897,042	4,320,617	0	17,217,659
Loh Lay Choo	12,897,042	4,320,617	0	17,217,659
Lim Teik Hian	12,845,042	4,320,617	0	17,165,659
Wong Sew Yun	55,320	0	0	55,320
Lim Teck Chye	11,355,412	4,620,617	0	15,976,029

Warrants in the Company	At 1-1-2008	Bought	Sold	At 31-12-2008
	Number of warrants of RM1 each			
Direct interest				
Lim Teik Hian	13,000	0	0	13,000
Wong Sew Yun	263,488	0	0	263,488
Lim Teck Chye	260,407	0	0	260,407
Indirect interest				
Lim Beng Huan	1,779,013	0	0	1,779,013
Loh Lay Choo	1,779,013	0	0	1,779,013
Lim Teik Hian	1,766,013	0	0	1,766,013
Lim Teck Chye	1,518,606	0	0	1,518,606

By virtue of their interest in the shares of the Company, Lim Beng Huan, Loh Lay Choo, Lim Teik Hian and Lim Teck Chye are deemed to have an interest in the shares of all the subsidiary companies of Emico Holdings Berhad to the extent that the Company has an interest.

No other Director in office at the end of the financial year held or dealt in shares of the Company during the financial year.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except for the warrants granted by the Company and options over shares granted by the Company to eligible employees including Directors of the Company to subscribe for shares in the Company pursuant to the Company's Employees' Share Option Scheme.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than those disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except that the Directors received remuneration as directors of related corporations.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:-

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

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their expected realisable values.

At the date of this report, the Directors are not aware of any circumstances:-

(a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(c) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

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

At the date of this report, there does not exist:-

(a) 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 liability of any other person; or

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

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, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

The Auditors, Messrs. UHY Diong, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their Resolution,

LIM TEIK HIAN
Director

JIMMY ONG CHIN KENG
Director

Dated: 16 April 2009

STATEMENT BY DIRECTORS

The Directors of **EMICO HOLDINGS BERHAD**, state that, in their opinion, the financial statements set out on pages 29 to 84 are drawn up in accordance with the provisions of the Companies Act 1965 and Financial Reporting Standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at **31 December 2008** and of the results and cash flows of the Group and of the Company for the financial year ended on that date.

Signed on behalf of the Board of Directors in accordance with their Resolution,

LIM TEIK HIAN
Director

JIMMY ONG CHIN KENG
Director

Dated: 16 April 2009

STATUTORY DECLARATION

I, **JIMMY ONG CHIN KENG**, being the Director primarily responsible for the financial management of **EMICO HOLDINGS BERHAD**, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 29 to 84 are 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 JIMMY ONG CHIN)
KENG at Georgetown in the State of)
Penang this 16 April 2009)

JIMMY ONG CHIN KENG

Before me,

QUAH KEAT JIN, PJM
Commissioner for Oaths

Report on the Financial Statements

We have audited the financial statements of EMICO HOLDINGS 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 financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 29 to 84.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

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

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

b) We have considered the accounts and the auditors' report of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 8 to the financial statements.

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

d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

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

UHY DIONG
No. AF-1411
Chartered Accountants

KOAY THEAM HOCK
No. 2141/04/11 (J)
Chartered Accountant

Penang

Dated : 16 April 2009

	Note	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
NON-CURRENT ASSETS					
Property, plant and equipment	5	11,391,043	11,317,899	0	0
Investment properties	6	5,230,138	5,260,258	2,800,000	2,800,000
Prepaid land lease payments	7	1,149,058	1,177,785	0	0
Goodwill	8	551,552	551,552	0	0
Investment in subsidiary companies	9	0	0	16,116,497	18,208,606
Investment in associated companies	10	1,602,283	1,069,162	0	0
Other investments	11	0	0	0	0
Property development projects	12	28,469,332	30,715,184	0	0
Deferred tax assets	13	304,800	304,800	0	0
		48,698,206	50,396,640	18,916,497	21,008,606
CURRENT ASSETS					
Property development projects	12	22,089,168	23,450,816	0	0
Inventories	14	13,280,303	14,184,268	0	0
Receivables, deposits and prepayments	15	18,062,177	19,996,186	42,609,082	43,893,510
Tax recoverable		151,214	29,663	0	0
Deposits with a licensed bank	16	514,616	797,314	90,774	165,508
Cash and bank balances	17	4,328,119	3,502,080	71,034	61,007
		58,425,597	61,960,327	42,770,890	44,120,025
TOTAL ASSETS		107,123,803	112,356,967	61,687,387	65,128,631

The annexed notes form part of the financial statements.

	Note	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
EQUITY AND LIABILITIES					
Share capital	18	52,785,921	52,535,811	52,785,921	52,535,811
Equity component of irredeemable convertible secured loan stocks	19	40,448,421	38,310,232	40,448,421	38,310,232
Reserves	20	7,052,940	6,836,330	7,736,782	7,736,782
Accumulated losses		(77,019,648)	(74,140,621)	(87,693,268)	(82,412,093)
Equity attributable to equity holders of the Company		23,267,634	23,541,752	13,277,856	16,170,732
Minority interest		7,962,406	7,661,707	0	0
TOTAL EQUITY		31,230,040	31,203,459	13,277,856	16,170,732
NON-CURRENT LIABILITIES					
Redeemable secured loan stocks	21	0	33,448,246	0	33,448,246
Irredeemable convertible secured loan stocks	19	0	2,370,456	0	2,370,456
Bank borrowings	22	423,443	594,350	0	0
Deferred tax liabilities	24	568,518	533,946	0	0
		991,961	36,946,998	0	35,818,702
CURRENT LIABILITIES					
Payables	25	34,478,517	40,785,776	10,995,172	13,013,097
Redeemable secured loan stocks	21	35,552,039	0	35,552,039	0
Irredeemable convertible secured loan stocks	19	1,736,220	0	1,736,220	0
Bank borrowings	22	2,413,569	3,182,063	0	0
Taxation		721,457	238,671	126,100	126,100
		74,901,802	44,206,510	48,409,531	13,139,197
TOTAL LIABILITIES		75,893,763	81,153,508	48,409,531	48,957,899
TOTAL EQUITY AND LIABILITIES		107,123,803	112,356,967	61,687,387	65,128,631

The annexed notes form part of the financial statements.

	Note	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Revenue	26	65,174,414	69,245,823	240,000	240,000
Investment revenue		690,910	751,205	6,158	58,720
Gain on disposal of subsidiary companies		0	1,252,156	0	0
Other gains and losses		(61,896)	(51,816)	0	7,069
Other income		282,440	291,980	293,845	0
Share of profits and losses of associated companies		533,121	(292,328)	0	0
Property development expenditure recognised		(14,780,466)	(18,711,572)	0	0
Allowance for foreseeable loss		(1,338,000)	0	0	0
Changes in inventories of finished goods and work-in-progress		(119,753)	(323,703)	0	0
Purchase of finished goods		(21,863,055)	(26,062,372)	0	0
Raw materials and consumables used		(8,199,819)	(8,556,312)	0	0
Staff costs	27	(5,538,016)	(4,868,883)	(205,118)	(229,038)
Depreciation and amortisation		(2,019,859)	(2,062,393)	0	0
Goodwill on consolidation written off		0	(71,158)	0	0
Finance costs	28	(3,140,941)	(3,441,962)	(2,814,643)	(3,169,347)
Other expenses		(9,057,986)	(7,952,365)	(458,105)	(466,783)
PROFIT/(LOSS) BEFORE TAX	29	561,094	(853,700)	(2,937,863)	(3,559,379)
Taxation	30	(815,710)	(344,331)	0	0
LOSS FOR THE YEAR		(254,616)	(1,198,031)	(2,937,863)	(3,559,379)
Attributable to:					
Equity holders of the parent		(535,715)	(962,723)	(2,937,863)	(3,559,379)
Minority interest		281,099	(235,308)	0	0
		(254,616)	(1,198,031)	(2,937,863)	(3,559,379)
LOSS PER SHARE					
Basic loss per share (sen)	31	(0.50)	(0.92)		

The annexed notes form part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	Note	Share Capital RM	Irredeemable convertible secured loan stocks ("ICSLS") RM	Share premium RM	Exchange reserve RM	Accumulated losses RM	Attributable to equity holders of the parent RM	Minority interest RM	Total equity RM
Group									
At 1 January 2007		51,498,570	37,011,393	7,736,782	(397,713)	(70,901,666)	24,947,366	8,150,071	33,097,437
Interest on ICSLS		0	0	0	0	(1,601,682)	(1,601,682)	0	(1,601,682)
Increase in ICSLS theoretical value	19	0	674,550	0	0	(674,550)	0	0	0
Exchange loss on translation of net investment in a foreign subsidiary company		0	0	0	(502,739)	0	(502,739)	0	(502,739)
Net income and expenses recognised directly in equity		0	674,550	0	(502,739)	(2,276,232)	(2,104,421)	0	(2,104,421)
Loss for the year		0	0	0	0	(962,723)	(962,723)	(235,308)	(1,198,031)
Total recognised income and expenses		0	674,550	0	(502,739)	(3,238,955)	(3,067,144)	(235,308)	(3,302,452)
Conversion of ICSLS into shares	19	1,037,241	(935,345)	0	0	0	101,896	0	101,896
Transfer from liability component of ICSLS	19	0	1,559,634	0	0	0	1,559,634	0	1,559,634
Disposal of subsidiary		0	0	0	0	0	0	(253,056)	(253,056)
At 31 December 2007		52,535,811	38,310,232	7,736,782	(900,452)	(74,140,621)	23,541,752	7,661,707	31,203,459

The annexed notes form part of the financial statements.

	Note	Share Capital RM	Irredeemable convertible secured loan stocks ("ICSLS") RM	Share premium RM	Exchange reserve RM	Accumulated losses RM	Attributable to equity holders of the parent RM	Minority interest RM	Total equity RM
Group									
At 1 January 2008		52,535,811	38,310,232	7,736,782	(900,452)	(74,140,621)	23,541,752	7,661,707	31,203,459
Interest on ICSLS		0	0	0	0	(589,249)	(589,249)	0	(589,249)
Increase in ICSLS theoretical value	19	0	1,754,063	0	0	(1,754,063)	0	0	0
Exchange loss on translation of net investment in a foreign subsidiary company		0	0	0	216,610	0	216,610	0	216,610
Net income and expenses recognised directly in equity		0	1,754,063	0	216,610	(2,343,312)	(372,639)	0	(372,639)
Loss for the year		0	0	0	0	(535,715)	(535,715)	281,099	(254,616)
Total recognised income and expenses		0	1,754,063	0	216,610	(2,879,027)	(908,354)	281,099	(627,255)
Conversion of ICSLS into shares	19	250,110	(250,110)	0	0	0	0	0	0
Transfer from liability component of ICSLS	19	0	634,236	0	0	0	634,236	0	634,236
Minority interest arising from increased in share capital of a subsidiary company		0	0	0	0	0	0	19,600	19,600
At 31 December 2008		52,785,921	40,448,421	7,736,782	(683,842)	(77,019,648)	23,267,634	7,962,406	31,230,040

The annexed notes form part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (cont'd)

	Note	Share capital RM	Irredeemable convertible secured loan stocks ("ICSLS") RM	Share premium RM	Accumulated losses RM	Total equity RM
Company						
At 1 January 2007		51,498,570	37,011,393	7,736,782	(76,576,482)	19,670,263
Interest on ICSLS		0	0	0	(1,601,682)	(1,601,682)
Increase in ICSLS theoretical value	19	0	674,550	0	(674,550)	0
Net income and expenses recognised directly in equity		0	674,550	0	(2,276,232)	(1,601,682)
Loss for the year		0	0	0	(3,559,379)	(3,559,379)
Total recognised income and expenses		0	674,550	0	(5,835,611)	(5,161,061)
Conversion of ICSLS into shares	19	1,037,241	(935,345)	0	0	101,896
Transfer from liability component of ICSLS	19	0	1,559,634	0	0	1,559,634
At 31 December 2007		52,535,811	38,310,232	7,736,782	(82,412,093)	16,170,732
At 1 January 2008		52,535,811	38,310,232	7,736,782	(82,412,093)	16,170,732
Interest on ICSLS		0	0	0	(589,249)	(589,249)
Increase in ICSLS theoretical value		0	1,754,063	0	(1,754,063)	0
Net income and expenses recognised directly in equity		0	1,754,063	0	(2,343,312)	(589,249)
Loss for the year		0	0	0	(2,937,863)	(2,937,863)
Total recognised income and expenses		0	1,754,063	0	(5,281,175)	(3,527,112)
Conversion of ICSLS into shares	19	250,110	(250,110)	0	0	0
Transfer from liability component of ICSLS	19	0	634,236	0	0	634,236
At 31 December 2008		52,785,921	40,448,421	7,736,782	(87,693,268)	13,277,856

The annexed notes form part of the financial statements.

