FITTERS
Diversified Berhad
(149735-M)

FITTERS Diversified Berhad (149735-M)
No. 1, Jalan Tembaga SD 5/2,
Bandar Sri Damansara,
52200 Kuala Lumpur.
Tel : 03 62767155
Fax: 03 62758692
E-mail: fdb@fittersgroup.com

FITTERS Diversified Berhad (149735-M)

Annual Report **2009**

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(149735-M)

Annual Report 2009

Diversified Growth Through
Innovation & Technology

www.fittersgroup.com

Contents

FITTERS Diversified Berhad
(149735-M)

VISION

To be a global driving force in bringing cutting edge technology to enhance the quality of life

MISSION

Provide engineering and creative solutions through innovation and technology

CORE VALUES

F forefront in engineering
I innovative in meeting business challenges
T technology driven management and workforce – talent
T training the team to meet future challenges
E exceptional returns for stakeholders
R research emphasis towards delivery of reliable services
S social responsibility at the centre of the business model

COMPANY PROFILE

FITTERS is recognized as Malaysia's leading fire protection specialist. Incorporated in 1970, FITTERS started as a trading company and was listed on the Second Board of Bursa Malaysia in 1994 and subsequently promoted to the Main Board in 2007.

FITTERS humble beginning started in the fire protection industry and through the years, it has established itself as a "one-stop" fire protection specialist; involved in the manufacturing, trading and specialized installation of fire-fighting equipment and products. FITTERS' growth strategy, mirrored in its tagline ***"Diversified Growth Through Innovation & Technology"*** ; supported by strong technical expertise and experienced management team, will continue to form the cornerstone of the Group's development and resilience going forward.

In essence, FITTERS has strengthened its competitive position through its moderate diversification. It is paving the way in the field of renewable energy and this is evident in one of FITTERS's subsidiary making in-roads, both domestically and internationally, in promoting to the authorities and corporations, the existence of an alternative, environmentally friendly and sustainable energy source from municipal solid waste, medical waste, industrial hazardous waste, biomass and the appropriate technology to harness it.

The Group has also extended its contracting business into Mechanical & Electrical Engineering (M&E), infrastructure engineering services as well as civil engineering construction. It is involved in the niche market of specialist themed works and selective property development projects.

FITTERS also manages and runs the Fire & Rescue Department's privatized Centralized Fire Monitoring System (CMS) through its subsidiary Master Pyroserve Sdn Bhd.

QUALITY SYSTEM

MS ISO 9001:2000
Reg. No. : AR 0891

FITTERS' Corporate Head Office is located at Bandar Sri Damansara, Kuala Lumpur with branches in Ipoh, Penang, Johor Bahru, Kuching, Kota Kinabalu and Singapore.

C M S ...
Your direct link to Bomba

CORE BUSINESS - MANUFACTURING & TRADING

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

PYRODOR fire resistant doorset

Fire Equipment

MANUFACTURING

- Pyrodor Fire Resistant Doorset
- TITAN Hi-Ten Access Flooring System
- FITTERS Fire-X Fire Extinguisher
- Fire Safety Apparel
- Foam System

TRADING

- Fire Equipment & Protection
- Water Mist System
- Building Material

FITTERS FIRE-X Fire Extinguisher
Hand-held aerosol can

TITAN Hi-Ten Raised Access Flooring
"Tested and passed to be fully compliant with PSA MOB-PF2 PS/SPU specification"

Chemguard FOAM SYSTEM - UL Approved Sole foam blending facility in South East Asia and serves as "National Disaster Response Center"

Fire Safety Apparel

Fire Alarm System

Building Material

COMPANY PROFILE

CORE BUSINESS - CONSTRUCTION & ENGINEERING SERVICES

CONSTRUCTION

FITTERS has expanded its business into civil engineering construction. Its maiden construction project; the Festival City project in Setapak is now actively in progress.

The 3-storey Festival City shopping mall is scheduled to complete in 2010. When fully completed, the development will be a vibrant focal point of shopping, recreational, leisure, entertainment and dining activities. The lakeside setting will provide a serene and eco-friendly environment which enhances the lifestyle of its residents.

View of project job site

MECHANICAL & ELECTRICAL ENGINEERING SERVICES

FITTERS Engineering Services Sdn Bhd (FESSB) is an engineering services and contracting unit with 30 years experience in the building and construction industry. FESSB is principally involved in Mechanical & Electrical Engineering Services contracting, and also undertakes design and build projects. Our maintenance services team provides warranty support and preventive maintenance services.

Our services in ***Mechanical Engineering Building Services*** include Air Conditioning & Ventilation Installation, Fire Protection Installation, Water Supply & Sanitary Installation and Gas Supply Installation

Our services in ***Electrical Engineering Building Services*** include Electrical Power (HT, MV and LV installation), Extra Low Voltage Installation and Uninterruptable Power Supply and Power Engineering Solutions.

KLCC Twin Tower

Ministry of Finance, Putrajaya

PJ Trade Centre

COMPANY PROFILE

SPECIALIST THEMED WORKS

Z'odd Design is a specialist themed works contractor providing interior / exterior construction and themed finishes works. Our services range from artificial rockworks, façade construction, themed finishes, fabrication and installation of custom speciality props, design-assist development, art direction, design re-engineering as well as offering turnkey solutions to developers and builders.

As a one-stop solution provider, Z'odd provides maximum project coordination and flexibility while ensuring the highest level of design consistency. A combination of experienced management with master craftsmen and creative support, Z'odd works with owners, design architects and contractors to deliver quality projects on time and on budget.

Universal Studios Singapore – Dreamworks and Food & Retail Carts Packages

CORE BUSINESS - PROPERTY DEVELOPMENT

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

An embodiment of aspiration and inspiration, **ZetaPark** is aimed to provide a well-balance eco-friendly living and working environment for all ages.

ZetaPark is an integrated commercial, retail & residential development that signifies our key objectives of being creative & innovative. It offers an ultra modern, multi-facet mixed development consisting of SOHOs, Designer Studios and Service Apartments. Watch for its launching in 2010 ...

CORE BUSINESS - RENEWABLE ENERGY

Future NRG is a renewable, alternative, waste to energy total solution provider. FNRG secures project opportunities, manages the permitting processes, carries out the Engineering, Procurement and Construction (EPC) activities including the commissioning, operations and maintenance of the plants.

The technologies that FNRG integrates include biomass gasification, biomass to energy thermal plants using boilers and steam turbines, biogas generators using anaerobic digesters and thermal plasma gasification.

FNRG focuses on 4 main categories of feedstock, namely:

- Municipal Solid Wastes (MSW)
- Biomass wastes and Palm Oil Mill wastes
- Medical wastes
- Industrial and hazardous wastes

Our activities are currently focused mainly in Asia; where the problem of compounding waste and the need for renewable, alternative energy to substitute fossil fuel and reduce carbon emissions are acute and urgent.

CORPORATE INFORMATION

BOARD OF DIRECTORS

En. Mohammad Nizar Bin Idris	*Chairman - Independent Non-Executive Director*
Dato' Wong Swee Yee	*Managing Director*
Datin Goh Hooi Yin	*Executive Director*
Tan Sri Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohamed Ali	*Non-Independent and Non-Executive Director*
Mr. Kong Sin Seng	*Independent Non-Executive Director*
En. Mohamad Jamil Bin Mohd Yusof	*Independent Non-Executive Director*
En. Zahedi Bin Haji Mohd Zain	*Alternate Director to Tan Sri Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohamed Ali*

COMPANY SECRETARY
Mr. Ng Yim Kong (LS 0009297)

REGISTRAR
Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : 03 78418000
Fax : 03 78418151

HEAD OFFICE & REGISTERED OFFICE
No. 1, Jalan Tembaga SD 5/2
Bandar Sri Damansara,
52200 Kuala Lumpur
Tel : 03 62767155
Fax : 03 62758692
E-mail : fdb@fittersgroup.com

Manufacturing & Trading
Contact : Mr. K K Fong / Mr. S K Lee
Tel : 03 62779009
Fax : 03 62752780
E-mail : fdb@fittersgroup.com

Construction & Engineering Services
Contact : Mr. J D Law / Mr. Y S Chin
Tel : 03 62767155
Fax : 03 62758712
E-mail : project@fittersgroup.com

Property Development
Contact : Mr. Yap Wai Yee
Tel : 03 41433936
Fax : 03 41433790
E-mail : zetapark@fittersgroup.com

Renewable & Waste-to-Energy
Contact : Mr. K K Fong / Mr. Jose Capote
Tel : 03 62772200
Fax : 03 62721535
E-mail : enquiry@futurenrg.net

CMS / Maintenance Services
Contact : En. Anuar Yusof
Tel : 03 62767155
Fax : 03 62758692
E-mail : mps@fittersgroup.com

Specialist Themed Works
Contact : Mr. KK Fong / Mr. M H Yap
Tel : 03 62767155
Fax : 03 62751378
E-mail : info@zodddesign.com.my

Railway Engineering
Contact : Mr. M. Jayabalan / Mr. K H Chan
Tel : 03 62767155
Fax : 03 62758712
E-mail : fdb@fittersgroup.com

BRANCH OFFICES

Northern:
66B Lintang Angsana
Bandar Baru Ayer Itam
11500 Pulau Pinang
Contact : Mr. Tee Joo Seng
Tel : 04 8290734
Fax : 04 8290731
E-mail : penang@fittersgroup.com

Central:
13 &13A Jalan Dato' Haji Megat Khas
Taman Bandaraya Utama
31400 Ipoh
Contact : Mr. David Tiong
Tel : 05 5477622
Fax : 05 5477623
E-mail : ipoh@fittersgroup.com

Southern:
12 &12A Jalan Sagu 5
Taman Daya
81100 Johor Bahru
Tel : 07 3559585
Fax : 07 3559610

Sarawak
28, Ground Floor
Wisma Koperkasa
Jalan Simpang Tiga
93300 Kuching, Sarawak
Tel : 082 250221
Fax : 082 256221
E-mail : sarawaku@fittersgroup.com

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

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

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

SOLICITORS
Azlan Shah Sukhdev & Co.
Nasir, Kenzin & Tan
Soon Eng Thye & Co.
Soon Gan Dion & Partners
Jin & Co.

WEBSITE
http://www.fittersgroup.com

STOCK EXCHANGE LISTING
Main Market of
Bursa Malaysia Securities Berhad
Stock Short Name : Fitters
Stock Code : 9318

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and the Audited Financial Statements of FITTERS Diversified Berhad ('the Company') for the financial year ended 31 December 2009.

FINANCIAL REVIEW

The year under review started on a cautious note amidst reports of an economic downturn. In anticipation of the challenging 2009 market conditions, the management team took prudent measures to streamline the Group's operations, focus on credit management, control costs across the organization and enhance its sales & marketing efforts. The Group achieved a turnover of RM126.2 million with a Profit Before Tax of RM9.975 million. FY2008 saw a turnover of RM163.8 million with a Profit Before Tax of RM24.5 million largely due to a combination of extraordinary gain from the disposal of Cameron Fresh Farms and the sale of the option for development of a shopping mall. The gross margins for the FITTERS core fire safety and prevention business remained fairly stable.

CORPORATE AND BUSINESS DEVELOPMENT

The main corporate events for 2009 include the following:-

- The Company through its subsidiary, Future NRG Sdn Bhd ("FNRG") had entered into a Joint Venture Agreement with ANKUR for the purpose of forming a joint venture company called Future Biomass Gasification Sdn. Bhd. to undertake the sale and distribution of Biomass Gasification Plants and to carry out engineering, procurement and construction ("EPC") and other ancillary works for such projects;

- Acquisition of 100% equity interest in the issued and paid up capital of Impian Wirama Sdn Bhd (now known as Future Biomass Gasification Sdn Bhd) by the Company through its subsidiary, FNRG;

- Acquisition of 100% equity interest in the issued and paid up capital of Dutamas Mesra Sdn Bhd (now known as FITTERS-NRG Sdn Bhd);

- FNRG had on 25 August 2009, entered into a Biomass Power Plant Investment Contract with Liangshan County People's Government, Shandong, PRC ("Liangshan County") in which FNRG was granted a concession by Liangshan County to build, own and operate the Liangshan County Biomass Power Plant.

- The company had on January 2009 through one of its subsidiaries Z'odd Design Sdn Bhd secured themed works (Dreamworks and Food & Retail Carts) for the Universal Studios Singapore Theme Park. The said parcel of the project had commenced in the 2nd quarter of 2009 and was completed in early 2010.

- The company has also ventured into civil engineering construction through its subsidiary FITTERS Engineering Services Sdn Bhd (FESSB). Its maiden construction project; the Festival City mall in Setapak is now actively in progress. The 3-storey shopping mall is scheduled for completion in 2010.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) is an integral part of FITTERS's business model. As a good corporate citizen, the company is continuing with various programs as part of the awareness campaign with respect to fire safety and prevention under the Housing & Local Government's "One-Home-One-Extinguisher" campaign.

For the year under review, the Company has worked with the Fire Prevention Council Malaysia (FIPCOM) in organizing Fire Safety Workshops targeted at children to help nurture the young generation to be prepared and ready to handle any fire eventualities. The company in collaboration with Automobile Association of Malaysia (AAM) and FIPCOM has also organized the **"One-Car-One Extinguisher"** campaign. The objective is to create fire safety awareness and equip Malaysian homes and cars with **'first line of fire defense tools.'**

CHAIRMAN'S STATEMENT

ECONOMIC TRENDS AND DEVELOPMENTS

The Malaysian economy is projected to grow by between 4.5% and 5.5% in 2010 as compared to a negative growth in 2009. Growth is expected to be driven by greater private sector activity and robust external demand from the regional countries. The main contribution to growth in 2010 would come from the expected strengthening in domestic demand, driven by the private sector. These positive developments augur well for our core businesses in the Manufacturing & Trading, and Construction & Engineering Services sectors.

In July 2009, the Prime Minister launched the Green Technology Policy, which is a catalyst for green technology development for Malaysia. In line with the policy, the Energy, Green Technology and Water Ministry has established the Renewable Energy policy and Action Plan (REAP). The Government's initiative and focus on green, renewable energy offers business opportunities for FNRG, a renewable, alternative and waste-to-energy total solution provider for biomass, biogas, municipal solid waste, medical wastes and hazardous wastes.

FUTURE OUTLOOK

FITTERS's growth strategy, mirrored in its tagline ***"Diversified Growth Through Innovation & Technology"***; supported by strong technical expertise and experienced management team will continue to form the cornerstone of the Group's development and resilience going forward.

Through 2008 – 2009, the Group has embarked on a journey of continuous improvements; streamlining & simplifying procedures using up-to-date Information, Communication and Technology (ICT) infrastructure to enhance efficiency and productivity. FITTERS's ICT infrastructure is poised to support the Group's future business expansion.

FITTERS's Manufacturing, Trading & Services businesses continue to form the base of the Group's operations in the fire safety and prevention industry, generating a steady stream of income through the years; regardless of economic cycles. Our CMS growing subscriber base generates recurring income. We operate the sole foam blending facility for South East Asia through our synergistic partnership with Chemguard, USA, the leader in the foam industry. Our innovative design TITAN Hi-Ten raised access floor; fully compliant with British/European standards allows us to make inroads into the European, Middle East & India markets. Our very affordable *"Big Home Extinguisher in a Small Can"* supports the Housing Ministry's One-Home-One-Extinguisher and One-Car-One-Extinguisher campaigns. These niche products will continue to drive the Group's revenues in the future.

The Construction & Engineering Services business is expected to perform within expectations as the Engineering team continues to secure more projects and the Construction team prepares to handover the shopping mall project. We expect to launch our SOHOs, Designer Studios and Service Apartments through our Property Development subsidiary. This naturally takes advantage of FITTERS's core competency "construction & engineering" and moves into selected property development projects when there is an opportunity. This strategy is to maximise cash flow with the resources available within the Group.

Z'odd Design Sdn Bhd, specialist themed works contractor which specializes in themed finishes, artificial rockworks, facade construction, fabrication & installation of custom speciality props, is today recognized by international themepark operators for their quality finishes and successful performance for some recent iconic projects in this region. Z'odd is continuously being invited for closed tenders for numerous theme park projects both in Malaysia and regionally; and is expected to feature prominently towards the Group's revenue and profitability for 2010.

Future NRG Sdn Bhd, renewable, alternative and waste-to-energy total solution provider is aggressively promoting its technology and solution to the authorities and corporations both in Malaysia and regionally. Ground breaking ceremony has begun for the construction of the 4 MW Biomass Power Plant in Liangshan County, China. FNRG, Liangshan has been granted a 50 years approval to operate the business. We expect FNRG to deliver a strong and sustainable performance for the Group in the medium to long term.

FITTERS has embarked to reinvigorate growth expectations and create a more sustainable entity in the long term. FITTERS's strategy is to maximise cash flow, retaining existing customers and ensure the value of business well and at the same time moderately diversify and leverage on the cash flow generated to develop a strong position on emerging or early-stage business life cycles.

While we remain cautiously optimistic, we are confident that with the commitment of our people, strict internal controls, good business foresight and management, FITTERS will be able to perform within expectations and our progress remains on track.

ACKNOWLEDGEMENT

Finally, on behalf of the board of FITTERS, I wish to extend my sincere thanks and appreciation to the management team and staff for their contribution, dedication and commitment to our Company.

I also like to thank our valued customers, shareholders, associates and partners for their continued confidence and support through the years.

Lastly, I also like to thank the distinguished members of the Board for their valuable advice and contributions to the Company.

MOHAMMAD NIZAR BIN IDRIS
Chairman
Dated this: 30 April 2010.

BOARD OF DIRECTORS' PROFILE

EN. MOHAMMAD NIZAR BIN IDRIS

Encik Mohammad Nizar bin Idris, 67, a Malaysian is the Chairman of the Board and an Independent Non-Executive Director. He was first appointed to the Board on 21st November 2000. He is also the Chairman of the Nomination and Remuneration Committee and is a member of the Audit Committee.

He holds a Bachelor of Law (Honours) degree, AMP (Harvard) and he is a member of the Malaysian Bar.

He started his career in the Civil Service and the Judicial and Legal Service. Prior to joining the private sector, he was the Senior Federal Counsel responsible for tax and treasury matters. In 1976 he joined the Royal Dutch Shell Group. He worked in Malaysia, The Hague (Netherlands) and London. He was the first non-European to Head the Legal Division of Shell International Petroleum Co. Ltd in London which dealt with the Royal Dutch Shell Group's business, investments and joint ventures for the world. Before retiring from Shell, he returned to Malaysia to assume the position of Deputy Chairman and Executive Director of Shell Companies in Malaysia and the Chairman of Shell Chemicals. He retired in 1997.