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
CASH FLOW FROM OPERATING ACTIVITIES				
Profit/(Loss) before tax	561,094	(853,700)	(2,937,863)	(3,559,379)
Adjustments for:				
Finance costs	3,140,941	3,441,962	2,814,643	3,169,347
Depreciation and amortisation	2,019,859	2,062,393	0	0
Unrealised loss on foreign exchange	35,671	392,971	0	0
Unrealised gain on foreign exchange	(2,851)	0	0	0
Share of profits and losses of associated companies	(533,121)	292,328	0	0
Allowance for slow moving inventories	187,780	147,349	0	0
Goodwill on consolidation written off	0	71,158	0	0
Property, plant and equipment written off	4,606	63,188	0	0
Allowance for doubtful debts	141,934	53,766	0	3,500
Bad debts written off	2,743	8,288	0	0
Gain on disposal of subsidiary companies	0	(1,252,156)	0	0
Allowance for doubtful debts no longer required	(117,690)	(477,463)	(293,845)	(8,500)
Gain on disposal of property, plant and equipment	(3,486)	(358,461)	0	0
Interest income	(166,046)	(180,796)	(6,158)	(58,720)
Deposit forfeited	0	(2,110)	0	0
Operating profit/(loss) before working capital changes	5,271,434	3,408,717	(423,223)	(453,752)
Property development projects	3,607,500	4,986,786	0	0
Inventories	716,185	(7,928,539)	0	0
Receivables, deposits and prepayments	1,926,622	5,977,353	1,578,273	9,561,939
Payables	(6,342,930)	(6,925,252)	(2,017,925)	(2,251,021)
	5,178,811	(480,935)	(862,875)	6,857,166

The annexed notes form part of the financial statements.

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Interest received	166,046	180,796	6,158	58,720
Taxation paid	(419,903)	(413,373)	0	0
Net cash flow from operating activities	4,924,954	(713,512)	(856,717)	6,915,886
CASH FLOW FROM INVESTING ACTIVITIES				
Proceeds from disposal of investment in subsidiary companies	0	2,235,568	0	0
Proceeds from disposal of property, plant and equipment	122,378	1,876,999	0	0
Purchase of property, plant and equipment	(1,841,631)	(1,255,940)	0	0
Capital reduction in a subsidiary company	0	0	2,092,109	0
Net cash flow from investing activities	(1,719,253)	2,856,627	2,092,109	0
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from term loans	0	3,512,346	0	0
Changes in deposits with a licensed bank	282,698	1,455,037	74,734	1,541,133
Redemption of redeemable secured loan stocks	0	(8,555,311)	0	(8,555,311)
Interest paid	(1,626,397)	(4,023,854)	(1,300,099)	(3,751,239)
Repayment of term loans	13,030	(3,621,841)	0	0
Increase/(Decrease) in bank borrowings	(729,980)	(381,807)	0	0
Repayment of hire purchase payables	(200,202)	(203,263)	0	0
Net cash flow from financing activities	(2,260,851)	(11,818,693)	(1,225,365)	(10,765,417)

The annexed notes form part of the financial statements.

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
NET CHANGE IN CASH AND CASH EQUIVALENTS	944,850	(9,675,578)	10,027	(3,849,531)
CURRENCY TRANSLATION DIFFERENCES	(96,562)	10,294	0	0
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	3,453,923	13,119,207	61,007	3,910,538
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	4,302,211	3,453,923	71,034	61,007

Represented by :

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
(a) Purchase of property, plant and equipment:				
- financed by hire purchase arrangements	0	328,510	0	0
- financed by cash	1,841,631	1,255,940	0	0
- additions during the year (Note 5)	1,841,631	1,584,450	0	0
(b) Analysis of cash and cash equivalents:				
- cash and bank balances	4,328,119	3,502,080	71,034	61,007
- bank overdraft (Note 22)	(25,908)	(48,157)	0	0
	4,302,211	3,453,923	71,034	61,007

The annexed notes form part of the financial statements.

1. GENERAL INFORMATION

The Company is principally involved in investment holding.

The principal activities of the subsidiary companies and associated companies are stated in Note 9 and Note 10 respectively. There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

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

The registered office of the Company is located at 51-21-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang.

The principal places of business of the Company are located at 18, Lebuhraya Kampung Jawa, 11900 Bayan Lepas, Penang.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 16 April 2009.

2. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act 1965 and Financial Reporting Standards in Malaysia ("FRS").

Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as disclosed in the summary of significant accounting policies.

(a) Standards that are effective

During the financial year, the Group and the Company have adopted the new and revised Financial Reporting Standards ("FRSs") issued by MASB that are relevant to their operations and effective for the Group's and for the Company's financial year beginning on or after 1 January 2008 as follows:

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

The adoption of the abovementioned new and revised FRSs has not resulted in principal changes in accounting policies of the Group and of the Company and does not have any material financial effect on the results of the Group and of the Company for the current and prior financial years.

(b) Standards and Issues Committee ("IC") Interpretations issued by MASB that are not yet effective and have not been early adopted

FRSs and IC		Effective for financial periods beginning on or after
FRS 4	Insurance Contracts	1 January 2010
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 9	Reassessment of Embedded Derivatives	1 January 2010
IC 10	Interim Financial Reporting and Impairment	1 January 2010

3. SIGNIFICANT ACCOUNTING POLICIES

All significant accounting policies set out below are consistent with those applied in the previous financial year except as disclosed in Note 2.

3.1 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary companies made up to the end of the financial year. The financial statements of the subsidiary companies are prepared for the same reporting date as the Company. Subsidiary companies are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiary companies are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. Subsidiary companies are consolidated using the acquisition method of accounting.

Under the acquisition method of accounting, the results of subsidiary companies acquired or disposed of during the financial year are included from the date of acquisition up to the date of disposal. At the date of acquisition, the fair values of the subsidiary companies' net assets are determined and these values are reflected in the consolidated financial statements.

The differences between the cost of acquisition over the Group's share of fair value of the identifiable net assets of the subsidiary companies acquired at the date of acquisition is reflected as goodwill or reserve on consolidation. Reserve on consolidation in excess of the fair value of the non-monetary assets acquired is recognised immediately in the income statement.

All intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated; unrealised loss are also eliminated unless cost cannot be recovered.

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

3.2 Property, plant and equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.21.

The Group carried some of its land and buildings at revalued amounts and placed reliance on the transitional provisions of International Accounting Standards No. 16 (Revised) as adopted by the Malaysian Accounting Standards Board which provides exemption from the need to make regular revaluations for such assets. Effective from 1994, no further revaluations were carried out. The aggregate carrying amount of such assets at the balance sheet date amounted to RM4,365,547 (2007: RM4,492,647) and this amount will be amortised or depreciated over the remaining useful lives of the relevant assets.

An increase in the carrying amount arising from revaluation of property, plant and equipment is credited to the revaluation reserve account as revaluation surplus. Any deficit arising from revaluation is charged against the revaluation reserve account to the extent of a previous surplus held in the revaluation reserve account for the same asset. In all other cases, a decrease in carrying amount is charged to the income statements. An increase in revaluation directly related to a previous decrease in carrying amount for that same asset that was recognised as an expense, is credited to income statements to the extent that it offsets the previously recorded decrease.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is calculated to write off the cost on a straight line basis over the expected useful lives of the assets concerned. The annual rates of depreciation are as follows :

Buildings	2% - 10%
Plant and machinery	10% - 20%
Moulds	10% & 20%
Motor vehicles	10% - 20%
Office equipment, furniture and fittings	8% - 20%
Tools, implements and equipment	10% & 20%
Electrical installation and renovation	10% & 20%

Gains and losses on disposal are determined by comparing proceeds with carrying amount and are recognised in the income statement. On disposal of revalued assets or crystallisation of deferred tax liabilities on revalued assets, the amount in revaluation reserve account relating to such assets are transferred to retained profits.

3.3 Investment properties

Investment properties are properties held for long-term to earn rentals and/or for capital appreciation or both, and are not occupied by the Group and the Company.

Investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. Freehold land is not depreciated. Depreciation of buildings is computed on the straight line method in order to write off the cost to its residual value over its estimated useful life of 50 and 96 years.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group and the Company holds it to earn rentals or for capital appreciation or both.

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

3.4 Leases

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

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

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

(a) The Group as lessee under finance leases

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

(b) The Group as lessee under operating leases

Operating lease payments are recognised as an expenses 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 payment 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.

(c) The Group as lessor under operating leases

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

3.5 Goodwill

Goodwill arising on the acquisition of a subsidiary company represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary company recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Negative goodwill on consolidation is recognised in the income statements at the date of acquisition.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

3.6 Investments in subsidiary companies

Investments in subsidiary companies are stated at cost less impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.21.

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

3.7 Investments in associated companies

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

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sales, in which case it is accounted for in accordance with FRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long term interest that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisitions over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisitions, after reassessment, is recognised immediately in the income statement.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

3.8 Other investments

Other investments in quoted and unquoted shares are stated at cost less allowance for diminution in value of investments to recognise any decline, other than a temporary decline, in the value of the investments.

Where there is an indication of impairment in the value of the assets, the carrying amounts of the investments are assessed and written down immediately to its recoverable amount.

3.9 Property development costs

Property development costs comprise of cost of land and all costs directly attributable to development activities or costs that can be allocated on a reasonable basis to these activities.

When the financial outcome of the development activity can be estimated reliably, property development revenue and expenses are recognised in the income statement by using the stage of completion method. The stage of completion is measured by reference to the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs. When the financial outcome of the development activity cannot be estimated reliably, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on the properties sold are recognised as an expense when incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately. Property development costs not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value.

The excess of revenue recognised in the income statement over billings to purchasers is shown as accrued billings within receivables and the excess of billings to purchasers over revenue recognised in the income statement is shown as progress billings within payables.

3.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are determined either on the first-in, first-out, weighted average or specific identification basis, depending on the nature of the inventories. Cost of finished goods and work-in-progress consist of cost of raw materials, direct labour and a proportion of factory overheads while the cost of raw materials consist of the purchase price plus the cost of bringing the inventories to their present location.

Cost of completed properties held for sales consists of the cost of land, construction and appropriate development overheads. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated selling and distribution costs and all other estimated costs to completion.

3.11 Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the financial year in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the balance sheet date.

3.12 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, bank balances, demand deposits, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Fixed deposit with a licensed bank which is pledged as security for banking facilities is not included in cash and cash equivalents.

3.13 Share capital

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

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

3.14 Payables

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

3.15 Borrowings

Borrowings are recorded at the amount of the proceeds received net of transaction costs. Borrowing costs are recognised in the income statement as an expense in the financial year in which they are incurred.

3.16 Provisions

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

3.17 Income tax

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

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

Deferred tax is measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

3.18 Foreign currency conversion

Items included in the financial statements of the Group and of the Company are measured using the currency of the primary economic environment in which the Group and the Company operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

Transaction in foreign currencies are recorded in Ringgit Malaysia at rates of exchange ruling at the time of the transactions. Foreign currency monetary assets and liabilities are translated at exchange rates ruling at balance sheet date. Translation gains and losses are recognised in the income statement as they arise.

3.19 Contingent liabilities

A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

3.20 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue relating to property development activities are accounted for based on the percentage of completion method on development units that have been sold. The stage of completion is determined by the proportion of development costs incurred todate against the total estimated costs on projects where the outcome of the projects can be reliably estimated. All anticipated losses on property development projects are fully provided for.

Sales of developed properties are recognised when deposits are received and upon the signing of the individual sales and purchase agreements.

Revenue from the sale of goods shall be recognised when all the following conditions have been satisfied:

(i) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

(ii) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

(iii) the amount of revenue can be measured reliably;

(iv) it is probable that the economic benefits associated with the transaction will flow to the Group; and

(v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income is recognised on the time proportion basis takes into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

Rental income from investment properties is recognised on an accrual basis, by reference to the agreements entered.

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

Management fee and other operating income are recognised on an accrual basis.

3.21 Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of their assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts.

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 belong 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 combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

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

An impairment loss is recognised in the income statement 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 income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as revaluation increase.

3.22 Financial instruments

Financial instruments are recognised on the balance sheet when the Group and the Company have become a party to the contractual provisions of the instrument.

The particular recognition method adopted for financial instruments recognised on the balance sheet is disclosed in the individual policy statements associated with each item.

The face values, less any estimated credit adjustments, for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

3.23 Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

The Group's and the Company's contribution to defined contribution plans, known as Employees' Provident Fund ("EPF") are recognised in the income statement in the financial year to which they relate.

(iii) Employees equity compensation benefits

The Company has an Employee's Share Option Scheme whereby options to subscribe for ordinary shares in the Company were granted by the Company to eligible employees, including Directors of the Group.

The Group and the Company recognised an increase in share capital and share premium when the options were exercised. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's and of the Company's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are 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 adjustments to the carrying amounts of assets and liabilities within the next financial year.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight line basis over their estimated useful lives. Management estimates the useful lives of the property, plant and equipment to be 5 to 50 years. The carrying amounts of the Group's property, plant and equipment as at 31 December 2008 were RM11,391,043 (2007: RM11,317,899). Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of the property, plant and equipment. Therefore the future depreciation charge could be revised.

Property development

The Group recognised property development revenue and costs in the income statements by using the stage of completion method. The stage of completion is measured by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs on completion.

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

5. PROPERTY, PLANT AND EQUIPMENT

Group	At 1 January RM	Additions RM	Disposals RM	Written off RM	Currency translation reserve RM	At 31 December RM
2008						
At 1994 valuation						
Buildings	6,355,000	0	0	0	0	6,355,000
At cost						
Buildings	1,240,609	915,000	0	0	54,821	2,210,430
Plant and machinery	10,783,129	344,619	(655,234)	0	402,013	10,874,527
Moulds	7,429,574	384,601	0	0	0	7,814,175
Motor vehicles	2,377,229	3,417	(29,400)	(2,492)	28,337	2,377,091
Office equipment, furniture and fittings	2,033,653	193,994	0	(9,642)	(5,074)	2,212,931
Tools, implements and equipment	1,917	0	0	0	0	1,917
Electrical installation and renovation	28,712	0	0	(6,000)	0	22,712
	30,249,823	1,841,631	(684,634)	(18,134)	480,097	31,868,783

Group	At 1 January RM	Current charge RM	Disposals RM	Disposal of subsidiary companies RM	Currency translation reserve RM	At 31 December RM
2008						
Accumulated depreciation						
At 1994 valuation						
Buildings	1,862,353	127,100	0	0	0	1,989,453
At cost						
Buildings	461,140	119,492	0	0	20,258	600,890
Plant and machinery	7,433,000	654,878	(539,256)	0	136,700	7,685,322
Moulds	6,508,153	543,392	0	0	0	7,051,545
Motor vehicles	1,251,521	385,984	(26,486)	(2,319)	13,546	1,622,246
Office equipment, furniture and fittings	1,395,153	123,867	0	(6,409)	(6,430)	1,506,181
Tools, implements and equipment	1,183	263	0	0	0	1,446
Electrical installation and renovation	19,421	6,036	0	(4,800)	0	20,657
	18,931,924	1,961,012	(565,742)	(13,528)	164,074	20,477,740

Group	At 1 January RM	Additions RM	Disposals RM	Disposal of subsidiary companies RM	Currency translation reserve RM	At 31 December RM
2007						
At 1994 valuation						
Freehold land	500,000	0	(500,000)	0	0	0
Buildings	6,355,000	0	0	0	0	6,355,000
At cost						
Freehold land	406,069	0	(406,069)	0	0	0
Buildings	1,827,253	201,266	(727,286)	0	(60,624)	1,240,609
Plant and machinery	12,366,359	520,020	(1,549,538)	0	(553,712)	10,783,129
Moulds	7,124,379	305,195	0	0	0	7,429,574
Motor vehicles	2,166,089	381,828	(132,444)	0	(38,244)	2,377,229
Office equipment, furniture and fittings	2,468,846	168,078	(595,958)	(3,221)	(4,092)	2,033,653
Tools, implements and equipment	2,041	0	(124)	0	0	1,917
Electrical installation and renovation	25,316	8,063	(4,667)	0	0	28,712
	33,241,352	1,584,450	(3,916,086)	(3,221)	(656,672)	30,249,823

Group	At 1 January RM	Current charge RM	Disposals RM	Disposal of subsidiary companies RM	Currency translation reserve RM	At 31 December RM
2007						
Accumulated depreciation						
At 1994 valuation						
Buildings	1,735,253	127,100	0	0	0	1,862,353
At cost						
Buildings	534,351	103,241	(155,153)	0	(21,299)	461,140
Plant and machinery	7,456,442	905,582	(822,225)	0	(106,799)	7,433,000
Moulds	6,170,858	337,295	0	0	0	6,508,153
Motor vehicles	1,018,750	378,796	(132,442)	0	(13,583)	1,251,521
Office equipment, furniture and fittings	1,810,391	144,773	(557,404)	(649)	(1,958)	1,395,153
Tools, implements and equipment	1,012	295	(124)	0	0	1,183
Electrical installation and renovation	17,470	6,463	(4,512)	0	0	19,421
	18,744,527	2,003,545	(1,671,860)	(649)	(143,639)	18,931,924

	Group	
Net book value	**2008 RM**	**2007 RM**
At 1994 valuation		
Freehold land	0	0
Buildings	4,365,547	4,492,647
At cost		
Buildings	1,609,540	779,469
Plant and machinery	3,189,205	3,350,129
Moulds	762,630	921,421
Motor vehicles	754,845	1,125,708
Office equipment, furniture and fittings	706,750	638,500
Tools, implements and equipment	471	734
Electrical installation and renovation	2,055	9,291
	11,391,043	11,317,899

Company

2008	**Office equipment, furniture and fittings RM**
At cost	
At 1 January/31 December 2008	10,450
Accumulated depreciation	
At 1 January/31 December 2008	10,450
Net book value	
At 31 December 2008	0

Company

2007	**Office equipment, furniture and fittings RM**
At cost	
At 1 January/31 December 2007	10,450
Accumulated depreciation	
At 1 January/31 December 2007	10,450
Net book value	
At 31 December 2007	0

Certain property, plant and equipment of the Group with net book values of RM7,335,017 (2007: 9,446,928) are charged to local banks as securities for credit facilities as mentioned in Note 22.

Certain property, plant and equipment of the Group with net book values of RM4,440,122 (2007: 4,569,753) are charged as securities for the redeemable secured loan stocks and irredeemable convertible secured loan stocks issued by the Company as mentioned in Note 19.

The property, plant and equipment of the Group with net book value of RM498,409 (2007: 774,195) are acquired under hire purchase arrangements of which instalments are still outstanding.

Certain motor vehicles of the Group with net book values of RM93,660 (2007: RM269,744) are registered in the names of certain directors of the Group and third parties who hold them in trust for the subsidiary companies.

The freehold land and buildings of the subsidiary companies were revalued by the Directors in 1994 based on valuation exercises carried out by independent professional valuers on the open market value basis.

Had these assets been carried at historical cost, the carrying amount of the revalued buildings of the Group will be as follows:

	Group	
	2008 RM	2007 RM
Cost	4,754,340	4,754,340
Less: Accumulated depreciation	(1,639,231)	(1,544,144)
Carrying amount	3,115,109	3,210,196

6. INVESTMENT PROPERTIES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
At cost				
1 January	5,693,561	4,306,000	2,800,000	2,800,000
Additions	0	1,387,561	0	0
31 December	5,693,561	5,693,561	2,800,000	2,800,000
Accumulated depreciation				
1 January	(433,303)	(403,183)	0	0
Current charge	(30,120)	(30,120)	0	0
31 December	(463,423)	(433,303)	0	0
Net book value	5,230,138	5,260,258	2,800,000	2,800,000
Fair value	7,737,000	7,737,000	3,000,000	3,000,000

The fair value is based on Directors' estimation by reference to market evidence of transaction prices for similar properties and recent experience in the location and category of the properties being valued.

The investment properties as at balance sheet date are as follows:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Freehold land	4,187,561	4,187,561	2,800,000	2,800,000
Buildings	1,042,577	1,072,697	0	0
	5,230,138	5,260,258	2,800,000	2,800,000

The buildings which are leased out under operating leases amounted to RM1,042,577 (2007: RM1,072,697). The rental income earned by the Group from its investment properties during the financial year amounted to RM204,000 (2007: RM211,500).

The title deed of a parcel of freehold land of the Company with a net book value of RM2,800,000 is registered in the name of a subsidiary company.

Certain investment properties with a net book value of RM811,285 (2007: RM834,905) is charged as security for the credit facility mentioned in Note 22.

Certain investment properties of the Group and of the Company with total net book value of RM3,842,577 (2007:RM3,872,697) and RM2,800,000 (2007: RM2,800,000) respectively are charged as securities for the redeemable secured loan stocks and irredeemable convertible secured loan stocks issued by the Company as mentioned in Note 19.

During the financial year ended 31 December 2007, the Group acquired a parcel of freehold land with a cost of RM1,387,561 which was settled by way of contra debts owing by a receivable to the Group.

7. PREPAID LAND LEASE PAYMENTS

	Group	
	2008 RM	2007 RM
At 1 January	1,177,785	1,206,513
Amortisation for the year	(28,727)	(28,728)
At 31 December	1,149,058	1,177,785
Analysed as:		
Short term leasehold land	1,149,058	1,177,785

At the balance sheet date, the unexpired lease period of the short leasehold land is 37 to 39 years (2007: 38 to 40 years).

At the balance sheet date, the short leasehold land with a carrying value of RM1,149,058 (2007: RM1,177,785) is charged as security for the credit facilities mentioned in Note 22 and for the redeemable secured loan stocks and irredeemable convertible secured loan stocks issued by the Company as mentioned in Note 19 and Note 21 respectively.

8. GOODWILL

	Group	
	2008	**2007**
	RM	**RM**
At 1 January	551,552	622,710
Write off during the year	0	(71,158)
At 31 December	551,552	551,552

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating unit ("CGU") that is expected to benefit from that business combination. Before recognition of any impairment losses, the carrying amount of goodwill had been allocated to the following business segments as independent CGUs:

	Group	
	2008	**2007**
	RM	**RM**
Property development	551,552	551,552

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

(i) Key assumptions used

The recoverable amount of a CGU is determined based on higher of fair value less costs to sell and value-in-use. The value-in-use calculations are based on the discounted net cash projections based on financial budgets approved by management covering a 3 year period and a discount rate of 8% (2007: 8%), reflecting the effective interest rate on borrowings.

(ii) Sensitivity analysis

With regard to the assessment of value-in-use and fair value less cost to sell, management believes that no reasonably possible change in any of the above key assumptions would cause the recoverable amounts of the units to be materially below their carrying amounts.