After his retirement, he served on the boards of several companies including a bank, investment bank, insurance and unit trust management companies. He was also a director of Khazanah Nasional Bhd. He is now a director of Felda Global Ventures Holdings Sdn Bhd.

He has no other directorship in other public companies and neither is there any family relationship with any director and/or substantial shareholder. There is no conflict of interest with the Company. There are no convictions for any offences within the last 10 years.

DATO' WONG SWEE YEE, DSSA

Dato Wong Swee Yee, 52, a Malaysian is the founder of the Company. He is the Managing Director and an Executive Non-independent Director. He was first appointed to the Board on 18th January 1986. He is the Chairman of the Executive Committee and the Employee Share Option Scheme (ESOS) Committee, member of the Remuneration and Risk Management Committees.

He is an Associate Member of Harvard Business School Alumni Club of Malaysia and Vice-President of the Table Tennis Association of Malaysia.

He has been in the fire safety and prevention industry since 1979. As the founder, he has been instrumental in building up FITTERS Group. His visionary entrepreneurial skills and foresight has led the Company to move into both upstream and downstream activities in the fire fighting industry. He has also contributed greatly to the fire safety industry by bringing into Malaysia state-of-the-art technology and he is instrumental in setting up a comprehensive network of distributorship rights for specialised fire fighting equipment and systems for FITTERS. He is instrumental in taking the Group to greater heights by diversifying into new areas of property and renewable energy development.

He has no other directorship in other public companies. Datin Goh Hooi Yin, his spouse, is also a member of the Board. Mr. Wong Swee Seong, the shareholder of FITTERS Diversified Berhad is his brother. Save for recurrent related party transactions noted in the Annual Report, there is no conflict of interest with the Company. There are no convictions for any offences within the last 10 years.

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

Tan Sri, 87, a Malaysian was first appointed to the Board on 26th January 1994. She is a Non-Independent and Non-Executive Director.

She holds a Diploma in Social Science & Economics from London School of Economics, University of London. She is a fellow of the Faculty of Building, England and Institute of Management Consultants Malaysia. She was also awarded the Doctorate, Honoris Causa from the University of Southern Queensland, Australia in 1997.

She currently serves in many public, social and welfare organizations including the National Council of Religious Affairs, Malaysia; member of the National Welfare Council, Malaysia and is the President of the Spastic Children's Association of Selangor and Federal Territory. She is currently also the President of the Institute of Management Consultants, Malaysia; Trustee of Sunway College; Executive Chairman of Help International Corporation Berhad and Chairman of the Association of Promotion of Higher Education in Malaysia (APHEM). She is also an advisor to The Asian Strategy and Leadership Institute (ASLI), and the Malaysian Strategic Research Centre (MSRC).

She sits on the board of Leong Hup Holdings Berhad, Hirotako Holdings Berhad and Malaysia Land Development Co. Berhad. En. Zahedi Bin Haji Mohd Zain, her alternate director, is her son. There is no conflict of interest with the Company. There are no convictions for any offences within the last 10 years.

BOARD OF DIRECTORS' PROFILE

MR. KONG SIN SENG

Mr Kong, 54, a Malaysian was first appointed to the Board on 22nd December 2001. He is an Independent Non-Executive Director. He is the Chairman of the Audit and Risk Management Committee and is a member of the Nomination Committee and ESOS Committee.

Mr Kong holds a Bachelor of Accounting (Hons) from the University of Kent, England. He is a member of the Institute of Chartered Accountants in England & Wales.

He started his career as an articled clerk with Reeves & Neylan, Chartered Accountants in the United Kingdom from 1978 to 1982 and subsequently joined Price Waterhouse in 1983. He then joined Promet Berhad as Group Financial Executive in 1983 and United Detergent Industries as Financial Controller in 1986. In 1987 he was attached to Promet Petroleum Ltd in Jakarta and subsequently with the Dharmala Group, Indonesia in 1989 as Group Financial Controller. He subsequently became the Managing Director of Heavy Equipment Division and the Director of Financial Services Division. He joined FACB Berhad as the Chief Financial Officer in 1995 and in 1997 was the PA to the Chief Executive Officer of MBF Capital Berhad and as Senior Vice President in MBF Finance Berhad. Since 2000 he became the Chief Executive Officer of Goldwealth Capital Sdn Bhd and is currently the Chief Executive Officer of Widetech (M) Berhad.

He is also on the Board of Widetech (M) Berhad since September 2004. He has no other directorship in other public companies. He has no family relationship with any director and/or substantial shareholder. There is no conflict of interest with the Company. There are no convictions for any offences within the last 10 years.

EN. MOHAMAD JAMIL BIN MOHD YUSOF

Encik Jamil, 67, a Malaysian was first appointed to the Board on 15th September 1997. He is an Independent Non-Executive Director. He is a member of the Audit Committee, Nomination Committee and the Remuneration Committee.

He holds a Bachelor of Science degree in Electrical Engineering from the University of Strathclyde and a Diploma in Radio Engineering from Technical College, Kuala Lumpur.

He started his career with Radio TV Malaysia (RTM) as a Technical Assistant and later became a Regional Engineer and a Project Engineer. During his tenure with RTM from 1963 to 1974, he was involved in operations and maintenance of Radio/TV equipment and later in establishing new broadcasting stations. He then joined Chubb Malaysia Sdn Bhd as a Manager in Electronics Division. In 1982, he was appointed as Deputy Managing Director and subsequently became the Managing Director. In 1994, he joined G-Five Security Consultancy Sdn Bhd as its Managing Director.

He has no other directorship in other public companies. There is no family relationship with any director and/or substantial shareholder. He has no conflict of interest with the Company and there are no convictions for any offences within the last 10 years.

EN. ZAHEDI BIN HAJI MOHD ZAIN

Encik Zahedi, 55, a Malaysian was first appointed to the Board on 26th January 1994. On 22nd December 2001, he was appointed as the Alternate Director to Tan Sri Datuk Paduka Dr. Hajjah Saleha binti Haji Mohamed Ali.

He holds a Bachelor of Science Honours Degree (Applied Science) from Brighton Polytechnic, United Kingdom.

He started his career as a production engineer with Petronas in 1981. In 1985 he joined Perusahaan Dapat Sdn Bhd (now known as Autoliv Hirotako Safety Sdn Bhd) as an Executive Director, a position which he still holds.

He is also a Director of Hirotako Holdings Berhad since 1994. He has no other directorships in other public companies. His mother, Tan Sri Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohamed Ali is also a member of the Board. There is no conflict of interest with the Company. There are no convictions for any offences within the last 10 years.

DATIN GOH HOOI YIN

Datin Goh Hooi Yin, 49, a Malaysian is an Executive Non-Independent Director. She was first appointed to the Board on 15th December 2008. She is a member of the Executive Committee and the Employee Share Option Scheme (ESOS) Committee. She holds a Bachelor of Science (Mathematics), 1st class Honours degree from the University of Malaya.

She started her career as an analyst with an insurance company. She subsequently joined an IT organization and effectively served in various positions spanning across sales & marketing, project management, consulting, customer service and profit center responsibilities. She joined the Group's subsidiary (Master Pyroserve Sdn Bhd) for a period of 3 years; assisting in the ISO accreditation and overseeing the maintenance operations.

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

GROUP FINANCIAL HIGHLIGHTS

AS AT 31 DECEMBER 2009 AND FOR THE PRECEEDING 4 YEARS

RM'000	2005	2006	2007	2008	2009
Revenue	143,332	128,421	146,452	163,789	126,226
Profit/(loss) before taxation	12,547	16,081	8,598	24,520	9,976
Taxation	(3,266)	(3,880)	(2,749)	(1,164)	(1,675)
Profit after taxation	9,281	12,201	5,849	23,356	8,301
Minority interests	(101)	(169)	(320)	(1,726)	(284)
Profit/(loss) for the year	9,180	12,032	5,529	21,630	8,016
Share Capital	41,452	62,177	65,579	65,579	65,579
Treasury Shares	-	-	-	(4,454)	(2,277)
Distributable Reserves	25,758	18,600	20,299	38,047	43,388
Non-Distributable Reserves	5,281	1,943	7,885	7,890	7,862
Shareholders' Fund	72,491	82,720	93,763	107,062	114,552
Fixed Assets	14,983	7,996	10,680	14,242	14,658
Investments	5,533	5,316	18,773	16,674	20,902
Development Property	2,129	-	-	30,569	30,922
Intangible Assets	14,996	14,992	15,113	4,848	4,702
Other Non-Current Assets	-	-	-	589	582
Deferred Tax Asset	-	4	-	450	285
Current Assets	103,268	116,804	141,763	133,901	114,632
Total Tangible Assets	125,913	130,120	171,216	196,425	181,981
Bank Borrowings	37,212	31,817	52,061	34,636	19,376
Net Tangible Assets	59,152	69,407	78,968	102,355	110,271
Weighted Average Share Capital	41,452	62,177	64,719	64,718	61,392
Net Tangible Assets per share (sen)	142.70	55.81	61.01	79.08	89.81
Earnings per share (sen)	22.15	9.68	4.30	16.71	6.53

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("Board") of FITTERS Diversified Berhad ("FITTERS" or "the Company") recognises the exercise of good corporate governance in conducting the affairs of FITTERS with integrity, transparency and professionalism as a key component in fulfilling FITTERS' Corporate Mission. The Company strives to provide the best solutions and services in the fire protection industry and other businesses it involves in while maximising shareholders' value.

The Company is fully committed to good corporate governance practices and fair dealings in all its activities. It subscribes fully to the principles and Best Practices promoted by the Malaysian Code of Corporate Governance ("the Code") which was revised on 1 October 2007. This statement describes the Best Practices that the Company had adopted with respect to each of the key principles of the Code and the extent of its compliance during the financial year.

1. BOARD OF DIRECTORS

1.1 Responsibilities

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

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

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

1.2 Board Balance

The Board has six members providing a balanced mix of two Executives, one Non-Independent Non-Executive Director and three Independent Non-Executive Directors, whose varied skills and vast experiences are relevant to the Group's business operations. There is a clear segregation of responsibilities between the Chairman and the Managing Director to ensure a balance of power and authority. The Board is led by En. Mohammad Nizar Bin Idris as the Independent Non-Executive Chairman. Dato' Wong Swee Yee, the Managing Director, leads the executive management of the Company. No one individual or small group of individual Directors dominate the Board's decisions. The composition of the Board fairly reflects the interest of the majority and minority shareholders. The Board has identified En. Mohamad Jamil Bin Mohd. Yusof as the Senior Independent Non-Executive Director to whom, concerns may be conveyed in accordance with the requirement of the Code.

The Independent Directors are independent of management and free from any relationship or any transaction, which may interfere with their independent judgement. The Board complies with the Listing Requirements of paragraph 15.02 whereby at least one-third of the Board is independent.

STATEMENT ON CORPORATE GOVERNANCE

1.3 Board Meetings

The Board met on a scheduled basis of six times a year for the financial year ended 31 December 2009, at the registered office. Details of attendance of these meetings are as follows:

Directors	No. of Meetings Attended
En. Mohammad Nizar Bin Idris	6 / 6
Dato' Wong Swee Yee	6 / 6
Datin Goh Hooi Yin	6 / 6
Tan Sri Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohamed Ali	4 / 6
Mr. Kong Sin Seng	6 / 6
En. Mohamad Jamil Bin Mohd Yusof	5 / 6
Mr. Wong Cheek Lung (demised on 12.03.2009)	0 / 1

Alternate Directors	
En. Zahedi Bin Haji Mohd Zain	6 / 6
Mr. Wong Swee Seong (ceased on 12.03.2009)	1 / 1

The Board meets on matters reserved specifically for its decision to ensure the overall strategic direction and control of the FITTERS Group is firmly in its hands. These include matters such as dividend policy, major asset acquisitions and disposals, joint ventures and investments decisions, issue of new shares, related party transactions, financial performance and other important matters which fall into the purview of the Board.

1.4 Supply of Information

Prior to each Board meeting, every Director is given an agenda and a set of Board Papers for each agenda to be deliberated. The Board Papers include minutes of the previous meeting, quarterly financial results and issues requiring the Board's deliberation and approval and other ad-hoc reports. For example, minutes of the Executive Committee, Audit Committee and Nomination Committee are extended to the members of the Board at the conclusion of each of the meetings. The findings of the Risk Management Committee are also extended to the Board.

The Board members have unrestricted access to timely and accurate information, necessary in the performance of their duties as a full board as well as in their individual capacities. Whenever the need arises, senior management will be invited to board meetings to further assist the Board in understanding the Company's operations and making final decision.

All Directors have access to the advice and services of the Company Secretary, the Internal Auditor and the External Auditors. In the execution of their duties as Directors, whenever independent professional advice is required, external independent expert may be engaged at the expense of the Company. However, no such advice was sought by any Director for the financial year 2009.

1.5 Company Secretary

The Company Secretary provides guidance to the Board on matters pertaining to the Board's responsibilities in order to ensure that they are effectively discharged within relevant legal and regulatory requirements. This includes updating the Board on the Listing Requirements, circulars from Bursa Malaysia Securities Berhad and other legal and regulatory developments and their impact on the Group and its business.

The Company Secretary or his representative attends all Board Committee meetings where he records and circulates the minutes of the meetings. He is also responsible for the safekeeping of the minutes by ensuring that they are kept at the registered office of the Company and are available for inspection, if required.

STATEMENT ON CORPORATE GOVERNANCE

1.6 Appointments to the Board

The appointment of new Directors is under the purview of the Nomination Committee which is responsible for making recommendations to the Board of suitable candidates for appointment as Director of the Company. Suitable candidates must be approved by the Board.

As part of the process of assessing the suitability of candidate for Board membership, the Nomination Committee takes into account various factors such as the individual's educational background, experience, Listing Requirements, general knowledge of the Company's business and market.

1.7 Re-election of Directors

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

1.8 Directors' Training

All directors have attended the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad. As an integral element in the process of appointing new directors, there will be a period of orientation and education for the new Board members.

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

During the year ended 31 December 2009, the directors had attended training conducted by the Company Secretary on "Corporate Governance Guide - Towards Boardroom Excellence" or more commonly known as the "CG Guide" for the purpose of providing the directors with an idea of what are the contents that are covered in the 9 chapters and 11 exhibits of the CG Guide.

In addition, the directors had also attended seminars, talks and visits to principal's office / plant to understand the latest technology of the new businesses that the Group is involved in.

The directors will continue to undergo other relevant training programmes and seminars to ensure that they remain well equipped with the relevant knowledge as well as emergent strategic directions and ideas to discharge their duties effectively.

1.9 Board Committees

1.9.1 Audit Committee

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

STATEMENT ON CORPORATE GOVERNANCE

1.9.2 Nomination Committee

The Company had on 22 December 2001 established a Nomination Committee in line with the Code. The composition of the Nomination Committee, which consists of Independent Non-Executive Directors, is as follows:

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

The Nomination Committee's functions are to:-

(a) recommend to the Board, candidates for all Directorships to be filled by the shareholders or the Board after considering the candidates' skills, knowledge, expertise and experience, professionalism and integrity. In the case of the candidates for the position of the Independent Non-Executive Directors, the Nomination Committee should also evaluate the candidates' ability to discharge such responsibility/ functions as expected from Independent Non-Executive Directors.
(b) consider, in making its recommendations, candidates for Directorship proposed by the Managing Director and within the bounds of practicability, by any other senior executive or any Director or any shareholder.
(c) recommend to the Board, Directors to fill the seats on Board Committees.
(d) review the Board's structure and balance between Executives and Non-Executives Directors.
(e) assess the effectiveness of the Board as a whole, the effectiveness of the committees of the Board and the contribution of each individual Director, including Independent Non-Executive Directors and Managing Director.
(f) review the required mix of skills and experience and other qualities including core competencies which Non-Executive Directors shall bring to the Board.
(g) perform any other ad-hoc duties that may be required by the Board.

During the financial year 2009, the Nomination Committee met and deliberated on the composition and performance of the Board members. It was concluded that the calibre, experiences, qualifications and the present mix of Board members are sufficiently adequate and capable in managing the Company and ensuring the Group's strategies are properly considered and implemented.

1.9.3 Remuneration Committee

The Company had on 22 December 2001 established a Remuneration Committee in line with the Code. The composition of the Committee is as follows:

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

The Remuneration Committee's functions are to:-

(a) assist the Board in discharging its responsibilities in ensuring that the Company's and the Group's Executive Directors and the senior management team are fairly rewarded for their individual contributions to the Company's and the Group's overall performance and the levels of remuneration is sufficient to attract and retain the best Executive Directors and senior managers to run the Company and the Group successfully.
(b) recommend to the Board on the policies and framework for the Company and the Group in relation to staff remuneration, rewards and benefits.
(c) oversee and review the scope and quality of human resource projects/programmes of the Company and the Group.

During the financial year, the RC had reviewed:

(i) the remuneration package of YBhg Dato' Wong Swee Yee, whose service contract as Managing Director of the Company had expired on 30 June 2009 and recommended it to the Board to be extended for another 3 years subject to annual review,
(ii) monthly allowance of En. Mohamad Jamil Bin Mohd Yusof; and
(iii) reimbursement for the Chairman for expenses incurred for business related matters.

STATEMENT ON CORPORATE GOVERNANCE

1.9.4 Executive Committee ("EXCO")

Executive Committee ("EXCO") is the principal decision making body for day-to-day operational matters that cannot be dealt with by the respective operational heads due to the significance and/or magnitude of the issue or transaction involved. The EXCO's functions are:

1. To review operational and financial performance of all operating units under the Company.
2. To discuss operational issues, business development, business plans and budgets, personnel and all matters relating to the running of the operating units.
3. To act as a check and balance for major operational decisions that requires an independent and objective evaluation.
4. To act as an evaluation and consultation panel to facilitate prompt and effective decision making by the Board of Directors.
5. To enable faster response to operational issues.
6. To provide approvals based on authority levels sanction by the Board of Directors in order to facilitate effective running of the operational units.

The composition of the EXCO is as follows: -

Chairman:	Dato' Wong Swee Yee
Members:	Datin Goh Hooi Yin
	Mr. Su Thai Ping (resigned on 31 December 2009)
	Mr. Fong Kum Kuan
	Mr. Law Jenn Dong
	Mr. Joseph Lam Wai (resigned on 24 June 2009)
	Ms. Chong Wei Wei

1.9.5 Risk Management Committee

The Risk Management Committee assisted the Board to carry out its responsibilities in relation to managing the Company's risk in a systematic and methodical manner. This includes risk assessment evaluation and the setting up of a risk management framework for monitoring of risk on a regular basis.

The Committee consists of at least one Independent Non-Executive Director, members of EXCO and senior management/heads of division.

1.9.6 Employee Share Option Scheme ("ESOS") Committee

The ESOS Committee was established to administer and implement the Company's ESOS in accordance with the approved by-laws, to determine participation, eligibility, option offers, share allocations and to attend to such other matter as may be required.