9. INVESTMENT IN SUBSIDIARY COMPANIES

	Company 2008 RM	2007 RM
Unquoted shares		
At cost	37,982,791	40,074,900
Less: Accumulated for diminution in value	(21,866,294)	(21,866,294)
	16,116,497	18,208,606

During the financial year, the Company reacquired certain moulds from Emico (Vietnam) Co. Ltd. ("Emico Vietnam") which were part of the Company's original investment cost in Emico Vietnam. The agreed amount of RM2,092,109 has reduced the Company's investment cost in Emico Vietnam accordingly.

Details of the subsidiary companies are as follows:

Name of subsidiary companies	Place of incorporation	Effective interest 2008	2007	Principal activities
Emico Penang Sdn. Bhd.	Malaysia	100%	100%	Manufacture of original equipment manufacturer products, awards, trophy components, medallions, souvenir, gift items, furniture products and general trading
Emico Tools Sdn. Bhd.	Malaysia	100%	100%	Inactive
Emico Capital Sdn. Bhd.	Malaysia	100%	100%	Inactive
Emico Marketing Sdn. Bhd.	Malaysia	100%	100%	Manufacturing and marketing of awards, trophy components, souvenir items and general trading
Emico Development Sdn. Bhd.	Malaysia	100%	100%	Investment holding and property development
Emico Newk Sdn. Bhd.*	Malaysia	100%	100%	Inactive
Emico (Vietnam) Co. Ltd.*	Vietnam	100%	100%	Manufacturing of plastic products from plastic particles, plastic and metal souvenirs and household utensils
Mercu Tanah Langkawi Sdn. Bhd.	Malaysia	71%	71%	Property development

Name of subsidiary companies	Place of incorporation	Effective interest 2008	2007	Principal activities
NEB Development Berhad (Formerly known as Northern Elevator Berhad)	Malaysia	60%	60%	Investment holding company property development, provision of management services and rental of equipment
Emico Creative Design Sdn. Bhd.	Malaysia	100%	100%	Dormant
Subsidiary of Emico Marketing Sdn. Bhd.				
Emico Melaka Sdn. Bhd. (Formerly known as Emico Development (Langkawi) Sdn. Bhd.)	Malaysia	51%	100%	Marketing of awards, trophy components and souvenir
Emico Metalizing Sdn. Bhd.	Malaysia	100%	100%	Offering chroming services
Subsidiary of NEB Development Berhad				
NEB Pacific Sdn. Bhd. (Formerly known as Pacific Elevator Sdn. Bhd.)	Malaysia	60%	60%	Dormant
Unic Builders Sdn. Bhd. (Formerly known as Fuji Lift Components Manufacturing Sdn. Bhd.)	Malaysia	60%	60%	Dormant
Subsidiary of Emico Penang Sdn. Bhd.				
Standard Trend Apparel Industries Sdn. Bhd.	Malaysia	53.3%	53.3%	Inactive
Emico Asia Sdn. Bhd.	Malaysia	100%	100%	Trading of houseware and furniture
Subsidiary of Mercu Tanah Langkawi Sdn. Bhd.				
Operasi Tembaga Sdn. Bhd.	Malaysia	49.7%	49.7%	Investment holding
Subsidiary of Operasi Tembaga Sdn. Bhd.				
PKB-Operasi Tembaga Sdn. Bhd.	Malaysia	39.8%	39.8%	Investment holding and contractor in property development

* The financial statements of these companies are not audited by UHY Diong, Malaysia.

As at 31 December 2008, all the shares held by the Company in NEB Development Berhad (Formerly known as Northern Elevator Berhad) and Mercu Tanah Langkawi Sdn. Bhd. are charged as securities for the redeemable secured loan stocks and irredeemable convertible secured loan stocks.

During the financial year ended 31 December 2007, the Group disposed of its entire equity interest in Emico Properties Sdn. Bhd.

The disposal of subsidiary company had the following effects on the financial position of the Group as at the end of the year:

	2007 RM
Property, plant and equipment	2,572
Property development projects	5,575,315
Others assets	18,129
Cash and bank balances	13,198
Payables	(4,359,548)
	1,249,666
Minority interests	(253,056)
	996,610
Net disposal proceeds	(2,248,766)
Gain on disposal to the Group	(1,252,156)
Disposal proceeds settled by:	
Cash	2,248,766
Cash inflow arising from disposal:	
Cash consideration, representing cash inflow of the Group	2,248,766
Less: Cash and cash equivalents of the subsidiary company disposed of	(13,198)
Net cash outflow of the Group	2,235,568

10. INVESTMENT IN ASSOCIATED COMPANIES

	Group	
	2008 RM	2007 RM
Unquoted shares		
At cost	2,882,474	2,882,474
Share of post-acquisition results and reserves, net of dividend received	(1,280,191)	(1,813,312)
	1,602,283	1,069,162

The Group's interest in the associated is analysed as follows:

	Group 2008 RM	Group 2007 RM
Share of net assets	1,596,485	1,063,364
Premium on acquisition	5,798	5,798
	1,602,283	1,069,162

The associated companies are as follows:

Associated companies	Place of incorporation	Effective interest 2008	Effective interest 2007	Principal activities
Panashiba Industries (M) Sdn. Bhd.	Malaysia	50%	50%	Investment holding
PT Panashiba Industries Indonesia*@	Republic of Indonesia	24.5%	24.5%	Inactive
Quanzhou Fuji-Sino Elevators Co. Ltd.*	People's Republic of China	20.9%	20.9%	Manufacturing, installing and maintaining lifts and escalators
Asian Elevator (M) Sdn. Bhd.*	Malaysia	24%	24%	Dormant
Jiangnan Escalator (M) Sdn. Bhd.*	Malaysia	18%	18%	Dormant

* The financial statements of these associated companies are not audited by UHY Diong, Malaysia.

@ PT Panashiba Industries Indonesia is formed as a joint venture company on 1 April 1997 in Indonesia. The result of the operations of this associated company have not been equity accounted for in the consolidated financial statements as it had ceased operations and has not recommenced operations.

The summarised unaudited financial information of an associate, Quanzhou Fuji-Sino Elevators Co. Ltd is as follows:

	Group 2008 RM	Group 2007 RM
Total assets	18,665,634	15,948,547
Total liabilities	14,083,299	11,254,094
Revenue	6,466,303	5,115,157
Loss for the year	681,426	837,861

The summarised financial information of other associated companies and the cumulative and current year's unrecognised share of losses in excess of the carrying amount of the investment in these associates were not disclosed as the Group's share of losses in these associates have been recognised to the extent of the carrying amount of the investments.

11. OTHER INVESTMENTS

	Group 2008 RM	Group 2007 RM
Unquoted shares in Malaysia, at cost	57,500	57,500
Less: Allowance for diminution in value of investments	(57,500)	(57,500)
	0	0

12. PROPERTY DEVELOPMENT PROJECTS

	Group 2008 Non-current assets RM	Group 2008 Current assets RM	Group 2007 Non-current assets RM	Group 2007 Current assets RM
At 1 January				
- Freehold land	9,145,256	4,684,040	11,589,497	7,271,384
- Development costs	21,569,928	28,445,775	15,396,676	46,910,544
	30,715,184	33,129,815	26,986,173	54,181,928
Cost incurred/(reversed) during the year:				
- Freehold land	0	0	0	0
- Development costs	0	10,511,635	8,653,750	12,275,842
- Eliminated due to completion of project	0	(12,006,862)	0	(32,677,379)
- Transfer to inventories	0	(1,707,273)	0	0
- Disposal of a subsidiary company	0	0	(5,575,315)	0
	0	(3,202,500)	3,078,435	(20,401,537)
Costs recognised in income statements:				
1 January	0	(9,678,999)	0	(16,440,000)
Recognised during the year	0	(9,603,708)	0	(20,094,834)
Eliminated due to completion of project	0	10,536,708	0	26,855,835
Foreseeable loss	0	(1,338,000)	0	0
31 December	0	(10,083,999)	0	(9,678,999)
Transfer of non-current asset (to)/from current assets of property development costs:				
- Freehold land	633,404	(633,404)	650,576	(650,576)
- Development costs	(2,879,256)	2,879,256	0	0
	(2,245,852)	2,245,852	650,576	(650,576)
At 31 December	28,469,332	22,089,168	30,715,184	23,450,816

The property development costs at end of the year are analysed as follows:

	Group 2008 Non-current assets RM	Group 2008 Current assets RM	Group 2007 Non-current assets RM	Group 2007 Current assets RM
Freehold land, at cost	9,778,660	3,990,635	9,145,256	4,684,040
Development costs	18,690,672	18,098,533	21,569,928	18,766,776
	28,469,332	22,089,168	30,715,184	23,450,816

Included in property development costs incurred during the financial year are the following charges:

	Group 2008 RM	Group 2007 RM
Employee benefit expenses:		
- Contributions to employees' provident fund	5,028	26,314
- Other staff costs	47,165	408,452
Rental of:		
- Premise	5,920	12,080
- Equipment	480	1,760
- Machinery	0	300

The freehold land of certain subsidiary companies with a total carrying value of RM11,564,394 (2007: RM11,624,395) are charged as security for the redeemable secured loan stocks and irredeemable convertible secured loan stocks issued by the Company as mentioned in Note 19 and Note 21 respectively.

13. DEFERRED TAX ASSETS

	Group 2008 RM	Group 2007 RM
At 1 January/31 December	304,800	304,800

The deferred tax assets are in respect of the unused tax losses.

The estimated amount of net deferred tax assets calculated at the applicable tax rate which have not been recognised in the financial statements are as follows:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Property, plant and equipment	(108,600)	(63,700)	0	0
Allowance for inventory obsolescence	50,700	34,000	0	0
Allowance for doubtful debts	0	392,100	0	0
Others	11,300	10,000	0	0
Unused tax losses	6,775,300	7,654,300	988,700	966,000
Unused tax capital allowances	0	192,400	0	0
	6,728,700	8,219,100	988,700	966,000

14. INVENTORIES

	Group	
	2008 RM	2007 RM
At cost		
Raw materials	1,167,325	1,109,867
Work-in-progress	1,233,335	961,837
Finished goods	3,297,723	3,667,299
Developed properties	7,580,979	8,400,813
Goods-in-transit	941	44,452
	13,280,303	14,184,268

The cost of inventories of the Group recognised as an expense during the year was RM51,379,461 (2007: RM58,843,009).

15. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Trade receivables	17,027,712	20,910,319	0	0
Less: Allowance for doubtful debts	(5,099,648)	(6,651,019)	0	0
	11,928,064	14,259,300	0	0
Other receivables	6,481,232	6,251,721	0	0
Less: Allowance for doubtful debts	(1,218,708)	(1,304,982)	0	0
	5,262,524	4,946,739	0	0
Amount owing by subsidiary companies	0	0	76,411,091	77,989,364
Less: Allowance for doubtful debts	0	0	(33,803,009)	(34,096,854)
	0	0	42,608,082	43,892,510
Amount owing by associated companies	127,607	127,607	0	0
Less: Allowance for doubtful debts	(127,607)	(127,607)	0	0
	0	0	0	0
Amount owing by related parties				
- trade	130,975	3,530	0	0
Amount owing by a Director	63,000	72,000	0	0
Deposits	583,682	536,635	1,000	1,000
Prepayments	93,932	177,982	0	0
	18,062,177	19,996,186	42,609,082	43,893,510

The credit period granted on sale of goods and services rendered ranges from 30 to 120 days (2007: 30 to 120 days) while the credit period for purchases of properties is 21 to 90 days (2007: 21 to 90 days).

Amount owing by subsidiary companies arose mainly from transfer of bank borrowings from subsidiary companies pursuant to the debt restructuring scheme of the Group implemented in 2004 and unsecured advances which are interest free and have no fixed term of repayment.

The amount owing by associated companies arose mainly from advances which are unsecured, interest free and with no fixed term of repayment.

The amount owing by a Director arose from a housing and car loans given to Directors which are unsecured, interest free and has no fixed terms of repayment.

The related parties are companies in which certain directors and shareholders are connected to certain directors of the Company.

The currency exposure profile of receivables, deposits and prepayments is as follows:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Ringgit Malaysia	12,313,530	16,909,151	42,609,082	43,893,510
United States Dollar	4,762,273	1,720,382	0	0
Vietnamese Dong	981,924	1,366,653	0	0
Singapore Dollar	4,450	0	0	0
	18,062,177	19,996,186	42,609,082	43,893,510

16. DEPOSITS WITH A LICENSED BANK

Fixed deposits of the Group and of the Company which have been pledged are as follows:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Sinking Fund Account for the repayment of RSLS and 4% coupon rate of ICSLS and RSLS	90,774	165,508	90,774	165,508
Pledged as security for banking facilities granted to a subsidiary company	423,842	631,806	0	0
	514,616	797,314	90,774	165,508

The effective annual rates of deposits with licensed banks of the Group and of the Company range from 2.90% to 3.70% (2007: 2.90% to 3.70%) and 2.90% (2007: 2.90%) per annum respectively. The fixed deposits will mature from January 2008 to November 2009.

17. CASH AND BANK BALANCES

Included in the cash and bank balances is an amount of RM2,442,706 (2007: RM1,561,865) maintained under the Housing Development Account pursuant to the Housing Development (Housing Development Account) Regulations 1991.

The currency exposure profile of cash and bank balances is as follows:

	Group		Company	
	2008 RM	**2007 RM**	**2008 RM**	**2007 RM**
Ringgit Malaysia	3,543,592	3,423,999	71,034	61,007
United States Dollar	734,782	4,754	0	0
European Euro	38,218	0	0	0
Hong Kong Dollar	1,916	0	0	0
British Pound	1,659	0	0	0
Chinese Renminbi	2,653	0	0	0
Thai Baht	549	0	0	0
Vietnamese Dong	4,750	73,327	0	0
	4,328,119	3,502,080	71,034	61,007

18. SHARE CAPITAL

	Group/Company	
	2008 RM	**2007 RM**
Authorised		
Ordinary shares of RM1 each	150,000,000	150,000,000
Issued and fully paid		
Ordinary shares of RM1 each:		
At 1 January	52,535,811	51,498,570
Increased during the year	250,110	1,037,241
At 31 December	52,785,921	52,535,811

During the financial year, the Company increased its issued and paid up share capital from RM52,535,811 to RM52,785,921 by way of issuance of RM250,110 ordinary shares of RM1 each through the conversion of 2,649 units of Irredeemable Convertible Secured Loan Stocks.

The new ordinary shares rank pari passu with the then existing ordinary shares of the Company.

On 1 December 2003, 11,130,000 detachable warrants were granted by the Company to the subscribers of the rights shares. The warrants may be exercised at any time after the issue date but not later than 5.00 p.m. on 1 December 2013. Each warrant entitles its registered holder, at any time during the exercise period of the warrants, to subscribe for one new ordinary share. The exercise price of each warrant is fixed at RM1 payable in cash for each new ordinary share of RM1 each in the Company. As at 31 December 2008, none of the 11,130,000 warrants were exercised to subscribe for new ordinary shares.

19. IRREDEEMABLE CONVERTIBLE SECURED LOAN STOCKS ("ICSLS")

On 24 May 2004, the Company issued 451,537 units of 4% 5 year ICSLS at nominal value of RM100 per 4% ICSLS at an issue price of RM88.59 to its Scheme Lenders pursuant to the Debt Restructuring Scheme implemented.

The principal terms of the ICSLS are as follows:

i) Conversion rights - each holder of the ICSLS shall have the right to convert the ICSLS into fully paid-up new ordinary shares of RM1 each in the Company based on the conversion ratio at any time during the conversion period of five years commencing from the date of issue;

ii) Conversion ratio - one new ordinary share of RM1 in the Company issued as fully paid-up for every theoretical value of ICSLS at the conversion price of RM1;

iii) The theoretical value of the 4% ICSLS at the following anniversary date of the issue of the 4% ICSLS are tabulated below:

Anniversary date	Nominal value per 4% ICSLS	Theoretical value per 4% ICSLS
	RM	RM
First	100.00	89.90
Second	100.00	91.30
Third	100.00	92.77
Fourth	100.00	94.34
Fifth	100.00	100.00

iv) The ICSLS bears a fixed coupon rate of 4% per annum and is payable annually in arrears; and

v) The new ordinary shares to be allotted and issued upon conversion of the ICSLS will rank pari passu in all aspects with the existing ordinary shares of the Company except that they will not rank for any dividends, rights, allotment or other distributions, declared, made or paid prior to the allotment of the shares.

The ICSLS and the redeemable secured loan stocks mentioned in Note 21 are secured by certain property, plant and equipment of the subsidiary companies, certain development properties of the subsidiary companies and all the shares held by the Company in NEB Development Berhad (Formerly known as Northern Elevator Berhad) and Mercu Tanah Langkawi Sdn. Bhd..

The ICSLS have been presented as a compound instrument which comprises both an equity and a liability component. At the balance sheet date, the carrying amount of each component is as follows:

	Group/Company	
	2008	**2007**
	RM	RM
ICSLS (Equity Component):		
At 1 January	38,310,232	37,011,393
Converted into ordinary shares during the year	(250,110)	(935,345)
Transfer from liability component to equity component due to reduction in interest obligation	634,236	1,559,634
Increase in ICSLS theoretical value	1,754,063	674,550
At 31 December	40,448,421	38,310,232
ICSLS (Liability Component):		
At 1 January	2,370,456	4,031,986
Converted into ordinary shares during the year	0	(101,896)
Transfer from liability component to equity component due to reduction in interest obligation	(634,236)	(1,559,634)
At 31 December	1,736,220	2,370,456
Total	42,184,641	40,680,688

20. RESERVES

	Group		Company	
	2008	**2007**	**2008**	**2007**
	RM	**RM**	**RM**	**RM**
Non-distributable as cash dividends:				
Share premium	7,736,782	7,736,782	7,736,782	7,736,782
Exchange reserve	(683,842)	(900,452)	0	0
	7,052,940	6,836,330	7,736,782	7,736,782

Share premium of the Group and of the Company arose from allotments of ordinary shares at premium.

Exchange reserve of the Group is used to record exchange differences arising on translation of the financial statements of foreign operations as described in the accounting policies.

21. REDEEMABLE SECURED LOAN STOCKS ("RSLS")

On 24 May 2004, the Company issued 840,001 units of 4% 5 year RSLS at nominal value of RM100 per 4% RSLS at an issue price of RM81.31 to its Scheme Lenders pursuant to the Debt Restructuring Scheme implemented.

The principal terms of the RSLS are as follows:

(i) Convertibility - the RSLS would be fully redeemed and not convertible into new shares of the Company;

(ii) The RSLS bear a fixed coupon rate of 4% per annum and is payable annually in arrears; and

(iii) The RSLS may be redeemable in part or in full at the option of the Company from the date of issuance. Any RSLS not redeemed within one year from the date of issuance will be redeemed by the Company pro-rated among the holders of the RSLS as follows:

Anniversary date	Nominal value	Redemption value	Redemption price
	RM	RM	RM per 4% RSLS
First	0	0	83.81
Second	13,870,000	12,000,000	86.52
Third	22,362,000	20,000,000	89.44
Fourth	21,600,000	20,000,000	92.59
Fifth	26,168,000	26,168,000	100.00
	84,000,000	78,168,000	

The securities on the RSLS are disclosed in Note 19.

The movements of the RSLS during the year are as follows:

	Group/Company	
	2008	2007
	RM	RM
At 1 January	33,448,246	40,725,303
Redemption during the year	0	(8,555,311)
Increase in RSLS redemption price	2,103,793	1,278,254
At 31 December	35,552,039	33,448,246

22. BANK BORROWINGS

	Group 2008 RM	Group 2007 RM
Short term borrowings		
Secured:		
Bank overdrafts	25,908	48,157
Trust receipts	995,792	1,125,772
Hire purchase payables (Note 23)	163,480	206,182
Term loans	698,389	671,952
Other borrowings	530,000	1,130,000
	2,413,569	3,182,063
Long term borrowings		
Secured:		
Hire purchase payables (Note 23)	423,443	580,943
Term loans	0	13,407
	423,443	594,350
Total borrowings		
Bank overdrafts	25,908	48,157
Trust receipts	995,792	1,125,772
Hire purchase payables (Note 23)	586,923	787,125
Term loans	698,389	685,359
Other borrowings	530,000	1,130,000
	2,837,012	3,776,413

The non-current portion of term loan is repayable as follows:

- later than 1 year but not later than 5 years	0	13,407

The currency exposure profile of borrowings is as follows:

	Group 2008 RM	Group 2007 RM
Ringgit Malaysia	2,138,623	3,091,054
Vietnam Dong	698,389	685,359
	2,837,012	3,776,413

The secured bank borrowings of the Group are secured over a pledge of short-term deposit, charges over certain or entire assets of the subsidiary companies and are further guaranteed by the Company.

The Group's bank overdrafts and trust receipts bear interest at 2% (2007: 2%) per annum above the lending banks' base lending rates. The Group's other borrowings represents a restructured loan to be settle by way of fixed instalments with no further interest charge.

The term loans bear interest at rates ranging from 2.0% to 2.5% (2007: 2.0% to 2.5%) per annum above lending banks' base lending rates.

The effective interest rates per annum as at balance sheet date for the Group are as follows:

	Group	
	2008	2007
	%	%
Bank overdrafts	8.75	8.75
Trust receipts	8.75	8.75
Term loans	10.56 - 21.00	6.65 - 11.52

23. HIRE PURCHASE PAYABLES

	Group	
	2008	2007
	RM	RM
Representing hire purchase liabilities		
- current	163,480	206,182
- non-current	423,443	580,943
	586,923	787,125
Hire purchase liabilities:		
Minimum hire purchase repayments		
- not later than 1 year	188,335	236,586
- later than 1 year but not later than 5 years	450,865	595,543
- later than 5 years	3,395	44,820
	642,595	876,949
Future finance charges on hire purchase	(55,672)	(89,824)
Present value of hire purchase liabilities	586,923	787,125

	Group 2008 RM	Group 2007 RM
Present value of hire purchase liabilities		
- not later than 1 year	163,480	206,182
- later than 1 year but not later than 5 years	420,720	535,536
- later than 5 years	2,723	45,407
	586,923	787,125

The hire purchase payables bear interest at the rate of 4.37% to 7.15%. (2007: 4.39% to 7.16%) per annum.

The hire purchase payables are secured by the financial institutions' charges over the assets under hire purchase.

24. DEFERRED TAX LIABILITIES

The movement of deferred tax liabilities is as follows:

	Group 2008 RM	Group 2007 RM
At 1 January	533,946	582,814
Recognised in the income statements (Note 30):		
- reversal of deferred tax liability on revaluation surplus arising from the change in tax rates	29,200	(33,919)
- underprovision in respect of prior year	39,300	0
- crystallisation of deferred tax liability on revaluation surplus	(11,095)	(11,949)
- adjustment resulting from reduction in tax rate	(22,833)	0
- realisation of deferred tax liability upon disposal of properties	0	(3,000)
At 31 December	568,518	533,946

The deferred tax liabilities are in respect of the following:

	Group 2008 RM	Group 2007 RM
Property, plant and equipment	158,500	99,000
Others	(3,300)	(6,000)
Revaluation surplus of revalued properties	413,318	440,946
	568,518	533,946

25. PAYABLES

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Trade payables	9,863,798	13,144,116	0	0
Other payables	5,744,149	6,571,245	542,073	530,567
Amount owing to subsidiary companies	0	0	9,513,848	9,863,232
Amount owing to Directors	400,580	1,777,344	0	172,879
Amount owing to related parties				
- trade	164,561	509,750	0	0
- non-trade	7,692,826	579,410	307,879	0
Progress billing in respect of property development costs	1,893,165	2,666,072	0	0
Deposit received	4,350	0	0	0
Accruals	8,715,088	15,537,839	631,372	2,446,419
	34,478,517	40,785,776	10,995,172	13,013,097

Trade payables comprise amounts outstanding for trade purchases and construction related costs. The credit period granted to the Group ranges from 30 to 150 days (2007: 30 to 150 days).