The members of the ESOS Committee are as follows:

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

STATEMENT ON CORPORATE GOVERNANCE

2. DIRECTORS' REMUNERATION

During the financial year 2009, Remuneration Committee met to review and deliberate on the remuneration scheme. The Committee concluded that the levels of remuneration set for each individual Director is sufficient to attract and retain the Directors. The component parts of the remuneration are structured so as to link rewards to corporate and individual performance, in the case of Executive Directors. The level of remuneration of Non-Executive Directors would reflect their experience and level of responsibilities undertaken.

The details of the remuneration for Directors of the Company during the financial year ended 31 December 2009 are as follows:

Aggregate Remuneration Categorization	Executive Directors (RM'000)	Non-Executive Directors (RM'000)
Fees	-	66
Salaries	934	170
Bonuses	162	-
Benefits-in-kind	8	-
Total	1,104	236

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

Range of Remuneration	No. of Executive Directors	No. of Non-Executive Directors
Below RM50,000	-	3
RM50,001 to RM100,000	-	2
RM200,001 to RM250,000	1	-
RM850,001 to RM900,000	1	-

3. SHAREHOLDERS

3.1 Dialogue between the Company and Investors

The Company recognises the importance of establishing a direct line of communication with shareholders and investors through timely dissemination of information of the Company's performance and major developments through:

(a) the Annual Report;
(b) the various disclosures and announcements made to Bursa Securities including the Quarterly Results and the Annual Results;
(c) explanatory circulars on business requiring shareholders' approval; and
(d) the Company's website www.fittersgroup.com

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

3.2 The Annual General Meeting

The Company's Annual General Meeting ("AGM") has served as a principal forum for dialogue with the shareholders. The Chairman and the Board encourage all shareholders to attend and participate at the AGM in order to know the latest developments and have a clear and complete picture pertaining to the Company's performance and their plans for the future. This also provides an opportunity for shareholders to have a dialogue with the Directors to share and exchange their views and opinions at the AGM.

STATEMENT ON CORPORATE GOVERNANCE

4. ACCOUNTABILITY AND AUDIT

4.1 Internal Control

The Company adopts a comprehensive, purpose driven management system, whereby the Company's mission is incorporated into its objectives which are supported by strategies, action plans, controls and monitoring systems encompassing internal controls and risk management.

The system of internal control is continuously being reviewed and improved in line with the changing business environment, industry practices and risk-rewards profiles. The Company has a Group Internal Audit Department (which reports directly to the Audit Committee) to conduct regular reviews on compliance with internal control procedures and practices and to review the effectiveness of the risk management and governance processes within the Company. The Statement on Internal Control in this Annual Report provides an overview of the state of internal controls within the Group.

4.2 Financial Reporting

The Board aims to present a balance and meaningful assessment of the Company's position and prospects to the shareholders primarily through the annual financial statements, quarterly financial reporting as well as the Chairman's Statement on review of operations in the Annual Report. The Board is assisted by the Audit Committee to oversee the FITTERS Group's financial reporting process and the quality of its financial reporting. This applies to price-sensitive public reports and reports to regulators.

4.3 Relationship with the Auditors

The Company works closely with the External Auditors and maintains a transparent relationship with them in seeking professional advice and ensuring compliance with applicable approved accounting standards and statutory requirements.

The Group Internal Audit Department is independent with unrestricted access to information and rendered full cooperation by all levels of management in order to carry out their functions effectively. The Company is aware that the Internal Audit function forms an integral part of an effective system of corporate governance. Thus the External Auditors and Internal Auditors' impartiality, integrity and objectivity are greatly respected and being reciprocated by their professionalism in conducting audits of the Company.

The Board is satisfied that the Company has, in all material aspects, complied with the Best Practices of the Code. The statement was approved by the Board on 17 May 2010.

5. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to paragraph 15.26(a) of the Listing Requirements of Bursa Malaysia Securities Berhad

The Directors are required by the Companies Act, 1965, to prepare financial statements for each financial year which have been made out in accordance with the applicable Approved Accounting Standards which give a true and fair view of the state of affairs, the results and the cash flows of the Group and of the Company at the end of the financial year.

In preparing the financial statements, the Directors have :
- selected accepted accounting policies and applied them consistently;
- ensured that all applicable accounting standards have been followed and if there are any material departures, to disclose and explain in the financial statements;
- made judgements and estimates that are reasonable and prudent; and
- prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time, the financial position of the Group and of the Company and are in compliance with the Companies Act, 1965. The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company and have taken reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT ON CORPORATE GOVERNANCE

6. ADDITIONAL COMPLIANCE INFORMATION

1. Status of utilization of proceeds raised from corporate proposals during the financial year 2009

No proceeds were raised from any corporate proposals during the financial year 2009.

2. Share Buy-Back

During the financial year ended 31 December 2009, the Company bought back a total of 1,123,000 ordinary shares of RM0.50 each ("FITTERS shares") which are listed on the Main Board of Bursa Malaysia Securities Berhad on the open market. The details of the shares bought back during the year are as follow :

Monthly breakdown	No of "FITTERS shares" bought back/(resold) & retained as treasury shares	Buy-back price per share (RM)		Average cost per share (RM)	Total cost (including commission and brokerage paid)
		Lowest	Highest		
February	1,118,000	0.430	0.450	0.443	497,074.30
March	5,000	0.440	0.440	0.440	2,243.66

All the "FITTERS shares" bought back during the financial year were held as treasury shares. As at 31 December 2009, a total of 11,110,700 "FITTERS shares" were held as treasury shares. None of the treasury shares held were cancelled during the financial year.

3. Options or convertible securities

Employees Share Option Scheme ("ESOS") of the Company came into effect on 9 May 2001 and was extended for a further five years to 9 May 2011. No options have been granted and exercised during the financial year 2009.

On 28 November 2007, the Company issued a renounceable rights issue of 65,578,592 warrants at RM0.10 per warrant on the basis of one (1) new warrant for every two (2) existing ordinary shares of RM0.50 each. These warrants were listed on Bursa Malaysia Securities Berhad on 5 December 2007. The exercise period commenced on the date of issue of the warrants and it will mature five years from the date of issuance. All warrants remained unexercised as at 31 December 2009.

4. American Depository Receipt (ADR) / Global Depository Receipt (GDR) programme

During the financial year 2009, the Company did not sponsor any ADR or GDR programme.

5. Sanctions and/or penalties imposed on the company & its subsidiaries, directors or management by the relevant authorities

During the financial year 2009, there were no sanctions or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant authorities.

6. Non-Audit Fees

During the financial year 2009, there were no non-audit fees paid to the external auditors of the Company.

7. Variation in results

There were no variances of 10% or more between the results for the financial year 2009 and the unaudited results previously announced.

8. Profit Guarantee

There were no profit guarantees made or given in relation to the financial year 2009.

STATEMENT ON CORPORATE GOVERNANCE

9. Material contracts awarded to directors and substantial shareholders

There were no material contracts entered into by the Company and its subsidiaries involving Directors and/or substantial shareholders during the financial year nor any whose interest still subsist at the end of the financial year, as at 31 December 2009.

10. Revaluation Policy

Save as disclosed in Note 13 of the Notes to the Financial Statements on pages 56 to 58, the Company does not have any other revaluation policy on landed properties.

11. Recurrent Related Party Transactions Of A Revenue Or Trading Nature ("RRPTs") Conducted Pursuant To The Shareholders' Mandate During The Financial Year Ended 31 December 2009

Pursuant to Practice Note 12/2000 issued by the Bursa Malaysia Securities Berhad, the aggregate value of RRPTs made during the financial year in respect of the Shareholders' Mandate which was obtained on 29 June 2009, are set out below:

Nature of Transactions/ FITTERS Group	Mandated Related Party	Estimated value (3)		Aggregate value of the RRPTs during the financial year ended 31 December 2009	
		RM'000	RM'000	RM'000	RM'000
Subcontract works (1)		**Subcontract From**	**Subcontract To**	**Subcontract From**	**Subcontract To**
FSB Group	Wai Soon *Interested Director and Major Shareholder* – Wong Swee Loy	-	8,000	-	2,902
Sales and Purchases of goods and services (2)		**Sell To**	**Purchase From**	**Sell To**	**Purchase From**
FSB Group	Fsabah *Interested Directors* - Dato' Wong Swee Yee - Datin Goh Hooi Yin *Interested Major Shareholder* –Dato' Wong Swee Yee	2,000	100	627	-
MPS, FSPL	Wai Soon *Interested Director and Major Shareholder* – Wong Swee Loy	50	-	-	-
Total Estimated Value		**2,050**	**8,100**	**627**	**2,902**

Notes: -

(1) Portions of certain contracts secured are subcontracted due to certain product expertise is unique to that particular company inclusive of manpower and miscellaneous items, which are used in the installation of fire fighting, protection and prevention equipment and systems, and in the manufacture of fire rated doors by the Related Party. In turn, in respect of FITTERS Group's expertise and project management in fire fighting, protection and prevention equipment and systems, contracts secured by the Related Party are subcontracted to FITTERS Group in the ordinary course of business. Transaction prices are determined based on market rates, which are not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders.

(2) Sale of finished goods of certain fire safety and protection equipment, fire rated doors and maintenance services are to meet the needs of the customers at various geographical locations. In addition, centralised purchasing for raw materials and parts or components of certain fire safety and protection equipment required in their normal course of business to optimise efficiency and to derive pricing economies.

Transaction prices for sales and purchases are determined based on cost plus taking into consideration the nature, complexity and urgency required and it is not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders.

(3) The estimated transaction values are based on prevailing rates/prices obtained from the Related Party which are at reasonable market-competitive prices based on the normal level of transactions entered into by the FITTERS Group. The estimated amounts are further based on the assumptions that the current levels of operations will continue and all external conditions remain constant. Due to the nature of the transactions, the actual value of transactions may vary from the estimated value disclosed above. Disclosures will be made in the 2009 Annual Report of the Company on the actual aggregate value of transactions contemplated pursuant to the Proposed Shareholders' Mandate.

Abbreviations used above

Fsabah	*FITTERS (Sabah) Sdn Bhd*
FSBGroup	*FITTERS Sdn Bhd & its subsidiaries*
MPS	*Master Pyroserve Sdn Bhd*
FSPL	*FITTERS (S) Pte Ltd*
Wai Soon	*Wai Soon Engineering Sdn Bhd*

The above recurrent related party transactions of a revenue or trading in nature were undertaken on terms not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders.

AUDIT COMMITTEE REPORT

AUDIT COMMITTEE REPORT

The Board of Directors of FITTERS Diversified Berhad is pleased to present the Audit Committee Report for the financial year ended 31 December 2009.

COMPOSITION, MEETINGS AND ATTENDANCE

The Audit Committee was formed in June 1994. The current Audit Committee comprises of three members of the Board of which all are Independent Non-Executive Directors. The Chairman of the Audit Committee is a member of one of the professional accounting body as stipulated in Part II of the 1st Schedule of the Accountants Act, 1967. All members of the Audit Committee are able to analyse and interpret financial statements and data without difficulties so as to properly discharge their duties as the said members.

During the financial year under review, four Audit Committee meetings were held. The attendance of each Committee member is tabulated below:

Members		No. of Meetings Attended
Mr. Kong Sin Seng (Chairman)	Independent Non-Executive Director	4 / 4
En. Mohammad Nizar Bin Idris	Independent Non-Executive Director	4 / 4
En. Mohamad Jamil Bin Mohd Yusof	Independent Non-Executive Director	4 / 4

The Company Secretary shall be the Secretary of the Committee.

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

Representatives from senior management, Datin Goh Hooi Yin, the Finance Manager and the Internal Audit Manager were normally invited to attend the meetings.

TERMS OF REFERENCE

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

1. Membership

In the event of any vacancy in an Audit Committee resulting in the non-compliance of the membership composition of the Audit Committee, the Company must fill the vacancy within 3 months.

The term of office and performance of an Audit Committee and each of its members are subject to the Board of Directors' review at least once every 3 years to determine whether the Committee members have carried out their duties in accordance with their terms of reference.

2. Authority

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

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

3. Responsibilities

The duties and responsibilities of the Audit Committee are:

(a) Financial Review

To review the quarterly and year-end financial statements of the Company, prior to recommendation to the Board on their release and adoption, focusing particularly on:–

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

AUDIT COMMITTEE REPORT

(b) External Audit

- To review with External Auditors:
  - the Audit Plan and their evaluation of the system of accounting controls,
  - the management letter, management responses and Audit Report,
  - any problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary).
- To ensure there is proper coordination where more than one audit firm is involved;
- To review with the External Auditors the Statement on Internal Control for inclusion in the Annual Report; and
- To assess the performance of External Auditors and make recommendations to the Board with regards to their audit fees, engagement and removal.
- Meeting External Auditors without Management or Executive Director.

(c) Internal Audit

- To review the adequacy of the scope, functions and resources of the Group Internal Audit Department and that it has the necessary authority to carry out its work. This includes having unrestricted accessibility to the Company's records, activities, assets and personnel in the course of carrying out audit exercises;
- To review the internal audit's plan or programme in order to ensure that auditable areas are adequately covered;
- To review the Internal Audit Reports and to ensure that appropriate actions are taken on the Internal Auditor's recommendations;
- To assess the performance and decide the remuneration of internal audit staff; and
- To approve any appointment or termination of internal audit staff.

(d) Related Party Transactions

- To review any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions of management integrity.

(e) Other Matters

- To review the effectiveness of management information and other systems of control within the Company;
- To verify the allocation of options as being in compliance with the criteria pursuant to the ESOS, at the end of each financial year; and
- To perform such other functions as may be agreed by the Audit Committee and the Board of Directors.

AUDIT COMMITTEE REPORT

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year 2009, four meetings were convened to review and discuss the following:

(i) The External Auditors' scope of work and audit plans for the year, prior to the commencement of the audit.
(ii) The results of the audit, the Audit Report and the management letter including management's responses to the External Auditors' report.
(iii) The Audited Financial Report of the Company.
(iv) The announcement of the unaudited financial results for all the quarters before recommending them for the Board's approval, upon being satisfied that the financial reporting standards and disclosure requirements by Bursa Malaysia Securities Berhad have been adhered to.
(v) Related party transactions and the shareholders' circular in relation to the recurrent related party transactions.
(vi) The Group Internal Audit Department's resource requirements, audit programme and plan (based on risk assessment) for the financial year.
(vii) The internal control weaknesses, risk issues, recommendations proposed by the Group Internal Audit Department and management's responses. The actions taken by management to improve the system of internal control based on the Internal Audit Reports were also discussed.
(viii) The Statement on Corporate Governance and Internal Control for disclosure in the Annual Report.
(ix) Meetings with External and Internal Auditors without the presence of the Management and Executive Director.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTIONS

The primary function of Group Internal Audit Department is to assist the Audit Committee in discharging its duties and responsibilities. Its role is to undertake systematic and independent review of the following:

(i) The adequacy and integrity of the internal control system, in managing key risk areas, to provide reasonable assurance that the system continues to operate satisfactorily, effectively and in compliance with the Group's established policies.

(ii) Internal controls of each activity based on the risk profiles established under the risk management framework as identified by the respective head of operations.

For the financial year ended 31 December 2009, the Group Internal Audit Department carried out audits and follow-up audits on various operating units in the Group in accordance to the Annual Internal Audit Plan.

Internal Audit Reports incorporating effects or potential risks, audit recommendations and management responses with regards to audit findings were issued to the Audit Committee and the Management of respective operations. Improved measures were recommended to strengthen the controls and follow-up audits were carried out to assess the status of implementation of the agreed audit recommendations by Management.

EMPLOYEE SHARE OPTION SCHEME ("ESOS")

The scheme came into effect on 9 May 2001. At the Annual General Meeting held on 27 June 2005, the ESOS was extended for a further period of five years, till 9 May 2011. To date no options have been granted and exercised during the financial year 2009.

STATEMENT ON INTERNAL CONTROL

Pursuant to Paragraph 15.26(b) of the Listing Requirements of Bursa Malaysia Securities Berhad

RESPONSIBILITY

The Board of Directors acknowledges its responsibility for maintaining sound internal control procedures to safeguard shareholders' investment and the Group's assets. This includes reviewing the strategic direction, financial, operational and compliance controls, risk profile and management policies and procedures. However, there are limitations that are inherent in any system of internal controls and that such control systems are designed to manage and control risks to an acceptable level. Accordingly, it should be noted that these systems could only provide reasonable and not absolute assurance against material misstatement or loss.

The Group has put in place an ongoing risk management process for identifying, documenting, evaluating, monitoring and managing significant risks affecting the achievement of the Group's business objectives.

GROUP RISK MANAGEMENT FRAMEWORK

The Group believes in establishing an effective risk management in order to ensure continuity in business growth and enhancement of shareholders' value.

Being an integral part of the Group's operations, each employee is entrusted with the responsibility for managing or mitigating risks and internal controls associated with operations and ensuring compliance with the applicable laws and regulations. Management is responsible for creating a risk awareness culture and to build the necessary environment for effective risk management.

The Risk Management Committee closely monitors the risk management function and there are continuous plans to enhance the level of knowledge of risk management and understanding of risks affecting the Group among senior management and the Board.

Using a guided risk management framework, the risk rating and corrective actions are reviewed on a regular basis by the risk owners to identify and evaluate any emerging new risks, update the risk profiles and follow-up with the implementation of the proposed action plans. Periodically, all risks that are rated as "high" and "significant" together with their corrective measures will be summarised and compiled by the Group Internal Audit Department for review by the Risk Management Committee and subsequent presentation to the Board.

GROUP INTERNAL AUDIT FUNCTION

The Group internal audit function is performed in-house and is carried out by the Group Internal Audit Department which reports directly to the Audit Committee. The descriptions of its functions are detailed in the Audit Committee Report in this Annual Report.

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

For the financial year ended 31 December 2009, the amount of fees incurred in respect of the internal audit was RM68,985.