The amount owing to subsidiary companies is non-trade in nature, unsecured, interest free and has no fixed terms of repayment.

The amount owing to Directors is unsecured, interest free and has no fixed terms of repayment.

The related parties are companies in which certain Directors of the Group and their family members have significant financial and controlling interests.

The currency exposure profile of payables is as follows:

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Ringgit Malaysia	32,554,588	37,835,141	10,995,172	13,011,028
United States Dollar	877,015	1,496,677	0	2,069
Vietnamese Dong	872,962	1,075,699	0	0
European Euro	40,004	135,931	0	0
Singapore Dollar	0	127,986	0	0
Hong Kong Dollar	124,301	114,342	0	0
Swedish Krona	9,647	0	0	0
	34,478,517	40,785,776	10,995,172	13,013,097

26. REVENUE

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Sales of goods	45,309,200	47,281,207	0	0
Revenue from property development activities	19,553,479	21,751,566	0	0
Chroming services rendered	311,735	213,050	0	0
Management services rendered	0	0	240,000	240,000
	65,174,414	69,245,823	240,000	240,000

27. STAFF COSTS

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Contributions to employees' provident fund	321,213	183,195	12,720	10,800
Other staff costs	5,216,803	4,685,688	192,398	218,238
	5,538,016	4,868,883	205,118	229,038
Included in staff costs are Directors' remuneration as follows:				
Executive Directors of the Company:				
Fee	25,000	50,000	25,000	50,000
Contributions to employees' provident fund	36,480	33,120	12,720	10,800
Other emoluments	795,394	761,433	106,398	94,238
Non-executive Directors of the Company:				
Fee	15,000	30,000	15,000	30,000
Contributions to employees' provident fund	0	0	0	0
Other emoluments	22,000	20,000	22,000	20,000
Executive Directors of the subsidiaries:				
Fee	0	0	0	0
Contributions to employees' provident fund	12,276	11,520	0	0
Other emoluments	112,172	101,387	0	0
	1,018,322	1,007,460	181,118	205,038

28. FINANCE COSTS

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Interest on loan stock	2,814,319	3,169,347	2,814,319	3,169,347
Interest on bank borrowings	108,813	79,547	0	0
Interest on term loans	155,934	90,833	0	0
Interest on hire purchase	26,028	42,316	0	0
Interest on others	35,847	59,919	324	0
	3,140,941	3,441,962	2,814,643	3,169,347

29. PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 R M
Profit/(Loss) before tax is arrived at after charging:				
Allowance for slow moving inventories	187,780	147,349	0	0
Allowance for doubtful debts	141,934	53,766	0	3,500
Audit fee				
- current year	100,137	122,044	23,000	32,000
- (over)/underprovision in respect of prior year	(3,120)	23,800	0	12,000
Bad debts written off	2,743	8,288	0	0
Depreciation and amortisation	2,019,859	2,062,393	0	0
Loss on foreign exchange				
- unrealised	35,671	392,971	0	0
- realised	16,301	222,397	0	0
Property, plant and equipment written off	4,606	63,188	0	0
Rental of:				
- premises	357,628	433,988	0	0
- overprovision in respect of prior year	0	(35,600)	0	0
- equipment	3,527	3,269	0	0
- property, plant and equipment	7,196	43,356	0	0

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
and crediting:				
Allowance for doubtful debts				
no longer required	117,690	477,463	293,845	8,500
Deposit forfeited	0	2,110	0	0
Interest income	166,046	180,796	6,158	58,720
Gain on disposal of property,				
plant equipment	3,486	358,461	0	0
Gain on foreign exchange				
- unrealised	2,851	0	0	0
- realised	465,504	0	0	2,069
Rental income on				
- premises	324,000	331,500	0	0
- machinery	180,000	180,000	0	0

30. TAXATION

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RMM
The major components of the tax expense are:				
Current tax expense based				
on profit for the year	195,000	346,637	0	0
Underprovision of RPGT in				
respect of prior years	10,716	0	0	0
Underprovision of taxation in				
respect of prior years	575,422	874	0	0
	781,138	347,511	0	0
Deferred tax expense (Note 24):				
- relating to origination and reversal of temporary				
differences	12,667	(33,919)	0	0
- underprovision in respect				
of prior year	39,300	0	0	0
- crystallisation of deferred tax				
liability on revaluation surplus	(11,095)	(11,949)	0	0
- reversal upon disposal of				
revalued properties	0	(3,000)	0	0
- adjustment resulting from				
reduction in tax rate	(6,300)	0	0	0
Real property gains tax	0	45,688	0	0
	815,710	344,331	0	0

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Reconciliation of tax expense/ (income) and accounting profit/(loss):				
Accounting profit/(loss) before tax	561,094	(853,700)	(2,937,863)	(3,559,379)
Tax at the applicable tax rate of 26% (2007: 27%)	145,900	(230,000)	(763,800)	(961,000)
Tax effect of :				
- expenses not deductible for tax purposes	876,149	1,354,697	686,000	935,000
- income not subject to tax	(55,700)	(128,000)	0	0
- different tax rate	(30,500)	(302,240)	0	0
Underprovision of RPGT in respect of prior years	10,716	0	0	0
Underprovision of taxation in respect of prior years	575,422	874	0	0
Permanent loss not recognised during the year	6,823	0	0	0
Deferred tax assets not recognised during the financial year	105,900	291,000	77,800	26,000
Utilisation of deferred tax assets not recognised in prior year	(852,000)	(639,000)	0	0
Underprovision of deferred taxation in respect of prior years	39,300	0	0	0
Reversal of deferred tax liability upon disposal of revalued properties	0	(3,000)	0	0
Deferred tax expense resulting from reduction in tax rate	(6,300)	0	0	0
Tax expense for the year	815,710	344,331	0	0

The estimated amount of tax savings included in net income as a result of the realisation of unused tax losses of the Group is RM622,000 (2007: RM716,000).

The Malaysian Budget 2008 introduced a single tier income tax system with effect from year of assessment 2008. Companies without Section 108 tax credit will automatically move to the new single tier dividend system on 1 January 2008 whilst companies with tax credit are given an irrevocable option to elect for a switch to the new system during the transitional period of six years. All the companies will be in the new system on 1 January 2014. Under the new system, tax on profits of companies is a final tax and dividend distributed will be exempted from tax in the hands of the shareholders. The Company did not elect for the irrevocable option to switch to the new system.

Subject to agreement by the Inland Revenue Board, the Company has unabsorbed tax losses which may be utilised to offset against future taxable income of the Company as follows:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Unabsorbed tax losses	25,067,000	32,426,000	3,955,000	3,714,000
Unused tax capital allowances	798,300	780,400	0	0

31. LOSS PER ORDINARY SHARE

	Group	
	2008 RM	2007 RM
Loss for the year attributable to equity holders of the Group	(535,715)	(962,723)
Add: Assumed saving in interest expenses charged to income statements on conversion of ICSLS	70,165	117,734
Loss used in the calculation of basic loss per share	(465,550)	(844,989)

	Group	
	2008 Units	2007 Units
Number of ordinary shares issue as at 1 January	52,535,811	51,498,570
Effect of conversion of ICSLS	40,698,842	40,267,282
Effect of share issue during the year	138,723	414,238
Weighted average number of ordinary shares in issue	93,373,376	92,180,090
Basic loss per ordinary share (sen)	(0.50)	(0.92)

The diluted loss per ordinary shares was not shown in 2008 and 2007 as the effect of the assumed conversions of warrants to ordinary shares would be anti-dilutive.

32. RELATED PARTY BALANCES AND TRANSACTIONS

Significant transactions between the Group and the Company with related parties during the year were as follows:

	Group		Company	
	2008 RM	**2007 RM**	**2008 RM**	**2007 RM**
With subsidiary companies:				
Management fee received				
Emico Development Sdn. Bhd.	0	0	240,000	240,000
With other related parties				
Purchases:				
Century Plas Industries Sdn. Bhd.	5,888,172	5,494,757	0	0
U-Can Marketing Sdn. Bhd.	292,121	117,963	0	0
Sales of finished goods:				
Century Plas Industries Sdn. Bhd.	4,186,708	3,172,340	0	0
U-Can Marketing Sdn. Bhd.	10,831	2,148	0	0
Rental of machinery received:				
Century Plas Industries Sdn. Bhd.	180,000	180,000	0	0
Rental of premises received:				
Century Plas Industries Sdn. Bhd.	120,000	120,000	0	0
Rental paid and payable:				
Mr. Tan Chin Peng, a director of a subsidiary company	22,828	22,828	0	0

The directors are of the opinion that the above transactions were entered into in the normal course of business and have been determined based on terms negotiated and agreed between the parties.

The related parties are companies in which certain Directors of the Group and their family members have significant financial and controlling interests.

33. DIRECTORS' BENEFIT-IN-KIND

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Estimated cash value of benefits-in-kind provided to directors	59,125	59,125	0	0

34. CONTINGENT LIABILITY

	Company	
	2008 RM	2007 RM
Corporate guarantee extended to local banks and creditors for credit facility granted to and utilised by the subsidiary companies	2,488,000	3,104,000

35. OPERATING LEASE ARRANGEMENTS

The Group has entered into an operating lease agreement for the use of land and premises for a lease term of 44 years.

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

	Group	
	2008 RM	2007 RM
Not later than 1 year	110,163	104,996
Later than 1 year but not later than 5 years	440,652	419,985
Later than 5 years	3,552,755	3,491,127
	4,103,570	4,016,108

36. FINANCIAL INSTRUMENTS

The Group's operations are subject to a variety of financial risks, including interest rate risk, credit risk, foreign currency exchange risk and liquidity and cash flow risks. The Group's overall financial risk management objectives are to ensure that the Group create value for their shareholders. The Group focuses on the unpredictability of financial markets and seek to minimise potential adverse effects of such risks on its financial performance. Various financial risk management policies are made and approved by the Board for observation in the day-to-day operations for the controlling and management of the risks associated with financial instruments.

The Group is exposed to the following financial risks:

Interest rate risk

The Group's exposures to changes in interest rate risk related primarily to the Group's deposits with licensed banks, bank borrowings, term loans and hire purchase payables. Interest rates of term loans are mainly subject to fluctuations in the banks' base lending rates. The Group does not use derivative financial instruments to hedge its risk.

Credit risk

The Group is exposed to credit risk mainly from trade and non-trade receivables. These receivables are continually monitored to ensure that issue arising from non-collectability are minimised. There were no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset on the balance sheet.

Foreign currency exchange risk

The Group has exposure to foreign currency risk as a result of transactions with its foreign subsidiary companies, receivables and payables in foreign currencies arising from normal operating activities. The Group does not speculate in foreign market.

Liquidity risk

The Company practices prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

Cash flow risk

The Company reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

Financial assets

The Group's and the Company's principal financial assets are trade receivables, other receivables, amount owing by subsidiary companies, amount owing by associated companies, amount owing by Directors, deposits and cash and bank balances.

The accounting policies applicable to the major financial assets are as disclosed in Note 3 to the financial statements.

Financial liabilities and equity instruments

Debts and equity instruments are classified as either liabilities or equity in accordance with the substance of the contractual arrangement.

Equity instrument are recorded at the proceeds received.

The Group's and the Company's principal financial liabilities are trade payables, other payables, amount owing to subsidiary companies, amount owing to Directors, accruals, hire purchase payables, bank borrowings and term loans.

Fair values

The carrying amounts of the Group's and the Company's cash and cash equivalents, trade receivables, other receivables, deposits, trade payables, other payables and accruals are assumed to approximate their fair values because of the short maturity of these instruments.

The fair values of the amount owing by/(to) subsidiary companies and amount owing by associated companies have not been computed as the timing of the repayment of these balances cannot be reasonably determined.

The carrying amount of the term loan approximate fair value as it is subject to variable interest rate which in turn approximate the current market interest rate for a similar loan at the balance sheet date.

The aggregate net fair values of financial assets and liabilities which are not carried at fair value on the balance sheets of the Group as at balance sheet date are represented as follows:

	Group	
	Carrying amount RM	Fair value RM
At 31 December 2008		
Hire purchase payables (Note 23)	586,923	620,524
At 31 December 2007		
Hire purchase payables (Note 23)	787,125	877,746

38. SEGMENTAL REPORTING

Business Segments

For management purposes, the Group is organised into the following business segments:

- Manufacturing and trading of consumable products
- Property development
- Investment holding

Intersegment pricing is determined based on negotiated terms.

The Group

2008	Manufacturing and trading of consumable products RM	Property development RM	Investment holdings RM	Eliminations RM	Total RM
Revenue					
External sales	45,620,935	19,553,479	0	0	65,174,414
Inter-segment sales	0	0	240,000	(240,000)	0
Total Revenue	45,620,935	19,553,479	240,000	(240,000)	65,174,414
Results					
Segment results	2,555,594	925,623	(130,342)	(181,961)	3,168,914
Share of loss of associated companies					533,121
Finance costs					(3,140,941)
Profit before tax					561,094
Income tax expenses					(815,710)
Loss for the year					(254,616)
Other information					
Capital additions	876,220	965,411	0	0	1,841,631
Depreciation and amortisation	1,710,300	308,308	1,251	0	2,019,859
Other non-cash expenses	239,534	131,870	1,330	0	372,734
Assets					
Segment assets	51,953,750	88,311,078	69,070,801	(103,965,323)	105,370,306
Income tax assets					151,214
Investment in associated companies					1,602,283
Consolidated total assets					107,123,803
Liabilities					
Segment liabilities	74,835,226	66,065,093	52,265,205	(120,830,230)	72,335,294
Borrowings					2,837,012
Income tax liabilities					721,457
Consolidated total liabilities					75,893,763

The Group

2007	Manufacturing and trading of consumable products RM	Property development RM	Investment holdings RM	Eliminations RM	Total RM
Revenue					
External sales	47,494,257	21,751,566	0	0	69,245,823
Inter-segment sales	0	0	240,000	(240,000)	0
Total Revenue	47,494,257	21,751,566	240,000	(240,000)	69,245,823
Results					
Segment results	720,570	1,508,954	(367,446)	1,018,512	2,880,590
Share of loss of associated companies					(292,328)
Finance costs					(3,441,962)
Loss before tax					(853,700)
Income tax expenses					(344,331)
Loss for the year					(1,198,031)
Other information					
Capital additions	2,642,695	329,316	0	0	2,972,011
Depreciation and amortisation	1,761,415	298,501	2,477	0	2,062,393
Other non-cash expenses	662,705	2,857	71,158	0	736,720
Assets					
Segment assets	35,619,578	73,715,101	24,242,521	(22,623,858)	110,953,342
Income tax assets					334,463
Investment in associated companies					1,069,162
Consolidated total assets					112,356,967
Liabilities					
Segment liabilities	12,823,616	23,506,928	40,276,537	(2,603)	76,604,478
Borrowings					3,776,413
Income tax liabilities					772,617
Consolidated total liabilities					81,153,508

Geographical segments

The following is an analysis of the carrying amount of segment assets and capital additions by the geographical area in which the assets are located.

	Carrying amount of segment assets		Capital additions	
	2008 RM	2007 RM	2008 RM	2007 RM
Malaysia	101,876,589	104,804,109	1,507,815	2,246,649
Other Asian countries	3,493,717	6,149,233	333,816	725,362
	105,370,306	110,953,342	1,841,631	2,972,011

The segment revenue from external customer by geographical area based on the geographical location of its customers are as follows:

	2008 RM	2007 RM
Malaysia	31,218,810	31,145,523
Europe	28,014,120	30,966,120
Other countries	5,941,484	7,134,180
	65,174,414	69,245,823

Authorised Share Capital	: RM150,000,000
Issued and Fully Paid Up Capital	: RM52,785,921
Class of Shares	: Ordinary shares of RM1 each
Voting Rights	: One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shares Held Quantity	%	No. of Shareholders Number	%
1 To 99	730	-	19	0.57
100 To 1,000	868,447	1.65	937	28.16
1,001 To 10,000	8,171,627	15.48	1,893	56.88
10,001 To 100,000	12,432,380	23.55	428	12.86
100,001 To 2,626,789 (*)	26,804,437	50.78	50	1.50
2,626,790 AND ABOVE (**)	4,508,300	8.54	1	0.03
Total	52,785,921	100.00	3,328	100.00

REMARK: * Less than 5% of issued shares
** 5% or more of issued shares

SUBSTANTIAL SHAREHOLDERS

	Name	No. of Shares Held Direct	%	Indirect	%
1.	Lim Poh Hoon	112,000	0.21	16,994,759 #	32.20
2.	Lim Teik Hian	52,000	0.10	17,054,759 #	32.31
3.	Lim Teck Chye	1,241,630	2.35	15,865,129 #	30.06
4.	Lim Poh Leng	-	-	17,106,759 #	32.41

Note :

By virtue of their beneficial interest in the shares held by Mercsec Nominees (Tempatan) Sdn. Bhd., HDM Nominees (Tempatan) Sdn. Bhd., PM Nominees (Tempatan) Sdn. Bhd., Alliancegroup Nominees (Tempatan) Sdn. Bhd., Mayban Nominees (Tempatan) Sdn. Bhd., CIMSEC Nominees (Tempatan) Sdn. Bhd., Ke-Zan Nominees (Tempatan) Sdn. Bhd. and Beng Choo Marketing Sdn. Bhd. for the substantial shareholders listed above. In addition it also includes the deemed interest via their family members Lim Teik Hian (brother), Lim Poh Hoon (sister), Lim Teck Chye (brother) and Lim Poh Leng (sister).

DIRECTORS' SHAREHOLDINGS

	Name	No. of Shares Held Direct	%	Indirect	%
1.	Lim Teik Hian	52,000	0.10	17,054,759 #	32.31
2.	Lim Teck Chye	1,241,630	2.35	15,865,129 #	30.06
3.	Wong Sew Yun	895,859	1.70	55,320	0.10

DISTRIBUTION OF WARRANTS

	No. of Warrants Held		No. of Warrantholders	
Size of Holdings	Quantity	%	Number	%
1 To 99	1,771	0.02	37	2.74
100 To 1,000	446,772	4.01	616	45.60
1,001 To 10,000	2,285,206	20.53	555	41.08
10,001 To 100,000	4,215,350	37.87	129	9.55
100,001 To 556,499 (*)	2,698,795	24.25	13	0.96
556,500 AND ABOVE (**)	1,482,106	13.32	1	0.07
Total	11,130,000	100.00	1,351	100.00

REMARK: * Less than 5% of issued warrants
** 5% and above of issued warrants

SUBSTANTIAL WARRANTHOLDERS

		No. of Warrants Held			
	Name	Direct	%	Indirect	%
1.	Lim Poh Hoon	17,000	0.15	1,762,013 #	15.83
2.	Lim Teik Hian	13,000	0.12	1,766,013 #	15.87
3.	Lim Teck Chye	260,407	2.34	1,518,606 #	13.64

Note :

By virtue of their beneficial interest in the shares held by Mayban Nominees (Tempatan) Sdn. Bhd., Alliancegroup Nominees (Tempatan) Sdn. Bhd. and Beng Choo Marketing Sdn. Bhd. for the substantial shareholders listed above. It includes the deemed interest via their family members Lim Teik Hian (brother), Lim Poh Hoon (sister) and Lim Teck Chye (brother).

DIRECTORS' WARRANTHOLDINGS

		No. of Warrants Held			
	Name	Direct	%	Indirect	%
1.	Lim Teik Hian	13,000	0.12	1,766,013 #	15.87
2.	Lim Teck Chye	260,407	2.34	1,518,606 #	13.64
3.	Wong Sew Yun	263,488	2.37	-	-

Without Aggregating Securities from Different Securities Accounts Belonging to the Same Person)

	Name	No. of Shares	Percentage
1.	PM Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Teck Chye	4,508,300	8.54
2.	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Teck Chye	2,200,000	4.17
3.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Lim Poh Leng	1,997,000	3.78
4.	Beng Choo Marketing Sdn Bhd	1,964,212	3.72
5.	PM Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Poh Leng	1,853,200	3.51
6.	Ke-zan Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Emiglow Ventures (M) Sdn Bhd	1,826,893	3.46
7.	Tan Chin Hin	1,667,600	3.16
8.	RHB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Pang Lan Yin	1,347,700	2.55
9.	Lim Teck Chye	1,241,630	2.35
10.	Wong Sew Yun	895,859	1.70
11.	Hupson (B'worth) Sdn Bhd	791,000	1.50
12.	Mercsec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Beng Choo Marketing Sdn Bhd	692,600	1.31
13.	HDM Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Poh Leng	600,900	1.14
14.	Amsec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Koh Loke Moy	552,100	1.05
15.	RHB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Pang Khip Hon	543,400	1.03
16.	Yeo Pow Choo	540,900	1.02
17.	Mercury Industries Berhad	510,000	0.97
18.	Mercsec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chan Li Li	490,000	0.93
19.	HDM Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Teck Chye	480,000	0.91
20.	Mayban Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Teck Chye	477,917	0.91
21.	Mayban Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chan Gin Seong	444,700	0.84
22.	Ke-zan Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Beng Choo Marketing Sdn Bhd	437,000	0.83
23.	Ang Hock Hin	307,500	0.58
24.	Sim Kean Hee	300,000	0.57
25.	HDM Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Hupson (B'worth) Sdn Bhd	285,900	0.54
26.	OCBC Bank (Malaysia) Berhad	250,126	0.47
27.	Amsec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chu Yoke Hua	243,800	0.46
28.	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ting Lian Siew@ Ting Lian Bo	224,000	0.42
29.	Javin Lee Tze Chuin	214,000	0.41
30.	Mercsec Nominees (Tempatan) Sdn Bhd Mercury Securities Sdn Bhd	210,200	0.40
	Total	28,098,437	53.23

LIST OF TOP 30 WARRANTHOLDERS

AS AT 30 APRIL 2009

Without Aggregating Securities from Different Securities Accounts Belonging to the Same Person)

	Name	No. of Shares	Percentage
1.	Beng Choo Marketing Sdn Bhd	1,482,106	13.32
2.	Mayban Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chan Gin Seong	432,100	3.88
3.	Yeo Pow Choo	359,400	3.23
4.	Low Teong Hwa	297,000	2.67
5.	Wong Sew Yun	263,488	2.37
6.	Lim Teck Chye	260,407	2.34
7.	Mayban Securities Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Moong Chiung Yau	184,200	1.65
8.	Low Yoke Choo	164,500	1.48
9.	Ong Lian Oeu	153,000	1.37
10.	Chew Sit See	135,000	1.21
11.	Ting Lian Siew @ Ting Lian Bo	122,800	1.10
12.	Tham Soon Chuan	110,000	0.99
13.	JF Apex Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Mahalingam A/L Veluppillai	108,900	0.98
14.	Thean Yin Kong	108,000	0.97
15.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Saw Hai Earn	100,000	0.90
16.	SJ Sec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Chee Keong	99,000	0.89
17.	Chong Woon Sang	98,400	0.88
18.	Mercsec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chan Li Li	94,000	0.84
19.	Chu Mun Len @ Chu Lee Sen	87,000	0.78
20.	Teh Wei Beng	85,500	0.77
21.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ting Lian Siew @ Ting Lian Bo	84,150	0.76
22.	Loke Pek Yoke	77,500	0.70
23.	Mercsec Nominees (Tempatan) Sdn Bhd - Mercury Securities Sdn Bhd	75,600	0.68
24.	Chew Kim Hwa	69,000	0.62
25.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Sing Ka Tong	69,000	0.62
26.	Chin Poh Lean	67,000	0.60
27.	Yong Jen Ping	65,900	0.59
28.	A.A. Anthony Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Choong Chee Keong	57,400	0.52
29.	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ting Lian Siew @ Ting Lian Bo	56,000	0.50
30.	Lim Chee Keong	56,000	0.50
	Total	5,422,351	48.71