KEY INTERNAL CONTROL PROCESSES

The Group has an established system of internal control that enables the management to ensure that established policies, guidelines and procedures are followed and complied with. Some key processes are as follows:

- **Organisation:** The Group's structure is designed to clearly delineate various subsidiaries/divisions, authorisation levels and proper segregation of duties.
- **Authority Level:** The Group has set authority levels for various transactions such as acquisitions, disposals, tenders, capital expenditures and other material/significant transactions. Proper research, assessment and analysis will be carried out by relevant appointed parties for all major business transactions/investment decisions.
- **Board Delegated Committees:** The Executive Committee ("EXCO") reviews and recommends high-level policies for the Group as well as monitors and reviews the performance of its business units. The Risk Management Committee ("RMC"), which comprises of all head of divisions, undertakes to oversee the Group's risk management process as guided by its Risk Management Framework.
- **Monthly Performance Review:** The monthly management meetings report on the performance and profitability of each business unit through the review of key performance indicators, budgets and management reports. Where it is relevant, the internal audit findings will also be communicated to relevant personnel for further actions.
- **Group Policies and Procedures:** The Group's policies and procedures laid down the objectives, scope, policies and operating procedures to be complied by the business units, which are regularly reviewed and updated. Certain companies within the Group have ISO 9001:2000 accreditation for their operational processes.
- **Centralisation of Functions:** Key functions such as accounts, tax, treasury, procurement of materials and human resource are controlled centrally to ensure compliance to approved procedures.
- **Audits:** Periodic reviews by the Group Internal Audit Department, providing independent assurance on the effectiveness of the Group's system of internal control and advising management on areas for further improvement.
- **Audit Committee ("AC"):** AC deliberates the findings and recommendations highlighted in the internal audit reports in quarterly meetings held for the purpose of reviewing the Group's quarterly unconsolidated results and other issues that warrant the AC's attentions.

CONCLUSION

The Board opined that the system of internal controls that are established throughout the Group is effective and manageable. The Board believes that the development of a sound system of internal controls is an ongoing process and continues to take appropriate action plans to improve the Group's system of internal control in order to safeguard shareholders' investments and the Group's assets.

This statement is made in accordance with the resolution of the Board of Directors passed on 17 May 2010.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2009.

Principal activities

The principal activities of the Company are that of investment holding and the trading of fire safety materials, equipment and fire prevention system. The principal activities of the subsidiaries are detailed in Note 18 to the financial statements.

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

Results

	Group RM	Company RM
Profit for the year	8,300,869	5,404,730
Attributable to:		
Equity holders of the Company	8,016,376	5,404,730
Minority interests	284,493	-
	8,300,869	5,404,730

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

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

Dividends

The amount of dividends paid by the Company since 31 December 2008 were as follows:

In respect of the financial year ended 31 December 2008 as reported in the directors' report of that year.

	RM
First and final share dividend on the basis of 1 treasury share for every 20 existing ordinary shares held for the financial year ended 31 December 2008, on 120,046,484 ordinary shares, declared on 5 June 2009 and granted on 28 July 2009	2,675,716

The directors do not recommend any payment of final dividend in respect of the current financial year.

DIRECTORS' REPORT

Directors

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

Mohammad Nizar bin Idris	Chairman
Dato' Wong Swee Yee	Managing Director
Kong Sin Seng	Independent Non-Executive Director
Mohamad Jamil bin Mohd Yusof	Independent Non-Executive Director
Datin Goh Hooi Yin	Non-Independent Executive Director
Tan Sri Datuk Paduka Dr. Hajjah Saleha binti Haji Mohamed Ali	Non-Independent and Non-Executive Director
Zahedi bin Haji Mohd Zain (alternate director to Tan Sri Datuk Paduka Dr. Hajjah Saleha binti Haji Mohamed Ali)	

Directors' benefits

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full time employee of the Company as shown in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest, except as disclosed in Note 34 to the financial statements.

Directors' interest

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

	Number of ordinary shares of RM0.50 each			
	1 January 2009	Acquired *	Disposed	31 December 2009
Company				
Direct interest				
Dato' Wong Swee Yee	36,869,456	1,818,473	(500,000)	38,187,929
Zahedi bin Haji Mohd Zain	2,868	143	-	3,011
Datin Goh Hooi Yin	605,000	30,250	-	635,250
Indirect interest				
Dato' Wong Swee Yee [i]	3,097,008	154,850	-	3,251,858
Tan Sri Datuk Paduka Dr. Hajjah Saleha binti Haji Mohamed Ali [ii]	115,368	5,768	-	121,136
Zahedi bin Haji Mohd Zain [iii]	112,500	5,625	-	118,125
Datin Goh Hooi Yin [iv]	36,869,456	1,818,473	(500,000)	38,187,929

* Shares acquired by way of share dividend granted by the Company for the financial year ended 31 December 2008.

DIRECTORS' REPORT

Directors' interest (contd.)

	← Number of warrants at RM0.10 each →			
	1 January 2009	**Acquired ***	**Disposed**	**31 December 2009**
Company				
Direct interest				
Dato' Wong Swee Yee	21,709,588	-	-	21,709,588
Zahedi bin Haji Mohd Zain	2,000	-	-	2,000
Datin Goh Hooi Yin	352,500	-	-	352,500
Indirect interest				
Dato' Wong Swee Yee [i]	1,598,504	-	-	1,598,504
Tan Sri Datuk Paduka Dr. Hajjah Saleha binti Haji Mohamed Ali [ii]	68,300	-	-	68,300
Zahedi bin Haji Mohd Zain [iii]	66,300	-	-	66,300
Datin Goh Hooi Yin [iv]	21,709,588	-	-	21,709,588

[i] Interest in shares and warrants held by spouse and brother

[ii] Interest in shares and warrants held by child and another body corporate, Sijas Holdings Sdn Bhd and Saleha & Anak-Anak Holdings Sdn Bhd.

[iii] Interest in shares and warrants held by another body corporate, Sijas Holdings Sdn Bhd and Saleha & Anak-Anak Holdings Sdn Bhd.

[iv] Interest in shares and warrants held by spouse

Dato' Wong Swee Yee by virtue of his interest in shares in the Company is deemed to have interests in shares in all the Company's subsidiaries to the extent the Company has an interest.

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

Treasury shares

During the financial year, the Company repurchased 1,123,000 of its issued ordinary shares from the open market at an average price of RM0.44 per share. The total consideration paid for the repurchase including transaction costs was RM499,318. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act.

Employee Share Options Scheme

The Company's Employee Share Options Scheme ("ESOS") for eligible full time employees and executive directors of the Company and its subsidiaries was approved by shareholders at an Extraordinary General Meeting held on 27 November 2000 and the Securities Commission approved the Company's ESOS allocation list on 4 May 2001 which came into effect on 9 May 2001.

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

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

DIRECTORS' REPORT

Other statutory information

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

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

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

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

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

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

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

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

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

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

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

(f) In the opinion of the directors:

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

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

Significant events

Significant events during the financial year are disclosed in Note 37 to the financial statements.

Auditors

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 26 April 2010.

Dato' Wong Swee Yee

Zahedi bin Haji Mohd Zain

Kuala Lumpur, Malaysia

STATEMENT BY DIRECTORS/ STATUTORY DECLARATION

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

We, Dato' Wong Swee Yee and Zahedi bin Haji Mohd Zain, being two of the directors of FITTERS Diversified Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 31 to 87 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2009 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 26 April 2010.

Dato' Wong Swee Yee

Zahedi bin Haji Mohd Zain

Kuala Lumpur, Malaysia

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

I, Chong Wei Wei, being the person primarily responsible for the financial management of FITTERS Diversified Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 31 to 87 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Chong Wei Wei at
Kuala Lumpur in the Federal Territory
on 26 April 2010

Chong Wei Wei

Before me,

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FITTERS Diversified Berhad (INCORPORATED IN MALAYSIA)

Report on the financial statements

We have audited the financial statements of FITTERS Diversified Berhad, which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 31 to 87.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2009 and of their financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

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

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

(b) We have considered the accounts and the auditors' report of all subsidiaries of which we have not acted as auditors, which are indicated in Note 18 to the financial statements.

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

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

Other matters

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

Ernst & Young
AF: 0039

Chartered Accountants

Loke Siew Heng
No. 2871/07/11(J)

Chartered Accountant

Kuala Lumpur, Malaysia
26 April 2010

INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Revenue	3	126,225,961	163,788,647	6,300,000	17,187,000
Cost of sales	4	(98,417,890)	(149,610,826)	-	-
Gross profit		27,808,071	14,177,821	6,300,000	17,187,000
Other income	5	2,287,761	66,754,669	2,843,184	3,513,086
Selling and marketing expenses		(301,014)	(21,311,809)	(91,259)	(112,887)
Administrative expenses		(19,398,585)	(30,358,305)	(2,578,597)	(4,967,787)
Other operating expenses		-	(3,012,079)	-	-
Operating profit		10,396,233	26,250,297	6,473,328	15,619,412
Finance costs	6	(420,721)	(1,729,484)	(44,765)	(709,246)
Profit before tax	7	9,975,512	24,520,813	6,428,563	14,910,166
Income tax expense	10	(1,674,643)	(1,164,391)	(1,023,833)	(1,920,278)
Profit for the year		8,300,869	23,356,422	5,404,730	12,989,888
Attributable to:					
Equity holders of the Company		8,016,376	21,630,125	5,404,730	12,989,888
Minority interests		284,493	1,726,297	-	-
		8,300,869	23,356,422	5,404,730	12,989,888
Dividend per share (sen)	12	2.23	2.96	2.23	2.96
Earnings per share attributable to equity holders of the Company (sen):					
Basic, for profit for the year	11	6.53	16.71		

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

BALANCE SHEETS
AS AT 31 DECEMBER 2009

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Assets					
Non-current assets					
Property, plant and equipment	13	14,414,809	13,995,759	8,978,358	9,127,751
Investment properties	14	1,607,306	1,177,046	-	-
Land held for property development	15	30,922,416	30,569,263	-	-
Prepaid land lease payments	16	242,858	245,715	-	-
Intangible assets	17	4,702,027	4,848,561	-	-
Investments in subsidiaries	18	-	-	31,196,113	30,996,112
Other investments	19	19,294,474	15,496,474	-	-
Other receivables	20	582,165	588,880	-	-
Deferred tax assets	30	285,466	450,330	-	-
		72,051,521	67,372,028	40,174,471	40,123,863
Current assets					
Inventories	22	7,873,377	11,684,479	-	-
Trade and other receivables	20	85,596,555	83,184,446	56,462,833	56,130,060
Tax recoverable		2,977,375	2,377,388	107,284	119,463
Marketable securities	23	650	650	-	-
Cash and cash equivalents	24	18,184,157	36,654,000	282,001	21,171,109
		114,632,114	133,900,963	56,852,118	77,420,632
Total assets		186,683,635	201,272,991	97,026,589	117,544,495
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	25	65,578,592	65,578,592	65,578,592	65,578,592
Treasury shares	25	(2,277,204)	(4,453,602)	(2,277,204)	(4,453,602)
Other reserves	26	7,861,932	7,889,561	6,448,418	6,448,418
Retained earnings	27	43,387,981	38,047,321	12,263,633	9,534,619
		114,551,301	107,061,872	82,013,439	77,108,027
Minority interests		422,774	141,155	-	-
Total equity		114,974,075	107,203,027	82,013,439	77,108,027
Non-current liabilities					
Borrowings	28	784,702	661,750	137,806	183,394
Deferred tax liabilities	30	494,952	471,730	170,431	170,431
		1,279,654	1,133,480	308,237	353,825
Current liabilities					
Borrowings	28	18,591,349	33,974,395	5,045,588	25,042,259
Trade and other payables	31	51,465,488	58,550,848	9,659,325	15,040,384
Tax payable		373,069	411,241	-	-
		70,429,906	92,936,484	14,704,913	40,082,643
Total liabilities		71,709,560	94,069,964	15,013,150	40,436,468
Total equity and liabilities		186,683,635	201,272,991	97,026,589	117,544,495

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009

		Attributable to equity holders of the Company									
		<----------- Non-distributable reserves ----------->						Distributable			
	Note	Share capital (Note 25) RM	Treasury shares (Note 25) RM	Capital reserve (Note 26) RM	Warrant reserve (Note 26) RM	Asset revaluation reserve (Note 26) RM	Foreign currency translation reserve (Note 26) RM	Retained earnings (Note 27) RM	Total RM	Minority interests RM	Total equity RM
Group											
At 1 January 2008		65,578,592	-	1,360,010	5,935,244	533,179	56,710	20,299,449	93,763,184	317,679	94,080,863
Foreign currency translation							24,423	-	24,423	-	24,423
Profit for the year		-	-	-	-	-	-	21,630,125	21,630,125	1,726,297	23,356,422
Dividends	12	-	-	-	-	-	-	(3,882,253)	(3,882,253)	-	(3,882,253)
Purchase of treasury shares	25		(4,453,602)				-	-	(4,453,602)	-	(4,453,602)
Cost of issuance of warrants not recognised in income statement		-	-	-	(20,005)	-	-	-	(20,005)	-	(20,005)
Issuance of shares to minority interests		-	-	-	-	-	-	-	-	306,250	306,250
Acquisition of additional equity interest from minority shareholders		-	-	-	-	-	-	-	-	(899,192)	(899,192)
Disposal of a subsidiary during the year	18(d)(iii)	-	-	-	-	-	-	-	-	(1,309,879)	(1,309,879)
At 31 December 2008		65,578,592	(4,453,602)	1,360,010	5,915,239	533,179	81,133	38,047,321	107,061,872	141,155	107,203,027
At 1 January 2009		65,578,592	(4,453,602)	1,360,010	5,915,239	533,179	81,133	38,047,321	107,061,872	141,155	107,203,027
Foreign currency translation		-	-	-	-	-	(27,629)	-	(27,629)	-	(27,629)
Profit for the year		-	-	-	-	-	-	8,016,376	8,016,376	284,493	8,300,869
Distribution of treasury shares as dividend	12	-	2,675,716	-	-	-	-	(2,675,716)	-	-	-
Purchase of treasury shares	25	-	(499,318)	-	-	-	-	-	(499,318)	-	(499,318)
Transfer of shareholding in a subsidiary		-	-	-	-	-	-	-	-	(2,874)	(2,874)
At 31 December 2009		65,578,592	(2,277,204)	1,360,010	5,915,239	533,179	53,504	43,387,981	114,551,301	422,774	114,974,075

		<---- Non-distributable		---->		Distributable	
	Note	Share capital (Note 25) RM	Treasury shares (Note 25) RM	Asset revaluation reserve (Note 26) RM	Warrant reserve (Note 26) RM	Retained earnings (Note 27) RM	Total equity RM
Company							
At 1 January 2008		65,578,592	-	533,179	5,935,244	426,984	72,473,999
Profit for the year, representing total income and expense for the year		-	-	-	-	12,989,888	12,989,888
Dividends paid	12	-	-	-	-	(3,882,253)	(3,882,253)
Cost of issuance of warrants not recognised in income statement		-	-	-	(20,005)	-	(20,005)
Purchase of treasury shares	25	-	(4,453,602)	-	-	-	(4,453,602)
At 31 December 2008		65,578,592	(4,453,602)	533,179	5,915,239	9,534,619	77,108,027
At 1 January 2009		65,578,592	(4,453,602)	533,179	5,915,239	9,534,619	77,108,027
Profit for the year, representing total income and expense for the year		-	-	-	-	5,404,730	5,404,730
Dividends paid	12	-	2,675,716	-	-	(2,675,716)	-
Purchase of treasury shares	25	-	(499,318)	-	-	-	(499,318)
At 31 December 2009		65,578,592	(2,277,204)	533,179	5,915,239	12,263,633	82,013,439

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Cash flows from operating activities				
Profit before taxation	9,975,512	24,520,813	6,428,563	14,910,166
Adjustments for:				
Amortisation of intangible assets (Note 17)	170,806	-	-	-
Amortisation of prepaid land lease payments (Note 16)	2,857	2,857	-	-
Bad debts written off	18,008	66,828	7,647	-
Deposits written off	179,025	12,120	-	-
Depreciation of investment properties (Note 14)	43,040	33,575	-	-
Depreciation of property, plant and equipment (Note 13)	1,266,336	1,210,788	293,730	140,512
Dividend income	-	-	(6,300,000)	(17,187,000)
Finance costs	420,721	1,729,484	44,765	709,246
Gain arising from disposal/dilution of interest in subsidiaries	-	(23,374,458)	-	(724,495)
Gain on disposal of building and strata title rights	-	(40,644,474)	-	-
Impairment in value of investments				
- marketable securities	-	5,889	-	-
- other investment	-	2,500,000	-	2,500,000
Impairment of intangible assets	-	10,853,389	-	-
Impairment of investment properties (Note 14)	-	366,690	-	-
Impairment of property, plant and equipment (Note 13)	-	139,500	-	-
Interest income	(313,891)	(292,804)	(227,184)	(237,508)
Inventories (written back)/written down	(166,402)	2,421,309	-	-
Loss on disposal of investment properties	-	18,581	-	-
Net (gain)/loss on disposal of property, plant and equipment	(197,996)	387,781	-	-
Net unrealised foreign exchange (gain)/loss	(84,865)	100,458	-	-
Reversal of impairment in value of investment	-	(19,500)	-	-
(Reversal)/provision for doubtful debts (Note 20)	(1,578,862)	18,069,673	-	-
Property, plant and equipment written off	3,301	68,640	-	-
Operating profit/(loss) before working capital changes	9,737,590	(1,822,861)	247,521	110,921
Changes in working capital:				
Inventories	3,977,504	(1,099,888)	-	-
Due (to)/from customers on contracts	(2,181,923)	367,023	-	-
Receivables	(1,103,761)	(4,109,483)	1,324,485	(1,466,470)
Payables	(5,938,816)	14,215,075	617,070	546,860
Subsidiaries	-	-	(685,951)	38,851,970
Cash generated from operations	4,490,594	7,549,866	1,503,125	38,043,281
Interest paid	(1,097,804)	(2,677,401)	(721,848)	(1,657,163)
Taxes paid	(2,124,716)	(3,358,005)	(1,011,654)	(1,957,190)
Net cash generated from/(used in) operating activities	1,268,074	1,514,460	(230,377)	34,428,928

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Cash flows from investing activities				
Acquisition of subsidiary net of cash acquired	-	(1,000,000)	(200,001)	(318,753)
Interest received	313,891	292,804	227,184	237,508
Investment in unquoted shares	-	(607,140)	-	-
Issuance of share capital to minority interests	(2,874)	306,250	-	-
Net proceeds from disposal of subsidiaries (Note 18 (d))	-	62,730,456	-	1,280,000
Proceeds from disposal of investment properties	-	172,378	-	-
Proceeds from disposal of property, plant and equipment	198,000	916,970	-	-
Proceeds from sale of building and strata title rights	-	50,058,749	-	-
Purchase of computer software (Note 17)	(24,272)	(488,145)	-	-
Purchase of land and related development expenditure (Note 15)	(353,153)	(48,902,217)	-	-
Purchase of property, plant and equipment (Note a)	(1,422,853)	(7,367,802)	(144,337)	(6,433,347)
Subscription of additional unquoted preference shares in other investments (Note 19)	(1,974,000)	-	-	-
Net cash (used in)/generated from investing activities	(3,265,261)	56,112,303	(117,154)	(5,234,592)
Cash flows from financing activities				
Dividends paid (Note 12)	-	(3,882,253)	-	(3,882,253)
Cost of issuance of warrants (Note 26)	-	(20,005)	-	(20,005)
Purchase of treasury shares (Note 25)	(499,318)	(4,453,602)	(499,318)	(4,453,602)
Repayment of hire purchase obligations and lease financing	(458,338)	(346,678)	(42,259)	(13,347)
Repayment of term loans	(25,043,172)	(21,739)	(25,000,000)	-
Revolving credits and bankers' acceptances	5,115,079	(11,301,645)	5,000,000	-
Net cash used in financing activities	(20,885,749)	(20,025,922)	(20,541,577)	(8,369,207)
Net (decrease)/increase in cash and cash equivalents	(22,882,936)	37,600,841	(20,889,108)	20,825,129
Effects of foreign exchange rate changes	25,756	24,228	-	-
Cash and cash equivalents at beginning of year	35,191,580	(2,433,489)	21,171,109	345,980
Cash and cash equivalents at end of year (Note 24)	12,334,400	35,191,580	282,001	21,171,109

Note a: Acquisition of property, plant and equipment were by means of:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Cash purchases	1,422,853	7,367,802	144,337	6,433,347
Finance lease arrangements	739,000	579,000	-	239,000
	2,161,853	7,946,802	144,337	6,672,347

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009

1. Corporate information

The Company is a public limited company, incorporated and domiciled in Malaysia, and is listed on the Main Market of the Bursa Malaysia Securities. The registered office and the principal place of business of the Company is located at No 1, Jalan Tembaga SD 5/12, Bandar Sri Damansara, 52200 Kuala Lumpur.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 April 2010.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards ("FRS") in Malaysia.

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

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

2.2 Summary of significant accounting policies

(a) Subsidiaries and basis of consolidation

(i) Subsidiaries

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

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

(ii) Basis of consolidation

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

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

(ii) Basis of consolidation (contd.)

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

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

(b) Intangible assets

(i) Goodwill

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

(ii) Other intangible assets

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

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

(c) Property, plant and equipment, and depreciation

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

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

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

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress are also not depreciated as these assets are not available for use. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

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

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

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

(d) Investment properties

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

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

(e) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(f) Construction contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

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

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

(g) Impairment of non-financial assets

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

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

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

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

An impairment loss is recognised in 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(g) Impairment of non-financial assets (contd.)

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

(h) Inventories

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

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

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

(i) Financial instruments

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

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

(i) Cash and cash equivalents

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

(ii) Other non-current investments

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

(iii) Marketable securities

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(i) Financial instruments (contd.)

(iv) Trade receivables

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

(v) Trade payables

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

(vi) Interest bearing loans and borrowings

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

(vii) Equity instruments

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

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

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

(j) Leases

(i) Classification

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

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

- 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(j) Leases (contd.)

(ii) Finance leases - the Group as lessee

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

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

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

(iii) Operating leases - the Group as lessee

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

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

(iv) Operating leases - the Group as lessor

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

(k) Borrowing costs

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(l) Income tax

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

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

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

(m) Provisions

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

(n) Employee benefits

(i) Short term benefits

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

(ii) Defined contribution plans

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(o) Foreign currencies

(i) Functional and presentation currency

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

(ii) Foreign currency transactions

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

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

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

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

(iii) Foreign operations

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

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

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

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

(p) Revenue recognition

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

(i) Construction contracts

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(p) Revenue recognition (contd.)

(ii) Sale of goods

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

(iii) Revenue from services

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

(iv) Rental income

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

(v) Interest income

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

(vi) Dividend income

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

2.3 Standards and interpretations issued but not yet effective

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

Effective for financial periods beginning on or after 1 July 2009
FRS 8: Operating Segments

Effective for financial periods beginning on or after 1 January 2010
FRS 4: Insurance Contracts
FRS 7: Financial Instruments: Disclosures
FRS 101: Presentation of Financial Statements (revised)
FRS 123: Borrowing Costs
FRS 139: Financial Instruments: Recognition and Measurement
Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2: Share-based Payment - Vesting Conditions and Cancellations
Amendments to FRS 132: Financial Instruments: Presentation
Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives
Amendments to FRSs 'Improvements to FRSs (2009)'
IC Interpretation 9: Reassessment of Embedded Derivatives

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009

2. Significant accounting policies (contd.)

2.3 Standards and interpretations issued but not yet effective (contd.)

Effective for financial periods beginning on or after 1 January 2010 (contd.)
IC Interpretation 10: Interim Financial Reporting and Impairment
IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions
IC Interpretation 13: Customer Loyalty Programmes
IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TR i – 3: Presentation of Financial Statements of Islamic Financial Institutions

Effective for financial periods beginning on or after 1 March 2010
Amendments to FRS 132 Financial Instruments: Presentation

Effective for financial periods beginning on or after 1 July 2010
FRS 1: First-time Adoption of Financial Reporting Standards
FRS 3: Business Combinations (revised)
FRS 127: Consolidated and Separate Financial Statements (amended)
Amendments to FRS 2: Share-based Payment
Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS138: Intangible Assets
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
IC Interpretation 12: Service Concession Arrangements
IC Interpretation I5: Agreements for the Construction of Real Estate
IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17: Distributions of Non-cash Assets to Owners

Effective for financial periods beginning on or after 1 Jan 2011
Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters (Amendment to FRS 1)
Improving Disclosures about Financial Instruments (Amendments to FRS 7)

The Group and the Company plan to adopt the above pronouncements when they become effective in the respective financial period. Unless otherwise described below, these pronouncements are expected to have no significant impact to the financial statements of the Group and the Company upon their initial application:

FRS 3: *Business Combinations (revised) and FRS 127: Consolidated and Separate Financial Statements (amended)*

FRS 3 (revised) introduces a number of changes to the accounting for business combinations occurring on or after 1 July 2010. These include changes that affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

FRS 127 (amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners and to be recorded in equity. Therefore, such transaction will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended Standard changes the accounting for losses incurred by the subsidiary as well as loss of control of a subsidiary.

The changes by FRS 3 (revised) and FRS127 (amended) will be applied prospectively and only affect future acquisition or loss of control of subsidiaries and transactions with non-controlling interests.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009

2. Significant accounting policies (contd.)

2.3 Standards and interpretations issued but not yet effective (contd.)

FRS 8: *Operating Segments*

FRS 8 replaces FRS 114_{2004}: Segment Reporting and requires a 'management approach', under which segment information is presented on a similar basis to that used for internal reporting purposes. As a result, the Group's external segmental reporting will be based on the internal reporting to the "chief operating decision maker", who makes decisions on the allocation of resources and assesses the performance of the reportable segments. As this is a disclosure standard, there will be no impact on the financial position or results of the Group.

FRS 101: *Presentation of Financial Statements (revised)*

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The Standard also introduces the statement of comprehensive income: presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is currently evaluating the format to adopt. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and results of the Group and the Company.

FRS 123: *Borrowing Costs*

This Standard supersedes FRS 123_{2004}: Borrowing Costs that removes the option of expensing borrowing costs and requires capitalisation of such costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Other borrowing costs are recognised as an expense. The Group's current accounting policy is to expense the borrowing costs in the period which they are incurred. In accordance with the transitional provisions of the Standard, the Group will apply the change in accounting policy prospectively for which the commencement date for capitalisation of borrowing cost on qualifying assets is on or after the financial period 1 January 2010.

FRS 139: *Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures*

The new Standard on FRS 139: *Financial Instruments: Recognition and Measurement* establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Requirements for presenting information about financial instruments are in FRS 132: *Financial Instruments: Presentation* and the requirements for disclosing information about financial instruments are in FRS 7: *Financial Instruments: Disclosures.*

FRS 7: *Financial Instruments: Disclosures* is a new Standard that requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the Group's and Company's exposure to risks, enhanced disclosure regarding components of the Group's and Company's financial position and performance, and possible changes to the way of presenting certain items in the financial statements.

In accordance with the respective transitional provisions, the Group and the Company are exempted from disclosing the possible impact to the financial statements upon the initial application.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009

2. Significant accounting policies (contd.)

2.3 Standards and interpretations issued but not yet effective (contd.)

Amendments to FRSs 'Improvements to FRSs (2009)'

FRS 117 *Leases:* Clarifies on the classification of leases of land and buildings. The Group is still assessing the potential implication as a result of the reclassification of its unexpired land leases as operating or finance leases. For those land element held under operating leases that are required to be reclassified as finance leases, the Group shall recognise a corresponding asset and liability in the financial statements which will be applied retrospectively upon initial application. However, in accordance with the transitional provision, the Group is permitted to reassess lease classification on the basis of the facts and circumstances existing on the date it adopts the amendments; and recognise the asset and liability related to a land lease newly classified as a finance lease at their fair values on that date; any difference between those fair values is recognised in retained earnings. The Group is currently in the process of assessing the impact of this amendment.

FRS 140 *Investment Property:* Property under construction or development for future use as an investment property is classified as investment property. Where the fair value model is applied, such property is measured at fair value. If fair value cannot be reliably determined, the investment under construction will be measured at cost until such time as fair value can be determined or construction is complete. The Group has previously accounted for such assets using the cost model. The amendment also includes changes in terminology in the Standard to be consistent with FRS 108. The change will be applied prospectively.

2.4 Significant accounting estimates and judgements

(a) Critical judgements made in applying accounting policies

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

(b) Key sources of estimation uncertainty

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

(i) Impairment of goodwill

The Group determines whether goodwill are impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill are allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill as at 31 December 2009 were RM4,360,416 (2008: RM4,360,416). Further details are disclosed in Note 17(b).

(ii) Provision for doubtful debts

The Group reviews the adequacy of provision for doubtful debts required on all outstanding receivables as at the balance sheet date. In assessing the extent of non-recoverable debts, the management have given due consideration to all pertinent information relating to the ability of the debtors to settle the debts. The net carrying amounts in trade and other receivables of the Group which have been outstanding in excess of 12 months amounts to RM29,043,844 (2008: RM1,523,066). Further details are disclosed in Note 20.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009

2. Significant accounting policies (contd.)

2.4 Significant accounting estimates and judgements (contd.)

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

(iii) Construction contracts

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

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

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

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

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

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

3. Revenue

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Sale of goods	45,783,160	74,585,604	-	-
Rendering of services	8,850,928	8,329,525	-	-
Contract revenue	71,591,873	80,873,518	-	-
Dividend income from subsidiaries				
- tax-exempt	-	-	2,550,000	10,000,000
- non tax-exempt	-	-	3,750,000	7,187,000
	126,225,961	163,788,647	6,300,000	17,187,000

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009

4. Cost of sales

	Group	
	2009 RM	2008 RM
Cost of inventories sold	31,125,175	63,361,469
Cost of services rendered	1,634,120	1,751,526
Contract costs	65,658,595	78,477,242
Provision for foreseeable loss	-	6,020,589
	98,417,890	149,610,826

5. Other income

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Administrative charges received from subsidiaries	-	-	1,440,000	1,440,000
Bad debts recovered	19,584	-	-	-
Commission received	65,000	40,000	-	-
Foreign exchange gains:				
- realised	214,268	239,968	-	-
- unrealised	84,865	-	-	-
Gain arising from disposal of interest in subsidiaries (Note 18)	-	23,374,458	-	724,495
Gain on disposal of building and strata title rights *	-	40,644,474	-	-
Gain on disposal of property, plant and equipment	197,996	75,499	-	-
Interest income	313,891	292,804	227,184	237,508
Other income #	1,362,157	2,017,866	-	677,083
Rental receivable from operating leases, other than those relating to investment properties	30,000	69,600	1,176,000	434,000
	2,287,761	66,754,669	2,843,184	3,513,086

* In previous financial year, the Group through its subsidiary, Premier Equity Holdings Limited (formerly known as Premier Land Limited) ("PEHL") entered into a Sale and Purchase Agreement ("SPA") with Spring Active Sdn Bhd ("the Purchaser") to dispose off Options Rights that confer Building Rights and Strata Rights (collectively "the Option Rights") for a mall in Setapak, Kuala Lumpur for a total consideration of RM80 million. The conditions precedent were fulfilled on 15 December 2008. Further details are disclosed in Note 15 and Note 20 (e).

\# Included in other income is the transport income from Kawalan Api Engineering Sdn Bhd amounting to RM445,264 (2008: RM1,177,900). Kawalan Api Engineering Sdn Bhd has ceased to be a related party during the financial year. Further details are disclosed in Note 34.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009

6. Finance costs

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Interest expense on:				
Bankers' acceptances	213,407	615,120	-	-
Hire purchase and finance lease	58,736	42,184	14,009	5,409
Bank overdrafts	117,822	313,799	-	-
Revolving credits	30,756	63,421	30,756	26,754
Term loans	677,083	1,641,720	677,083	1,625,000
Trust receipts	-	1,157	-	-
	1,097,804	2,677,401	721,848	1,657,163
Less: Amount capitalised *	(677,083)	(947,917)	(677,083)	(947,917)
	420,721	1,729,484	44,765	709,246

* This relates to interest paid on a term loan for a subsidiary which has been disposed in the previous year. This amount was accounted for in the previous year in arriving at the gain on disposal.

7. Profit before taxation

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

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Auditors' remuneration:				
- statutory	154,620	154,481	27,000	27,000
- underprovision in prior years	4,069	6,610	-	3,000
- other services	-	1,850	-	-
Rent of buildings	772,961	1,391,478	-	-
Employee benefits expense (Note 8)	11,526,177	13,181,345	1,423,529	1,415,379
Non-executive directors' remuneration (Note 9)	476,700	352,000	176,000	221,000
Depreciation of investment properties (Note 14)	43,040	33,575	-	-
Property, plant and equipment (Note 13)				
- loss on disposal	-	463,280	-	-
- depreciation	1,266,336	1,210,788	293,730	140,512
- written off	3,301	68,640	-	-
- impairment	-	139,500	-	-
Impairment of investment properties (Note 14)	-	366,690	-	-
Direct operating expenses of investment properties:				
- revenue generating during the year	59	1,343	-	-
- non-revenue generating during the year	6,441	7,589	-	-
Amortisation of prepaid land lease payments (Note 16)	2,857	2,857	-	-
Amortisation of intangible assets (Note 17)	170,806	-	-	-
Impairment of intangible assets (Note 17)	-	10,853,389	-	-
Provision for diminution of investment written back	-	(19,500)	-	-
Loss on disposal of investment property	-	18,581	-	-
(Reversal)/provision for doubtful debts	(1,578,862)	18,069,673	-	-

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009

7. Profit before taxation (contd.)

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Bad debts written off	18,008	66,828	7,647	-
Unrealised foreign exchange loss	-	100,458	-	-
Deposits written off	179,025	12,120	-	-
Inventories (written back)/ written down	(166,402)	2,421,309	-	-
Impairment in value of investment:				
- marketable securities	-	5,889	-	-
- other investments	-	2,500,000	-	2,500,000

8. Employee benefits expense

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Wages and salaries	10,032,758	11,159,456	1,096,022	957,227
Social security contributions	82,849	99,748	7,646	7,020
Contributions to defined contribution plan	1,039,355	1,166,101	136,218	109,891
Other benefits	371,215	756,040	183,643	341,241
	11,526,177	13,181,345	1,423,529	1,415,379

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM2,259,616 (2008: RM2,159,331) and RM485,660 (2008: RM302,400) respectively as further disclosed in Note 9.

9. Directors' remuneration

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Executive directors' remuneration (Note 8):				
Fees	14,071	92,243	-	-
Other emoluments	2,245,545	2,067,088	485,660	302,400
	2,259,616	2,159,331	485,660	302,400
Non-executive directors' remuneration (Note 7):				
Fees	53,500	27,000	6,000	12,000
Other emoluments	423,200	325,000	170,000	209,000
	476,700	352,000	176,000	221,000
Total directors' remuneration	2,736,316	2,511,331	661,660	523,400
Estimated money value of benefit-in-kind	7,600	7,600	7,600	7,600
Total directors' remuneration including benefit-in-kind	2,743,916	2,518,931	669,260	531,000

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009

9. Directors' remuneration (contd.)

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

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Executive:				
Salaries and other emoluments	934,060	895,956	428,660	287,400
Fees				
Bonus	162,000	102,250	57,000	15,000
Estimated money value of benefit-in-kind	7,600	7,600	7,600	7,600
	1,103,660	1,005,806	493,260	310,000
Non-executive:				
Fees	66,000	12,000	6,000	12,000
Salaries and other emoluments	170,000	269,000	170,000	209,000
	1,339,660	1,286,806	669,260	531,000

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

	Number of directors	
	2009	2008
Executive directors:		
RM200,001 - RM250,000	1	-
RM800,001 - RM850,000	-	1
RM850,001 - RM900,000	1	-
Non-executive directors:		
RM0 - RM50,000	3	3
RM50,001 - RM100,000	2	2
RM150,001 - RM200,000	-	1

10. Income tax expense

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Current income tax:				
Malaysian income tax	1,806,079	1,539,994	1,060,949	1,860,067
Foreign tax	69,405	-	-	-
(Over)/underprovision in prior years	(388,927)	(41,023)	(37,116)	10,344
	1,486,557	1,498,971	1,023,833	1,870,411
Deferred tax (Note 30):				
Relating to origination and reversal of temporary differences	(72,210)	(477,062)	14,949	50,857
Relating to changes in tax rate	-	17,892	-	(990)
Under/(over)provision in prior years	260,296	124,590	(14,949)	-
	188,086	(334,580)	-	49,867
Total income tax expense	1,674,643	1,164,391	1,023,833	1,920,278

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009

10. Income tax expense (contd.)

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2008: 26%) of the estimated assessable profit for the year. In prior year, certain subsidiaries of the Company being Malaysian resident companies with paid up capital of RM25 million or less qualify for the preferential tax rates under paragraph 2A, Schedule 1 of the Income Tax Act, 1967 as follows:

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

However, pursuant to Paragraph 2B, Schedule 1 of the Income Tax Act, 1967 that was introduced with effect from the year of assessment 2009, the Company no longer qualify for the above preferential tax rates.