Location	Tenure	Description / Existing Use	Land Area (sq ft)	Built-up Area (sq ft)	Age of Building (Years)	Net Book Value RM'000	Acquisition / Revaluation*
Plot 17 Kawasan Perindustrian Bayan Lepas, Mukim 12 Daerah Barat Daya, Pulau Pinang	60-years Leasehold Expiring 2045	Land and factory building for rental	39,346	33,602	24	1,145	1994*
Plot 18 & 19 Kawasan Perindustrian Bayan Lepas, Mukim 12 Daerah Barat Daya, Pulau Pinang	60-years Leasehold Expiring 2046 and 2047 respectively	Land and factory buildings, warehouse and office for industrial use	81,350	116,847	17 to 24	5,255	1994*
Unit 2-5-9 Harbour Trade Centre, Lebuh Macallum, Pulau Pinang	99-years Leasehold Expiring 2089	Office unit for rental	-	2,031	14	231	1992
Taman Batik, Sungai Petani, Daerah Kuala Muda, Kedah	Freehold	On-going mix development project	1,986,814	-	-	2,817	1996
HS(D) 773/97, PT49753 Mk Sungai Petani, Daerah Kuala Muda, Kedah	Freehold	On-going mix development project	6,475,008	-	-	8,747	1996
HS(D) 1/97, PT 48979 Mk Sungai Petani, Daerah Kuala Muda, Kedah	Freehold	Vacant commercial land for future development	154,118	-	-	2,800	1997
Lot D-2, LOTECO Industrial Park, Route 15A, Long Binh, Bien Hoa, Dong Nai, Vietnam	44 years Leasehold Expiring 2046	Factory buildings and office for industrial use	97,204	79,591	6	629	2003
HS (M) 156-96 MK Kuah Kelibang Kedah	99 years Leasehold Expiring 2095	On-going mix development project	1,589,940	-	-	2,205	1996
HS (D) 762/97, PT49740 & HS (D) 763/97, PT49741 Mk Sungai Petani, Daerah Kuala Muda, Kedah	Freehold	Vacant commercial land for petrol station	66,930	-	-	1,388	2007
Geran 127391 & 127392 Bandar Sungai Petani, Daerah Kuala Muda, Kedah	Freehold	3 storey office building	2,800	7,394	1	906	2008

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting of the Company will be held at The Conference Room of Emico Holdings Berhad, 18 Lebuhraya Kampung Jawa, 11900 Bayan Lepas, Penang on Monday, 29 June 2009 at 11.00 a.m. for the following purposes :-

AGENDA

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

2 To approve the payment of Directors' Fees for the financial year ended 31 December 2008. **ORDINARY RESOLUTION 1**

3 To re-elect the following Directors who retire pursuant to Article 80 of the Company's Articles of Association and who, being eligible, offer themselves for re-election:

Article 80
- i. Mr. Wong Sew Yun **ORDINARY RESOLUTION 2**
- ii. Encik Nik Azalan Bin Nik A. Kadir **ORDINARY RESOLUTION 3**

4 To re-elect Mr. Wong Thai Sun, a Director who retires pursuant to Article 87 of the Company's Articles of Association and who, being eligible, offer himself for re-election. **ORDINARY RESOLUTION 4**

5 To re-appoint Messrs. UHY Diong as Auditors of the Company until the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration. **ORDINARY RESOLUTION 5**

As Special Business :
To consider and if thought fit, to pass with or without modifications the following resolutions as Ordinary Resolutions :

6 **AUTHORITY UNDER SECTION 132D OF THE COMPANIES ACT, 1965 FOR THE DIRECTORS TO ISSUE SHARES** **ORDINARY RESOLUTION 6**
"THAT, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant government/regulatory authorities, the Directors be and are hereby authorised, pursuant to Section 132D of the Companies Act, 1965, to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deemed fit, provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company for the time being and that the Directors are also empowered to obtain the approval from the Bursa Malaysia Securities Berhad for the listing and quotation for the additional shares to be issued."

7 **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE INVOLVING MADAM CHAN LAY LI** **ORDINARY RESOLUTION 7**
"THAT, approval be given to the Company and/or its subsidiary companies to enter into recurrent transactions of a revenue or trading nature as stated in Section 2.1A of the Circular to Shareholders dated 05 June 2009 ("Circular") involving Madam Chan Lay Li with related parties which are necessary for the day-to-day operations and on normal commercial terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders as set out in the Circular ("the Mandate").

THAT the Directors be empowered to do all such acts and things (including executing all such documents as may be required) as they may be considered expedient or necessary to give full effect to the Mandate with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities AND THAT such Mandate shall commence upon passing of this ordinary resolution and will expire at the conclusion of the next AGM of the Company following the passing of this ordinary resolution or the expiry of the period within which the next AGM is required by law to be held but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965 (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting, whichever is earlier);

THAT disclosure will be made in the Annual Report of the Company of the aggregate value of Recurrent Related Party Transactions conducted pursuant to the Mandate during the financial year based on the following information :-

(i) the type 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."

8 **PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE INVOLVING MR. LIM TECK CHYE, MADAM LIM POH LENG AND MADAM CHAN LAY LI** **ORDINARY RESOLUTION 8**

"THAT, approval be given to the Company and/or its subsidiary companies to enter into recurrent transactions of a revenue or trading nature as stated in Section 2.1B of the Circular to Shareholders dated 05 June 2009 ("Circular") involving Mr. Lim Teck Chye, Madam Lim Poh Leng and Madam Chan Lay Li with related parties which are necessary for the day-to-day operations and on normal commercial terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders as set out in the Circular ("the Mandate").

THAT the Directors be empowered to do all such acts and things (including executing all such documents as may be required) as they may be considered expedient or necessary to give full effect to the Mandate with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities AND THAT such Mandate shall commence upon passing of this ordinary resolution and will expire at the conclusion of the next AGM of the Company following the passing of this ordinary resolution or the expiry of the period within which the next AGM is required by law to be held but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965 (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting, whichever is earlier);

THAT disclosure will be made in the Annual Report of the Company of the aggregate value of Recurrent Related Party Transactions conducted pursuant to the Mandate during the financial year based on the following information :-

(i) the type 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."

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

By Order of the Board

LEE PENG LOON (MACS 01258)
P'NG CHIEW KEEM (MAICSA 7026443)
Joint Secretaries

Penang
5 June 2009

Notes :

1. A proxy may but need not be a member of the Company and the provisions of the Section 149(1) (b) of the Companies Act, 1965 shall not apply to the Company.

2. For a proxy to be valid, the proxy form duly completed and must be deposited at the Registered Office of the Company, 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.

3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.

4. Where a member appoints more than one (1) proxy to attend and vote at the same meeting, such appointment shall be invalid unless the member specified the proportion of his shareholdings to be represented by each proxy.

5. If the appointor is a corporation, the proxy form must be executed under its Common Seal or under the hand of its attorney.

6. Explanatory Notes on Special Business:-

   Agenda 6
   The Ordinary Resolution 6 proposed under agenda 6, if passed, will give the Directors of the Company authority to issue shares in the Company up to an amount not exceeding 10% of the total issued capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in general meeting will expire at the conclusion of the next Annual General Meeting.

   Agenda 7 and 8
   The Ordinary Resolutions 7 and 8 proposed under agenda 7 and 8 respectively, if passed, will enable the Company and its subsidiaries to enter into recurrent transactions involving the interests of related parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of minority shareholders of the Company, particulars of which have been disclosed in the Circular to Shareholders dated 5 June 2009 which have been dispatched together with the Company's 2008 Annual Report.

2008 Annual Report

The 2008 Annual Report is in CD-ROM format. Printed copy of the Annual Report shall be provided to the shareholder upon request within four market days from the date of receipt of the verbal or written request.

Shareholders who wish to receive the printed Annual Report and who require assistance in viewing the CD-ROM, kindly contact Ms Susan Chang at telephone no. 03-2264 3883 or email *Susan.Chang@my.tricorglobal.com*

STATEMENT ACCOMPANYING NOTICE OF THE SEVENTEENTH ANNUAL GENERAL MEETING

Further details of Directors who are seeking for re-election at the Seventeenth Annual General Meeting

(a) Mr. Wong Sew Yun, a Malaysian, aged 53, an Independent and Non-Executive Director of the Company is retiring by rotation pursuant to Article 80 of the Company's Articles of Association.

Mr. Wong Sew Yun has been involved in business for more than 27 years. He has his own business operating a transportation company plying East, West Malaysia and Indonesia. He is also involved in ceramic wares business and sits on the Board of several private limited companies.

He does not have any family relationship with any director and/or major shareholder of the Company, nor any conflict of interest in any business arrangement involving the Company and has no convictions for any offences within the past 10 years.

He has a direct shareholdings of 895,859 ordinary shares of RM1.00 each and indirect interest of 55,320 ordinary shares of RM1.00 each in the Company.

(b) Encik Nik Azalan Bin Nik A. Kadir, a Malaysian, aged 60, an Independent and Non-Executive Director of the Company is retiring by rotation pursuant to Article 80 of the Company's Articles of Association.

Encik Nik Azalan graduated in 1978 with a qualification in Electronic Data Processing ("EDP") from Caulfield Institute of Technology Melbourne, Australia (currently Caulfield-Monash University). He was a bank officer with Bank Bumiputra Malaysia Berhad from 1978 to 1980. Subsequently, he assumed the position of Senior Executive with the Terengganu State Economic Development Corporation, Terengganu, to pursue his interest in the business sector. He was appointed as a Director of several private limited companies which are principally involved in the assembling, trading and maintenance of personal computers and mini-computers, insulation, fabrication and mechanical siteworks for the oil and gas industry. He also sits on the Board of EG Industries Berhad, a public listed company and Kelang Assets Sdn. Bhd., a subsidiary of a public listed company, Worldwide Holdings Berhad.

He does not have any family relationship with any director and/or major shareholder of the Company, nor any conflict of interest in any business arrangement involving the Company and has no convictions for any offences within the past 10 years.

He has no shareholdings in the Company.

(c) Mr. Wong Thai Sun, a Malaysian, aged 54, an Independent and Non-Executive Director of the Company is retiring by rotation pursuant to Article 87 of the Company's Articles of Association.

Mr. Wong Thai Sun holds a Bachelor of Economics and Accountancy from Australian National University. He is a member of the Malaysian Institute of Accountants and the Certified Public Accountants, Australia. He has public practice experience in accountancy for over 20 years in Malaysia and in overseas and is currently having his own public practice firm, which is Wong Thai Sun & Associates. He is also the Independent non-Executive Director of D'Nonce Technology Bhd. and Suiwah Corporation Berhad.

He does not have any family relationship with any director and/or major shareholder of the Company, nor any conflict of interest in any business arrangement involving the Company and has no convictions for any offences within the past 10 years.

He has no shareholdings in the Company.

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PROXY FORM

EMICO®

EMICO HOLDINGS BERHAD
(Company No. 230326-D)
(Incorporated In Malaysia)

*I / We ____
(Full Name In Block Letters)

of ____
(Address)

being a *member / members of the abovenamed Company, hereby appoint ____________________

____
(Full Name In Block Letters)

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 Seventeenth Annual General Meeting of the Company to be held at The Conference Room of Emico Holdings Berhad, 18 Lebuhraya Kampung Jawa, 11900 Bayan Lepas, Penang on Monday, 29 June 2009 at 11.00 a.m. and at any adjournment thereof.

	ORDINARY RESOLUTION							
	1	2	3	4	5	6	7	8
FOR								
AGAINST								

Please indicate with an 'x' in the appropriate spaces provided above on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy may vote or abstain from voting at his/her discretion.

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

No. of shares held [ ]

....
Signature of Member(s)

Notes:
1 A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies' Act, 1965 shall not apply to the Company.

2 For a proxy to be valid, this form duly completed must be deposited at the Registered Office of the Company, 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.

3 A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.

4 Where a member appoints more than one (1) proxy to attend and vote at the same meeting, such appointment shall be invalid unless the member specified the proportion of his shareholdings to be represented by each proxy.

5 If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.

* Strike out whichever is not desired.