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

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

	2009 RM	2008 RM
Group		
Profit before taxation	9,975,512	24,520,813
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	2,493,878	6,375,411
Different tax rates in other countries	(65,341)	-
Effect of income subject to tax rate of 20%	-	(124,118)
Income not subject to tax	(586,236)	(16,974,029)
Expenses not deductible for tax purposes	1,164,412	8,897,694
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(1,490,996)	(124,700)
Deferred tax assets not recognised during the year	287,557	3,012,674
Deferred tax recognised at different tax rates	-	17,892
Overprovision of tax expense in prior years	(388,927)	(41,023)
Underprovision of deferred tax in prior year	260,296	124,590
Income tax expense for the year	1,674,643	1,164,391
Company		
Profit before taxation	6,428,563	14,910,166
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	1,607,141	3,876,643
Income not subject to tax	(637,500)	(2,788,369)
Expenses not deductible for tax purposes	106,257	822,650
Deferred tax recognised at different tax rates	-	(990)
(Over)/underprovision of tax expense in prior years	(37,116)	10,344
Overprovision of deferred tax in prior year	(14,949)	-
Income tax expense for the year	1,023,833	1,920,278

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009

10. Income tax expense (contd.)

Tax savings during the financial year arising from:

	Group 2009 RM	Group 2008 RM
Utilisation of previously unrecognised tax losses	1,490,996	124,700

11. Earnings per share

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

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

	2009 RM	2008 RM
Profit attributable to ordinary equity holders of the Company	8,016,376	21,630,125
Weighted average number of ordinary shares in issue for basic earnings per share	122,784,253	129,436,276
Basic earnings per share	6.53	16.71

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

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

12. Dividends

	Dividends in respect of year		Dividends recognised in year	
	2008 RM	2007 RM	2009 RM	2008 RM
Recognised during the year:				
First and final dividend for 2007: 4% less 26% taxation, on 131,157,184 ordinary shares (2.96 sen per ordinary share)	-	3,882,253	-	3,882,253
First and final share dividend on the basis of 1 treasury share for every 20 existing ordinary shares held for the financial year ended 31 December 2008, on 120,046,484 ordinary shares, declared on 5 June 2009 and granted on 28 July 2009 (Note 25)	2,675,716	-	2,675,716	-
	2,675,716	3,882,253	2,675,716	3,882,253

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009

13. Property, plant and equipment

Group	Land and buildings (Note a) RM	Plant and machinery RM	Motor vehicles RM	Tools and office equipment RM	Furniture and fittings RM	Renovations RM	Capital work-in-progress RM	Total RM
Cost or valuation								
At 1 January 2008	5,455,760	5,455,157	2,641,952	5,254,466	1,300,410	650,440	2,555,253	23,313,438
Arising from disposal of subsidiary companies (Note 18(d))	-	(1,459,742)	(240,329)	(138,192)	(25,475)	-	-	(1,863,738)
Additions	6,062,163	639,730	701,407	201,980	341,522	-	-	7,946,802
Disposals	-	-	(411,510)	(45,585)	(35,000)	(116,000)	(1,942,453)	(2,550,548)
Write off	-	-	-	(59,186)	(12,518)	(62,233)	-	(133,937)
Exchange differences	-	-	-	4,049	1,547	-	-	5,596
At 31 December 2008	11,517,923	4,635,145	2,691,520	5,217,532	1,570,486	472,207	612,800	26,717,613
Additions	664,383	3,100	1,171,460	281,745	2,289	-	38,876	2,161,853
Disposals	-	(17,800)	(709,300)	-	-	-	-	(727,100)
Write off	-	-	-	(52,993)	(25,000)	-	-	(77,993)
Transfer to investment properties (Note 14)	-	-	-	-	-	-	(473,300)	(473,300)
Exchange differences	-	-	-	(531)	2,296	-	-	1,765
At 31 December 2009	12,182,306	4,620,445	3,153,680	5,445,753	1,550,071	472,207	178,376	27,602,838
Accumulated depreciation and impairment								
At 1 January 2008	929,975	3,472,380	1,820,407	4,456,873	1,145,441	315,549	741,743	12,882,368
Arising from disposal of subsidiary companies (Note 18(d))	-	(121,086)	(52,071)	(27,514)	(4,438)	-	-	(205,109)
Depreciation charge for the year (Note 7)	111,954	278,687	474,007	227,783	30,265	88,092	-	1,210,788
Impairment loss (Note 7)	-	-	-	-	-	-	139,500	139,500
Disposals	-	-	(411,507)	(23,182)	(11,375)	(57,990)	(741,743)	(1,245,797)
Write off	-	-	-	(34,268)	(7,007)	(24,022)	-	(65,297)
Exchange differences	-	-	-	3,851	1,550	-	-	5,401
At 31 December 2008	1,041,929	3,629,981	1,830,836	4,603,543	1,154,436	321,629	139,500	12,721,854
Depreciation charge for the year (Note 7)	195,459	186,239	496,854	260,638	52,992	74,154	-	1,266,336
Disposals	-	(17,799)	(709,297)	-	-	-	-	(727,096)
Write off	-	-	-	(52,817)	(21,875)	-	-	(74,692)
Exchange difference	-	-	29	1,143	455	-	-	1,627
At 31 December 2009	1,237,388	3,798,421	1,618,422	4,812,507	1,186,008	395,783	139,500	13,188,029
Net carrying amount								
At 31 December 2009	10,944,918	822,024	1,535,258	633,246	364,063	76,424	38,876	14,414,809
At 31 December 2008	10,475,994	1,005,164	860,684	613,989	416,050	150,578	473,300	13,995,759

NOTES TO THE FINANCIAL STATEMENTS
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13. Property, plant and equipment (contd.)

	Land and buildings (Note a) RM	Plant and machinery RM	Motor vehicles RM	Tools and office equipment RM	Furniture and fittings RM	Total RM
Company						
Cost or valuation						
At 1 January 2008	3,197,741	101,949	4,174	809,188	350,729	4,463,781
Additions	6,055,550	-	257,880	23,307	335,610	6,672,347
At 31 December 2008	9,253,291	101,949	262,054	832,495	686,339	11,136,128
Additions	105,010	-	-	38,027	1,300	144,337
At 31 December 2009	9,358,301	101,949	262,054	870,522	687,639	11,280,465
Accumulated depreciation						
At 1 January 2008	660,415	101,945	4,173	758,101	343,231	1,867,865
Depreciation charge for the year (Note 7)	88,051	-	17,192	28,559	6,710	140,512
At 31 December 2008	748,466	101,945	21,365	786,660	349,941	2,008,377
Depreciation charge for the year (Note 7)	171,555	-	51,576	36,604	33,995	293,730
At 31 December 2009	920,021	101,945	72,941	823,264	383,936	2,302,107
Net carrying amount						
At 31 December 2009	8,438,280	4	189,113	47,258	303,703	8,978,358
At 31 December 2008	8,504,825	4	240,689	45,835	336,398	9,127,751

(a) Except for certain land and buildings which are carried at valuation, all other assets of the Group are carried at cost. Analysis of cost and valuation for land and buildings are as follows:

	Freehold land RM	Buildings RM	Total RM
Group			
31 December 2009			
Cost or valuation			
- At cost	1,762,342	7,225,192	8,987,534
- At 1994 valuation	764,875	2,429,897	3,194,772
	2,527,217	9,655,089	12,182,306
Net carrying amount	2,527,217	8,417,701	10,944,918
31 December 2008			
Cost or valuation			
- At cost	1,202,969	7,120,182	8,323,151
- At 1994 valuation	764,875	2,429,897	3,194,772
	1,967,844	9,550,079	11,517,923
Net carrying amount	1,967,844	8,508,150	10,475,994

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009

13. Property, plant and equipment (contd.)

(a) Except for certain land and buildings which are carried at valuation, all other assets of the Group are carried at cost. Analysis of cost and valuation for land and buildings are as follows:

	Freehold land RM	Buildings RM	Total RM
Company			
31 December 2009			
Cost or valuation			
- At cost	2,969	6,160,560	6,163,529
- At 1994 valuation	764,875	2,429,897	3,194,772
	767,844	8,590,457	9,358,301
Net carrying amount	767,844	7,670,436	8,438,280
31 December 2008			
Cost or valuation			
- At cost	2,969	6,055,550	6,058,519
- At 1994 valuation	764,875	2,429,897	3,194,772
	767,844	8,485,447	9,253,291
Net carrying amount	767,844	7,736,981	8,504,825

Revaluation of land and buildings

Certain land and buildings of the Group and the Company have not been revalued since they were first revalued in 1994. The directors have not adopted a policy of regular revaluations of such assets. As permitted under the transitional provisions of FRS 16 (Revised): Property, plant and equipment, these assets continue to be stated at their 1994 valuation less accumulated depreciation and impairment losses.

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

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Motor vehicles	1,393,294	791,463	189,113	240,688

(c) Details of the terms and conditions of the hire purchase and finance lease arrangements are disclosed in Note 29.

(d) As at balance sheet date, titles to certain land and building with net book value of RM1,886,214 (2008: RM1,329,854) have yet to be registered in the subsidiaries' name.

(e) In the previous financial year, the Group reviewed the carrying amounts of its plant and equipment to determine whether there is any indication of impairment. The review had led to the recognition of an impairment loss of RM139,500 (Note 7).

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14. Investment properties

	Group 2009 RM	Group 2008 RM
Cost		
At 1 January	1,697,150	1,549,150
Additions (Note a)	-	365,000
Transferred from property, plant and equipment (Note 13)	473,300	-
Disposals	-	(217,000)
At 31 December	2,170,450	1,697,150
Accumulated depreciation and impairment		
At 1 January	520,104	145,880
Depreciation charge for the year	43,040	33,575
Impairment loss (Note 7)	-	366,690
Disposals	-	(26,041)
At 31 December	563,144	520,104
Net carrying amount	1,607,306	1,177,046
Estimated fair value of investment properties by directors	1,965,579	1,385,896

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

(b) Investment properties with an aggregate carrying value of RM304,964 (2008: RM311,895) are pledged as securities for borrowings (Note 28).

(c) As at balance sheet date, titles to investment properties with carrying amount of RM1,607,306 (2008: RM1,177,046) have yet to be registered in the subsidiaries' name.

(d) In the previous financial year, the Group reviewed the carrying amounts of its investment property to determine whether there is any indication of impairment. The review had led to the recognition of an impairment loss of RM366,690 (Note 7).

15. Land held for property development

	Leasehold land RM	Development cost RM	Total RM
Group			
At cost:			
At 1 January 2008	-	-	-
Additions	44,906,063	17,018,726	61,924,789
Disposal	(22,738,119)	(8,617,407)	(31,355,526)
At 31 December 2008	22,167,944	8,401,319	30,569,263
Additions	-	353,153	353,153
At 31 December 2009	22,167,944	8,754,472	30,922,416

The disposal in previous financial year relates to the sale of building and strata title rights on the above property development as disclosed in Note 5.

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16. Prepaid land lease payments

	Group 2009 RM	Group 2008 RM
At 1 January	245,715	248,572
Amortisation for the year (Note 7)	(2,857)	(2,857)
At 31 December	242,858	245,715

17. Intangible assets

Group	Computer software (Note a) RM	Goodwill (Note b) RM	Total RM
At 1 January 2008	-	15,112,997	15,112,997
Additions	488,145	-	488,145
Acquisition of subsidiary	-	100,808	100,808
Impairment loss (Note 7)	-	(10,853,389)	(10,853,389)
At 31 December 2008	488,145	4,360,416	4,848,561
Additions	24,272	-	24,272
Amortisation (Note 7)	(170,806)	-	(170,806)
At 31 December 2009	341,611	4,360,416	4,702,027

(a) Computer software

The computer software is amortised over 3 years on straight-line basis.

(b) Goodwill

During the financial year, the management has carried out a review of the recoverable amount of goodwill in its subsidiaries which were non-profit generating. This review led to the recognition of an impairment loss of nil (2008: RM10,853,389). The recoverable amount was based on value-in-use and was determined at the cash-generating unit (CGU) which consists of the Malaysian and United Kingdom based assets.

Impairment tests for goodwill

Allocation of goodwill

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

	2009 RM	2008 RM
Malaysia		
Contracting		
At 1 January/31 December	4,360,416	4,360,416

NOTES TO THE FINANCIAL STATEMENTS
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17. Intangible assets (contd.)

(b) Goodwill (contd.)

Key assumptions used in value-in-use calculations

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

	Gross margin		Growth rate		Discount rate	
	2009	2008	2009	2008	2009	2008
Contracting	10.63	14.65	4.00	4.00	8.00	8.00

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

(i) Budgeted gross margin

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

(ii) Growth rate

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

(iii) Discount rate

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

(iv) Raw materials price inflation

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

Sensitivity to changes in assumptions

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

18. Investment in subsidiaries

	Company	
	2009 RM	2008 RM
Unquoted shares at cost	31,282,726	31,082,725
Less: Accumulated impairment losses	(86,613)	(86,613)
	31,196,113	30,996,112

NOTES TO THE FINANCIAL STATEMENTS
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18. Investment in subsidiaries (contd.)

Details of the subsidiaries are as follows:

Name of company	Group equity interest 2009 %	2008 %	Principal activities
Subsidiaries of the Company:			
FITTERS Sdn Bhd	100	100	Trading and installation of fire safety materials and equipment, manufacture and assembly of fire fighting, protection and prevention systems and equipment
Master Pyrodor Sdn Bhd	100	100	Property holdings
FITTERS (S) Pte Limited #	100	100	Trading and installation of fire safety materials and equipment
FITTERS Industries Sdn Bhd	100	100	Ceased operations
FITTERS Engineering Services Sdn Bhd	100	100	Design, manufacture, assemble, supply and installation of fire fighting, protection and prevention systems and equipment
FITTERS Marketing Sdn Bhd	100	100	Marketing of fire resistant doors and general building materials
FITTERS Building Services Sdn Bhd	100	100	Design, manufacture, assemble, supply and installation of fire fighting, protection and prevention systems and equipment
FITTERS-MPS Sdn Bhd	51	51	Design, installation and maintenance of fire protection systems
Master Pyroserve Sdn Bhd	100	100	Install, operate and transfer the computerised fire alarm monitoring and communication systems forJabatan Perkhidmatan Bomba dan Penyelamat Malaysia
Armatrade Sdn Bhd	100	100	Installing and servicing of fire fighting systems
Wintip Sdn Bhd #	100	100	Investment holding
Future NRG Sdn Bhd	83	51	Renewable, Alternative, Waste to Energy Total Solution Provider
Premier Equity Holdings Limited *	100	100	Investment holding
FITTERS-NRG Sdn Bhd (formerly known as Dutamas Mesra Sdn Bhd)	100	-	Renewable energy development

NOTES TO THE FINANCIAL STATEMENTS
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18. Investment in subsidiaries (contd.)

Details of the subsidiaries are as follows:

Name of company	Group equity interest 2009 %	2008 %	Principal activities
Subsidiaries of FITTERS Sdn Bhd:			
Jagapi Sdn Bhd	70	70	Ceased operations
FITTERS Property Development Sdn Bhd	100	100	Property development
FITTERS (Ipoh) Sdn Bhd	100	100	Trading and installation of fire safety materials and equipment
FITTERS (Sarawak) Sdn Bhd	100	100	Trading of fire safety materials and equipment
The Safety Shop Sdn Bhd	100	100	Trading and marketing of safety apparatus and apparels
IT Vault Solutions Sdn Bhd	100	100	Ceased operations
FITTERS Fire Technology Sdn Bhd	100	100	Manufacture and supply of fire fighting equipment and materials
Modular Floor Systems (M) Sdn Bhd	100	100	Manufacture and trading of raised access-flooring systems
Subsidiary of FITTERS Building Services Sdn Bhd:			
Pyro-Tech Systems Sdn Bhd	100	100	Manufacture of fire rated doors including fire rated wooden doors with or without frames
Subsidiary of Modular Floor Systems (M) Sdn Bhd:			
Titan Access Floors Limited #	100	100	Ceased operations
Subsidiaries of FITTERS Engineering Services Sdn Bhd:			
FITTERS Engineering and Maintenance Services Sdn Bhd	100	100	Maintenance of all types of fire Maintenance protection systems
FITTERS Engineering Services (Johor) Sdn Bhd	100	100	Design, supply, installation, repair and maintenance of fire protection systems
FITTERS-Malnaga Sdn Bhd #	51	51	Supply, installation and maintenance of rail-road
Z'odd Design Sdn Bhd #	51	51	Specialist Themed Works - contracting & turnkey projects
FITTERS-MCCT Sdn Bhd (formerly known as Pipefabricators Sdn Bhd)	55	-	Mechanical engineering works and fabricators

NOTES TO THE FINANCIAL STATEMENTS
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18. Investment in subsidiaries (contd.)

Details of the subsidiaries are as follows:

Name of company	Group equity interest 2009 %	2008 %	Principal activities
Subsidiaries of FITTERS -MPS Sdn Bhd:			
FITTERS-MCCT Sdn Bhd (formerly known as Pipefabricators Sdn Bhd)	-	100	Mechanical engineering works contractors and fabricators
Fimatic-MPS (East Coast) Sdn Bhd	60	60	Ceased operations
Subsidiary of Wintip Sdn Bhd			
Cosmopolitan Noble Sdn Bhd	100	100	Dormant
Subsidiary of Future NRG Sdn Bhd			
Future Biomass Gasification Sdn Bhd (formerly known as Impian Wirama Sdn Bhd)	100	-	Renewable energy development
Liangshan Future NRG Biology Electric Power Co. Ltd	100	-	Build, Own, Operate (BOO) the Liangshan Biomass Power Plant

Except for FITTERS (S) Pte Limited, Premier Equity Holdings Limited, Titan Access Floors Limited and Liangshan Future NRG Biology Electric Power Co., Ltd which are incorporated in Republic of Singapore, British Virgin Island ("BVI"), United Kingdom and People's Republic of China respectively, all other subsidiaries are incorporated in Malaysia.

Audited by firms of auditors other than Ernst & Young

* Not audited as it is a BVI company

(a) Acquisitions of subsidiaries in 2009

(i) On 23 June 2009, the Group through its subsidiary, Future NRG Sdn Bhd ("FNRG") acquired 100% equity interest in the issued and paid up capital of Future Biomass Gasification Sdn Bhd ("FBG") (formerly known as Impian Wirama Sdn Bhd) for cash consideration of RM2.00. Upon the acquisition, FBG becomes a wholly owned subsidiary of FNRG, which in turn a subsidiary of the Company.

(ii) On 9 July 2009, the Company has acquired 2 ordinary shares of RM1.00 each representing 100% equity interest in the issued and paid up capital of FITTERS-NRG Sdn Bhd (formerly known as Dutamas Mesra Sdn Bhd) for a cash consideration of RM2.00. Upon the acquisition, FITTERS-NRG Sdn Bhd becomes a wholly owned subsidiary of Company.

(iii) On 25 September 2009, the Group through its investment in FNRG registered a project company, Liangshan Future NRG Biology Electric Power Co., Ltd ("LBEP) in Liangshan County to build and operate the Biomass Power Plant Project. As at balance sheet date, FNRG has advanced USD3 million (equivalent to approximately RM10 million) to this Company which will be converted as capital injection to LBEP for the construction of the plant.

(iv) On 20 October 2009, the Company entered into a Share Sale Agreement with Plasma Renewable Energy Sdn Bhd, to acquire 200,000 ordinary shares of RM1.00 each in FNRG, representing 32% equity capital in FNRG, upon termination of the JVA between Plasma Renewable Energy Sdn Bhd and the Company, for a total consideration of RM200,000, by capitalising the amount due from Plasma Renewable Energy Sdn Bhd. Upon completion of the acquisition, the Company holds 83% equity interest in FNRG.

The acquisitions of the above subsidiaries do not have any significant impact on the Group.

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18. Investment in subsidiaries (contd.)

(b) Acquisitions of subsidiaries in 2008

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

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

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

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

(c) Dilution of interest in a subsidiary

On 12 August 2009, FITTERS-MPS Sdn Bhd disposed off 100,000 ordinary shares of RM1.00 each in its wholly owned subsidiary, FITTERS-MCCT Sdn Bhd ("FMCCT") (formerly known as Pipefabricators Sdn Bhd), representing 100% of the equity capital of FITTERS-MCCT Sdn Bhd to FITTERS Engineering Services Sdn Bhd (55%), MCC Technique Sdn Bhd (40%) and Chin Yong Shing (5%). Upon the completion, the Group now holds 55% interest in FMCCT for a total consideration of RM100,000.

(d) Disposal of interest in subsidiaries in 2008

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

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

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

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18. Investment in subsidiaries (contd.)

(d) Disposal of interest in subsidiaries in 2008 (contd.)

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

	2008 RM	RM
Property, plant and equipment		1,658,629
Inventories		769,679
Trade and other receivables		3,464,638
Cash and bank balances		55,248
Trade and other payables		(1,495,398)
Borrowings		(1,212,000)
Bank overdraft		(420,851)
Current tax payable		40,406
Deferred tax liabilities (Note 30)		(106,744)
Net assets held for disposal	211,814	
Debt due from former subsidiary settled by purchaser	37,334,853	37,546,667
Net assets disposed		40,300,274
Less: Minority interest disposed		(1,309,879)
		38,990,395
Total disposal proceed		
- cash consideration	31,280,000	
- settlement of intercompany indebtedness	37,334,853	
- direct expense relating to the disposal	(6,250,000)	62,364,853
Gain on disposal to the Group (Note 5)		23,374,458
Cash inflow arising from disposals:		
Cash consideration		62,364,853
Cash and cash equivalents of subsidiaries disposed		365,603
Net cash inflow of the Group		62,730,456
Company		
Cash consideration		1,280,000
Less: Cost of investment, net		(555,505)
Gain on disposal to the Company (Note 5)		724,495

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19. Other investments

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
At cost:				
Corporate memberships in golf clubs	140,000	140,000	-	-
Unquoted bonds	2,500,000	2,500,000	2,500,000	2,500,000
Unquoted preference shares	18,582,334	14,784,334	-	-
Unquoted ordinary shares	607,140	607,140	-	-
	21,829,474	18,031,474	2,500,000	2,500,000
Less: Accumulated impairment losses	(2,535,000)	(2,535,000)	(2,500,000)	(2,500,000)
	19,294,474	15,496,474	-	-

(a) Unquoted bonds

The Company subscribed to RM2,500,000 Subordinated Bond issued by Kerisma Berhad pursuant to a Primary Collateralised Loan Obligations Transaction in connection with the acceptance of an Unsecured Fixed Rate Term Loan facility. The salient terms of the Unsecured Fixed Rate Term Loan Facility are detailed in Note 28. Full impairment of the said bonds were recognised during the previous financial year, based on available information from the trustee of the bonds.

(b) Unquoted preference shares

The Group through its wholly owned subsidiary, FITTERS Property Development Sdn Bhd subscribed additional 3,798,000 Redeemable Convertible Preference Shares ("RCPS") of RM1.00 each in its investee company for total consideration of RM3,798,000 in 2009. The consideration is made by way of cash advance of RM1,974,000 and conversion of amount receivable from the investee company of RM1,824,000.

20. Trade and other receivables

	Group		Company	
Current	2009 RM	2008 RM	2009 RM	2008 RM
Trade receivables				
Third parties	46,688,550	43,272,493	-	-
Related parties	295,119	1,302,286	-	-
Construction contracts (Note 21):				
Due from customers	16,071,750	14,349,595	-	-
Retention sums	9,488,893	5,447,551	-	-
	72,544,312	64,371,925	-	-
Less: Provision for doubtful debts:				
Third parties	(20,730,156)	(22,653,819)	-	-
Trade receivables, net	51,814,156	41,718,106	-	-
Other receivables				
Amount due from:				
Subsidiaries	-	-	56,142,436	54,477,531
Related parties	-	2,375,375	-	1,579
	-	2,375,375	56,142,436	54,479,110
Deposit and prepayment	925,620	2,159,064	56,571	61,971
Other receivables	32,856,779	36,931,901	263,826	1,588,979
Other receivables, net	33,782,399	41,466,340	56,462,833	56,130,060
Total	85,596,555	83,184,446	56,462,833	56,130,060
Non-current				
Amount due from investee company	582,165	588,880	-	-

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31 DECEMBER 2009

20. Trade and other receivables (contd.)

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

	Group	
	2009 RM	2008 RM
As at 1 January	22,653,819	5,259,346
(Reversal)/provision for doubtful debts	(1,578,862)	18,069,673
Bad debts written off	(344,801)	(675,200)
As at 31 December	20,730,156	22,653,819

(a) Included in trade receivables and other receivables of the Group are amounts which have been outstanding in excess of 12 months amounting to RM785,146 (2008: RM1,523,066).

In assessing the extent of non-recoverable debts, the directors have given due consideration to all pertinent information relating to the ability of the debtors to settle the debts. Notwithstanding the overdue nature of these debts, the directors have assessed these debts as fully recoverable. Accordingly, no further provision has been made for doubtful recovery in respect of these debts.

(b) Included in trade receivables is an amount of RM2,997,652 (2008: RM2,997,652) due from a contractor (the "Main Contractor"), comprising costs incurred for a contract for which uncertainty exist over its recovery. The recovery of this amount is dependent on the successful claim by the Main Contractor against its customer who had previously awarded the contract (the "Customer") to the Main Contractor. The Main Contractor awarded a parcel of the contract to a subsidiary, Armatrade Sdn Bhd ("Armatrade").

On 8 April 1999, Armatrade made a claim against the Main Contractor for a sum of RM6,555,842 together with interest and costs for contract work performed. The Main Contractor counter-claimed against Armatrade for a sum of RM10,624,530 together with interest and costs for delays in works and unsatisfactory workmanship.

In another action which commenced on 1 September 1999, the Customer made a claim against the said Main Contractor for the sum of RM32,759,184 together with interest and costs. The Main Contractor counter-claimed, inter alia, for a sum of RM78,090,502 together with interest and costs.

On 23 November 2004, a Compromise Agreement ("Agreement") was signed between the Main Contractor and Armatrade. In the Agreement, the Main Contractor and Armatrade agreed to withdraw all the claims against each other. The recovery of the contract cost of RM2,997,652 is contingent upon on the successful counter-claim by the Main Contractor against the Customer.

The above case was fixed for hearing for decision and/or oral clarification on 29 March 2010 and the Learned High Court judge had awarded the case in favour of the Main Contractor. The Customer has 30 days to file an appeal to stay the execution of the judgement.

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

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20. Trade and other receivables (contd.)

(c) In the previous financial year, included in the trade receivables was an amount recoverable of RM6,599,475, comprising certified claims of RM3,292,141 and uncertified claims of RM3,307,334. The claims pertained to a contract between Z'odd Design Sdn Bhd ("Z'odd"), a subsidiary of the Group, and a foreign based customer. The sub-contract agreement was signed on 18 July 2007. The customer had subsequently terminated the sub-contract agreement with Z'odd on 18 February 2008. The customer had also called on a bank guarantee of USD859,880 (approximately RM2,837,000) on 18 February 2008.

Z'odd had initiated legal action to recover the aforementioned debts, the recovery of the bank guarantee called on as well as seeking other compensation for damages suffered. As the project was still on-going, Z'odd proceeded with a provisional attachment suit aimed at freezing the contractor's account in Dubai as well as getting a court order to have all monies due to the contractor to be paid into court until disposal of the main action, which is arbitration. At the hearing on 5 May 2009, the court granted a provisional attachment order over the customer's funds and movable assets. Z'odd was informed by the owners no more monies are deemed due to the contractor.

A petition was filed and the Company successfully attached the funds and assets of the customer in Belgium. However, subsequently the customer had successfully removed the attachment.

While the solicitors have provided various other options to pursue the matter, the management is concerned on the legal costs that will be incurred vis-a-vis the uncertainty of the court decisions. The management has decided to explore a more cost effective route towards the case.

Accordingly, the amount has been provided for as doubtful debt in the previous financial year.

(d) Included in the amount due from customers on contract is an amount outstanding to FITTERS-MPS Sdn Bhd from Wijaya Baru Sdn Bhd ("WBSB") at RM2,746,122. There is an additional amount of RM341,672 under the same project debtor owing to FITTERS Engineering Services Sdn Bhd. Formal legal proceedings were initiated after issuing several letters of demand for the said sums. Section 218 notice was sent to WBSB on 2 June 2009 which went unchallenged by the defedant until expiry of the notice. Winding-up petition was extracted and have been served in on WBSB.

WBSB's solicitor filed an objection to nullify the petition in court. The initial hearing was held on 18 November 2009. WBSB filed another writ opposing the petition while FITTERS-MPS Sdn Bhd has duly filed an affidavit in reply to the same. The court has set on 29 March 2010 for case management and on 12 May 2010 for hearing of notice of motion and petition.

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

(e) Included in other receivables is an amount of RM27,676,533 (2008: RM29,941,251) which is the balance of the consideration receivable for the disposal of building and strata title rights on the land held for development properties as disclosed in Note 15. Based on the information available at the date of the financial statements, the directors are of the opinion that the amount is recoverable after making the necessary assessment. Further details are disclosed in Note 5.

(f) Amount due from subsidiaries and related parties are unsecured, non-interest bearing, have no fixed terms of repayment and are to be settled in cash.

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

As at 31 December 2009, the Group has a significant concentration of credit risk in the form of outstanding debts due from a customer representing 32% (2008: 36%) of the total receivables.

Other information on financial risks of other receivables are disclosed in Note 35.

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21. Due from/(to) customers on contracts

	Group	
	2009 RM	2008 RM
Construction costs incurred todate	386,298,699	341,186,450
Attributable profits	34,675,758	25,808,662
	420,974,457	366,995,112
Less: Progress billings	(408,472,677)	(356,675,255)
	12,501,780	10,319,857
Due from customers on contract (Note 20)	16,071,750	14,349,595
Due to customers on contract (Note 31)	(3,569,970)	(4,029,738)
	12,501,780	10,319,857
Retention sums on contract, included within trade receivables (Note 20)	9,488,893	5,447,551

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

	Group	
	2009 RM	2008 RM
Hire of plant and machinery	90,534	89,681
Wages and salaries	2,040,432	1,939,931
Social security contributions	2,985	1,549
Contribution to defined contribution plans	75,247	60,804

22. Inventories

	Group	
	2009 RM	2008 RM
At cost:		
Raw materials	4,918,703	6,684,191
Finished goods	2,431,019	4,211,377
	7,349,722	10,895,568
At net realisable value:		
Raw materials	400,328	436,483
Finished goods	123,327	352,428
	7,873,377	11,684,479

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23. Marketable securities

	Group 2009 RM	Group 2008 RM
Shares quoted in Malaysia, at cost	650	650
Market value of quoted shares	976	477

24. Cash and cash equivalents

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Cash on hand and at banks	17,564,157	14,380,712	282,001	107,821
Deposits with licensed banks	620,000	22,273,288	-	21,063,288
Cash and bank balances	18,184,157	36,654,000	282,001	21,171,109

Deposits with licensed banks of the Group amounting to RM20,000 (2008: RM20,000) pledged as securities for borrowings (Note 28).

Other information on financial risks of cash and cash equivalents are disclosed in Note 35.

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

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Cash and bank balances	17,564,157	14,380,712	282,001	107,821
Deposit with licensed banks	620,000	22,273,288	-	21,063,288
Bank overdrafts (Note 28)	(5,849,757)	(1,462,420)	-	-
Total cash and cash equivalents	12,334,400	35,191,580	282,001	21,171,109

25. Share capital and treasury shares

	Number of ordinary shares of RM0.50 each 2009 '000	Number of ordinary shares of RM0.50 each 2008 '000	Amount 2009 RM	Amount 2008 RM
Share capital				
Authorised share capital				
At beginning/end of year	1,000,000	1,000,000	500,000,000	500,000,000
Issued and fully paid up				
At beginning/end of year	131,157	131,157	65,578,592	65,578,592

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25. Share capital and treasury shares (contd.)

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

	Par value per share RM	Number of shares	Amount RM
Treasury shares			
At 1 January 2008	0.50	-	-
Purchase of treasury shares	0.50	9,987,700	4,453,602
At 31 December 2008	0.50	9,987,700	4,453,602
Purchase of treasury shares	0.50	1,123,000	499,318
Distribution as dividends (Note 12)	0.50	(6,002,324)	(2,675,716)
At 31 December 2009	0.50	5,108,376	2,277,204

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

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

Duing the financial year, the Company repurchased 1,123,000 (2008: 9,987,700) of its issued ordinary shares from the open market at an average price of RM0.44 per share. The total consideration paid for the repurchase including transaction costs was RM499,318 (2008: RM4,453,602). The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act.

The repurchased of 1,123,000 (2008: 9,987,700) of its issued ordinary shares from the open market has resulted to the reduction of issued ordinary shares traded in the open market to 120,046,484 (2008: 121,169,484).

26. Other reserves

	Asset revaluation reserve RM	Capital reserve RM	Warrant reserve RM	Foreign currency translation reserve RM	Total RM
Group					
At 1 January 2008	533,179	1,360,010	5,935,244	56,710	7,885,143
Cost of issuance of warrants not recognised in income statement	-	-	(20,005)	-	(20,005)
Foreign currency translation	-	-	-	24,423	24,423
At 31 December 2008	533,179	1,360,010	5,915,239	81,133	7,889,561
Foreign currency translation	-	-	-	(27,629)	(27,629)
At 31 December 2009	533,179	1,360,010	5,915,239	53,504	7,861,932
Company					
At 1 January 2008	533,179	-	5,935,244	-	6,468,423
Cost of issuance of warrants not recognised in income statement	-	-	(20,005)	-	(20,005)
At 31 December 2008/2009	533,179	-	5,915,239	-	6,448,418

NOTES TO THE FINANCIAL STATEMENTS
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26. Other reserves (contd.)

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

(a) Asset revaluation reserve

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

(b) Capital reserve

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

(c) Warrant reserve

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

Principal terms of the warrants are as follows:

(a) The exercise period commenced on the date of issue of the warrants and it will end five years from the date of issuance. Warrants that are not exercised during the exercise period will thereafter lapse and cease to be valid.

(b) The warrants are issued in registered form and constituted by a Deed Poll dated 18 October 2007.

(c) The exercise price will be RM0.80 payable in full in respect of each new share of the Company issued upon the exercise of the warrant. Each warrant carries the entitlement to subscribe for one (1) new ordinary share of the Company.

(d) In the event of an issue of shares or other securities convertible to shares by the Company, the warrant holders shall not have any participating right in respect of such issue although the exercise price and the number of additional warrants to be issued shall be adjusted, calculated and determined as per the Deed Poll, unless otherwise resolved by the Company in a general meeting.

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

(d) Foreign currency translation reserve

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

27. Retained earnings

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

NOTES TO THE FINANCIAL STATEMENTS
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27. Retained earnings (contd.)

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

As at 31 December 2009, the Company has tax exempt profits available for distribution of approximately RM12,724,000 (2008: RM12,724,000), subject to the agreement of the Inland Revenue Board.

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and the balance in the tax-exempt income account to frank the payment of dividends out of its entire retained earnings as at 31 December 2009.

28. Borrowings

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Short term borrowings				
Secured:				
Term loans	25,860	25,860	-	-
Hire purchase and finance lease liabilities (Note 29)	445,732	331,194	45,588	42,259
	471,592	357,054	45,588	42,259
Unsecured:				
Bank overdrafts (Note 24)	5,849,757	1,462,420	-	-
Revolving credits	5,000,000	-	5,000,000	-
Bankers' acceptances	7,270,000	7,154,921	-	-
Fixed rate loan	-	25,000,000	-	25,000,000
	18,119,757	33,617,341	5,000,000	25,000,000
	18,591,349	33,974,395	5,045,588	25,042,259
Long term borrowings				
Secured:				
Term loans	55,624	98,796	-	-
Hire purchase and finance lease liabilities (Note 29)	729,078	562,954	137,806	183,394
	784,702	661,750	137,806	183,394
Total borrowings				
Bank overdrafts (Note 24)	5,849,757	1,462,420	-	-
Revolving credits	5,000,000	-	5,000,000	-
Bankers' acceptances	7,270,000	7,154,921	-	-
Term loans	81,484	124,656	-	-
Hire purchase and finance lease liabilities (Note 29)	1,174,810	894,148	183,394	225,653
Fixed rate loan	-	25,000,000	-	25,000,000
	19,376,051	34,636,145	5,183,394	25,225,653

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28. Borrowings (contd.)

(a) The term loans are secured by the following:

(i) First legal charge over a freehold land and buildings under the investment properties of a subsidiary as disclosed in Note 14; and

(ii) Corporate guarantees by the Company.

(b) The revolving credits of the Company are secured by the following:

(i) Corporate guarantees from FITTERS Sdn Bhd and Master Pyroserve Sdn Bhd.

Salient terms of the unsecured fixed rate term loan

In previous financial years, the Company entered into a Loan Facility Agreement with Alliance Merchant Bank Berhad ("Alliance Merchant") and Kerisma Berhad ("Kerisma") in respect of the acceptance of an Unsecured Fixed Rate Term Loan Facility (the "Loan Facility") extended by Alliance Merchant (the "Facility Agreement"). In accordance with the terms of the Facility Agreement, Alliance Merchant sold all rights, titles and interests relating to the Loan Facility to Kerisma. Kerisma in turn issued asset-back securities, namely Senior, Mezzanine and Subordinated Bonds, pursuant to a Primary Collateralised Loan Obligations Transaction ("CLO").

Alliance Merchant disbursed RM25 million of the Loan Facility to the Company with a tenure of five (5) years and the Company subscribed for Subordinated Bonds amounting to RM2.5 million issued by Kerisma pursuant to the CLO.

The Company is required to maintain a certain level of rating accorded by the Malaysian Rating Corporation Berhad. In the event that the rating falls below the prescribed level, it will trigger the prepayment clause stated in the Facility Agreement rendering the Loan Facility payable on demand. During the year, the fixed rate term loan was fully repaid upon maturity.

Other information on financial risks of borrowings are disclosed in Note 35.

29. Hire purchase and finance lease liabilities

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Future minimum lease payments:				
Not later than 1 year	495,177	368,160	56,268	56,268
Later than 1 year and not later than 2 years	418,285	254,350	56,268	56,268
Later than 2 years and not later than 5 years	357,795	350,008	93,743	150,011
Total minimum lease payments	1,271,257	972,518	206,279	262,547
Less: Future finance charges	(96,447)	(78,370)	(22,885)	(36,894)
Present value of finance lease liabilities (Note 28)	1,174,810	894,148	183,394	225,653

NOTES TO THE FINANCIAL STATEMENTS
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29. Hire purchase and finance lease liabilities (contd.)

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Analysis of present value of finance lease liabilities:				
Not later than 1 year	445,732	331,194	45,588	42,259
Later than 1 year and not later than 2 years	389,275	232,110	48,917	45,588
Later than 2 years and not later than 5 years	339,803	330,844	88,889	137,806
	1,174,810	894,148	183,394	225,653
Less: Amount due within 12 months (Note 28)	(445,732)	(331,194)	(45,588)	(42,259)
Amount due after 12 months (Note 28)	729,078	562,954	137,806	183,394

Other information on financial risks of hire purchase and finance lease liabilities are disclosed in Note 35.

30. Deferred tax

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
At 1 January	21,400	462,724	170,431	120,564
Recognised in income statement (Note 10)	188,086	(334,580)	-	49,867
Arising from disposal of subsidiary (Note 18)	-	(106,744)	-	-
At 31 December	209,486	21,400	170,431	170,431
Presented after appropriate offsetting as follows:				
Deferred tax assets	(285,466)	(450,330)	-	-
Deferred tax liabilities	494,952	471,730	170,431	170,431
	209,486	21,400	170,431	170,431

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

Deferred tax liability of the Group:

	Property, plant and equipment RM
At 1 January 2008	469,254
Recognised in income statement	109,220
Arising from disposal of subsidiary company	(106,744)
At 31 December 2008	471,730
Recognised in income statement	23,222
At 31 December 2009	494,952

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30. Deferred tax (contd.)

Deferred tax assets of the Group:

	Inventories RM	Provisions RM	Unused tax losses and unabsorbed capital allowances RM	Total RM
At 1 January 2008	-	-	(6,530)	(6,530)
Recognised in income statement	(346,518)	(103,812)	6,530	(443,800)
At 31 December 2008	(346,518)	(103,812)	-	(450,330)
Recognised in income statement	301,943	3,127	(140,206)	164,864
At 31 December 2009	(44,575)	(100,685)	(140,206)	(285,466)

Deferred tax liability of the Company:

	Property, plant and equipment RM
At 1 January 2008	127,094
Recognised in income statement	43,337
At 31 December 2008/ 2009	170,431

Deferred tax asset of the Company:

	Unused tax losses and unabsorbed capital allowances RM
At 1 January 2008	(6,530)
Recognised in income statement	6,530
At 31 December 2008/2009	-

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

	Group 2009 RM	Group 2008 RM
Unused tax losses	12,916,989	17,392,268
Unabsorbed capital allowances	104,265	629,374
Provision for doubtful debts	91,576	155,259
Property, plant and equipment	(128,137)	(378,452)
	12,984,693	17,798,449

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

NOTES TO THE FINANCIAL STATEMENTS
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31. Trade and other payables

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Current				
Trade payables				
Third parties	20,785,386	20,264,946	-	-
Related party	775,860	715,202	-	-
Construction contracts:				
Due to customers (Note 21)	3,569,970	4,029,738	-	-
	25,131,216	25,009,886	-	-
Other payables				
Amount due to:				
Subsidiaries	-	-	8,860,052	14,181,098
Accruals	23,819,834	26,412,093	470,026	365,149
Deposits received	17,750	1,345,568	-	-
Other payables	2,496,688	5,106,218	329,247	494,137
Deferred income	-	677,083	-	-
	26,334,272	33,540,962	9,659,325	15,040,384
	51,465,488	58,550,848	9,659,325	15,040,384

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 days to 90 days (2008: 30 days to 90 days).

(b) Amounts due to subsidiaries and related parties

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

Related party refers to Wai Soon Engineering Sdn Bhd with further details disclosed in Note 34.

Other information on financial risks of other payables are disclosed in Note 35.

32. Capital commitments

	Group	
	2009	2008
	RM	RM
a) Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	-	47,700
Land held for development	-	250,000
	-	297,700

b) On 25 August 2009, the Group through its subsidiary, FNRG entered into a Biomass Power Plant Investment Contract with Liangshan County People's Government, Shandong, the People's Republic of China ("Liangshan County") in which FNRG was granted the concession by Liangshan County to build, own and operate the Liangshan County biomass power plant project. The total contract value is approximately USD30million (approximately RM105,300,000) to be satisfied within 2 years.

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33. Contingent liabilities

	Company	
	2009	2008
	RM	RM
Secured:		
Corporate guarantees given to banks for credit facilities granted to a subsidiary	240,660	240,660
Unsecured:		
Corporate guarantees given to banks for credit facilities granted to subsidiaries	61,965,660	64,965,660
Corporate guarantees given to corporations for credit facilities granted to subsidiaries	17,410,000	16,460,000
Corporate guarantees given to corporations for performance project by subsidiaries	134,000,000	134,000,000
	213,616,320	215,666,320

34. Related party disclosures

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

	2009	2008
	RM	RM
Group		
Transactions with related parties		
Kawalan Api Engineering Sdn Bhd		
- Contract fee	-	(170,832)
- Sales	-	(2,931,226)
Fitters (Sabah) Sdn Bhd		
- Sales	(626,887)	(450,236)
- Rental	(4,800)	(4,800)
- Purchase of raw materials	-	187
Wai Soon Engineering Sdn Bhd		
- Sales	-	(6,375)
- Contract fee	2,901,516	2,515,607
Company		
Transactions with subsidiaries		
Administration income receivable	1,440,000	1,440,000
Rental income	1,176,000	392,000

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

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34. Related party disclosures (contd.)

Details of the related party relationships are as follows:

Related party	Relationship
Kawalan Api Engineering Sdn Bhd (“KAE”)	Zabidi bin Haji Mohd Zain who is a director and major shareholder of KAE, is a person connected to Tan Sri Datuk Paduka Dr. Hajjah Saleha binti Haji Mohamed Ali, who is a director of the Company. He is also a person connected to Zahedi bin Haji Mohd Zain, who is an alternate director to Tan Sri Datuk Paduka Dr. Hajjah Saleha binti Haji Mohamed Ali. In prior year, Zabidi bin Haji Mohd Zain has disposed of his shareholding and resigned as director in Kawalan Api Engineering Sdn Bhd.
Fitters (Sabah) Sdn Bhd	Dato’ Wong Swee Yee who is a director and major shareholder of the Company, is also a director and major shareholder of Fitters (Sabah) Sdn Bhd.
Wai Soon Engineering Sdn Bhd	Wong Swee Loy who is the brother of Dato’ Wong Swee Yee and Wong Swee Seong, both are directors of the Company, is also a director and major shareholder of Wai Soon Engineering Sdn Bhd.

Information regarding outstanding balances arising from related party transactions as at 31 December 2009 are disclosed in Note 20 and Note 31.

Compensation of key management personnel

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

35. Financial instruments

(a) Financial risk management objectives and policies

The Group’s financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group’s businesses whilst managing its interest rate risks (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group’s policy that no trading in derivative financial instruments shall be undertaken.

(b) Interest rate risk

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

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

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35. Financial instruments (contd.)

(b) Interest rate risk (contd.)

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

	Note	WAEIR %	Within 1 year RM	1-2 years RM	2-3 years RM	3-4 years RM	4-5 years RM	More than 5 years RM	Total RM
Group									
At 31 December 2009									
Fixed rate									
Hire purchase and finance lease liabilities	29	2.71	(445,732)	(389,275)	(229,095)	(77,933)	(32,775)	-	(1,174,810)
Revolving credit	28	3.98	(5,000,000)	-	-	-	-	-	(5,000,000)
Floating rate									
Deposits with licensed banks	24	1.12	620,000	-	-	-	-	-	620,000
Bank overdrafts	28	6.80 - 9.05	(5,849,757)	-	-	-	-	-	(5,849,757)
Bankers' acceptances	28	3.09	(7,270,000)	-	-	-	-	-	(7,270,000)
Term loans	28	6.75	(25,860)	(25,860)	(25,860)	(3,904)	-	-	(81,484)
At 31 December 2008									
Fixed rate									
Hire purchase and finance lease liabilities	29	2.52	(331,194)	(232,110)	(168,203)	(125,998)	(36,643)	-	(894,148)
Fixed rate loan	28	6.50	(25,000,000)	-	-	-	-	-	(25,000,000)
Floating rate									
Deposits with licensed banks	24	3.24	22,273,288	-	-	-	-	-	22,273,288
Bank overdrafts	28	7.75 - 10.00	(1,462,420)	-	-	-	-	-	(1,462,420)
Bankers' acceptances	28	5.18	(7,154,921)	-	-	-	-	-	(7,154,921)
Term loans	28	6.75	(25,860)	(25,860)	(25,860)	(25,860)	(21,216)	-	(124,656)
Company									
At 31 December 2009									
Fixed rate									
Hire purchase and finance lease liabilities	29	2.18	(45,588)	(48,917)	(52,246)	(36,643)	-	-	(183,394)
Revolving credit	28	3.98	(5,000,000)	-	-	-	-	-	(5,000,000)
At 31 December 2008									
Fixed rate									
Hire purchase and finance lease liabilities	29	3.54	(42,259)	(45,588)	(48,917)	(52,246)	(36,643)	-	(225,653)
Fixed rate loan	28	6.50	(25,000,000)	-	-	-	-	-	(25,000,000)
Floating rate									
Deposit with licensed banks	24	3.24	21,063,288	-	-	-	-	-	21,063,288

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009

35. Financial instruments (contd.)

(c) Foreign currency risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily Sterling Pound, United States Dollar, Arab Emirates Dirham, Bahrain Dinar and Euro. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. Approximately 11% of the Group's sales are denominated in currencies other than the unit's functional currency of the operating unit making the sale, whilst approximately 6% of costs are denominated in the unit's functional currency.

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

	Net financial (liabilities)/assets held in non-functional currencies						
Functional currency of Group companies	Ringgit Malaysia RM	Sterling Pound RM	United States Dollar RM	Arab Emirates Dirham RM	Bahrain Dinar RM	Euro RM	Total RM
At 31 December 2009							
Ringgit Malaysia	-	637,539	402,698	141,468	(91,423)	-	1,090,282
Singapore Dollars	(1,572,669)	-	-	-	-	-	(1,572,669)
	(1,572,669)	637,539	402,698	141,468	(91,423)	-	(482,387)
At 31 December 2008							
Ringgit Malaysia	-	3,246,775	(327,718)	139,445	149,599	196,762	3,404,863
Singapore Dollars	(1,760,723)	-	-	-	-	-	(1,760,723)
	(1,760,723)	3,246,775	(327,718)	139,445	149,599	196,762	1,644,140

(d) Liquidity risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

(e) Credit risk

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009

35. Financial instruments (contd.)

(e) Credit risk (contd.)

As at 31 December 2009, the Group has a significant concentration of credit risk in the form of outstanding debts due from a customer representing 32% (2008: 36%) of the total receivables.

(f) Fair values

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

		Carrying amount RM	Fair value RM
Group			
At 31 December 2009			
Marketable securities	(i)	650	976
Hire purchase and finance lease liabilities	(ii)	1,174,810	1,166,450
At 31 December 2008			
Marketable securities	(i)	650	477
Fixed rate term loans	(ii)	25,000,000	24,865,313
Hire purchase and finance lease liabilities	(ii)	894,148	892,766
Company			
At 31 December 2009			
Hire purchase and finance lease liabilities	(ii)	183,394	179,097
At 31 December 2008			
Fixed rate term loans	(i)	25,000,000	24,865,313
Hire purchase and finance lease liabilities	(ii)	225,653	225,428

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

(i) Marketable securities

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

(ii) Borrowings

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009

36. Segment information

(a) Reporting format

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

(b) Business segments

The Group is organised into two major business segments:

(i) Manufacturing and trading

Manufacturing and trading of safety, fire fighting equipment and industrial products.

(ii) Construction & Engineering Services

Contract for mechanical and electrical works, corrective and preventive maintenance within the fire industry, installation and maintainance of the Fire Department's privatized Computerized Fire Alarm Monitoring System (CMS), specialist themed works and speciality construction industry.

(c) Geographical segments

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

(d) Allocation basis and transfer pricing

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009

36. Segment information (contd.)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segments:

31 December 2009	Manufacturing and trading RM	Construction and Engineering Services RM	Investment holding and others RM	Elimination RM	Consolidated RM
Revenue					
External sales	57,612,940	68,748,350	-	(135,329)	126,225,961
Results					
Segment results	3,239,140	9,524,594	3,976,587	(6,344,088)	10,396,233
Finance costs					(420,721)
Taxation					(1,674,643)
Profit for the year					8,300,869
Assets and liabilities					
Segment assets	72,181,116	57,131,269	201,027,538	(146,919,129)	183,420,794
Unallocated assets					3,262,841
Total assets					186,683,635
Segment liabilities	46,994,159	62,230,581	78,009,959	(116,393,160)	70,841,539
Unallocated liabilities					868,021
Total liabilities					71,709,560
Other information					
Capital expenditure	59,995	1,353,576	748,282	-	2,161,853
Depreciation and amortisation	560,478	620,039	302,522	-	1,483,039
Reversal of provision of doubtful debts	(424,933)	(1,153,929)	-	-	(1,578,862)
Inventories written back	(54,024)	(2,695)	(109,683)	-	(166,402)
Non cash expenses	15,000	12,361	169,672	-	197,033
31 December 2008					
Revenue					
External sales	82,000,068	81,788,579	-	-	163,788,647
Results					
Segment results	23,352,454	(24,656,557)	54,512,346	(26,957,946)	26,250,297
Finance costs					(1,729,484)
Taxation					(1,164,391)
Profit for the year					23,356,422
Assets and liabilities					
Segment assets	77,909,873	39,387,547	203,728,700	(122,580,847)	198,445,273
Unallocated assets					2,526,682
Total assets					200,971,955
Segment liabilities	52,140,400	49,920,353	83,228,085	(92,101,845)	93,186,993
Unallocated liabilities					581,935
Total liabilities					93,768,928
Other information					
Capital expenditure	904,860	340,063	6,701,879	-	7,946,802
Depreciation and amortisation	539,204	567,504	140,512	-	1,247,220
Impairment of property, plant and equipment	145,389	366,690	13,353,389	-	13,865,468
Provision for doubtful debts	2,114,596	15,955,077	-	-	18,069,673
Inventories written down	1,783,110	638,199	-	-	2,421,309
Non cash expenses	28,311	18,581	(7,380)	-	39,512

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009

36. Segment information (contd.)

(c) Geographical segments

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

Revenue by geographical segments

	2009 RM	2008 RM
Malaysia	112,444,795	154,496,789
Singapore	13,781,166	9,291,858
	126,225,961	163,788,647

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

	Segment assets		Capital expenditure	
	2009 RM	2008 RM	2009 RM	2008 RM
Malaysia	180,416,314	195,762,698	2,108,373	7,933,638
Singapore	3,004,480	2,682,575	53,480	13,164
	183,420,794	198,445,273	2,161,853	-

37. Significant events

(i) On 23 June 2009, the Group through its subsidiary, Future NRG Sdn Bhd ("FNRG") acquired 100% equity interest in the issued and paid up capital of Future Biomass Gasification Sdn Bhd ("FBG") (formerly known as Impian Wirama Sdn Bhd) for cash consideration of RM2.00. Upon the acquisition, FBG becomes a wholly owned subsidiary of FNRG, which in turn a subsidiary of the Company.

(ii) On 24 June 2009, the Group through its subsidiary FNRG entered into a Joint Venture Agreement ("JVA") with Ankur Scientific Energy Technologies (P) Ltd ("ANKUR") to jointly form a company called Future Biomass Gasification Sdn Bhd ("JV Co") to undertake the sale and distribution of Biomass Gasification Plants and to carry out engineering, procurement and construction and other ancillary works for such projects. The JV Co will be incorporated with an authorized share capital of RM1,000,000 divided into 1,000,000 ordinary shares of RM1.00 each and a paid-up share capital of RM100,000 divided into 100,000 ordinary shares of RM1.00 each. FNRG shall hold 60% and the balance 40% to be held by ANKUR. As at balance sheet date, the terms and conditions of the JVA has yet to be completed.

(iii) On 9 July 2009, the Group has acquired 2 ordinary shares of RM1.00 each representing 100% equity interest in the issued and paid up capital of FITTERS-NRG Sdn Bhd (formerly known as Dutamas Mesra Sdn Bhd) for a cash consideration of RM2.00. Upon the acquisition, FITTERS-NRG Sdn Bhd becomes a wholly owned subsidiary of Company.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009

37. Significant events (contd.)

(iv) On 12 August 2009, FITTERS-MPS Sdn Bhd disposed off 100,000 ordinary shares of RM1.00 each in its wholly owned subsidiary, FITTERS-MCCT Sdn Bhd ("FMCCT") (formerly known as Pipefabricators Sdn Bhd), representing 100% of the equity capital of FMCCT to FITTERS Engineering Services Sdn Bhd (55%), MCC Technique Sdn Bhd (40%) and Chin Yong Shing (5%). Upon the completion, the Group now holds 55% interest in FMCCT for a total consideration of RM100,000.

(v) On 25 August 2009, the Group through its subsidiary, FNRG entered into a Biomass Power Plant Investment Contract with Liangshan County People's Government, Shandong, the People's Republic of China ("Liangshan County") in which FNRG was granted the concession by Liangshan County to build, own and operate the Liangshan County biomass power plant project. The total contract value is approximately USD30million (approximately RM105,300,000) to be satisfied within 2 years.

Upon signing of the contract, FNRG has provided a bank guarantee of RMB2 million to Liangshan County as performance guarantee for the grant of the concession rights of the Liangshan Biomass Power Plant. On 25 September 2009, FNRG registered a project company, Liangshan Future NRG Biology Electric Power Co., Ltd ("LBEP) in Liangshan County to build and operate the biomass power plant project. As at balance sheet date, FNRG has advanced USD3 million (equivalent to approximately RM10 million) to this Company which will be converted as capital injection to LBEP for the construction of the plant.

(vi) On 14 October 2009, the Company has mutually agreed with Plasma Renewable Energy Sdn Bhd to terminate the initial Joint Venture Agreement ("JVA") between Plasma Renewable Energy Sdn Bhd and the Company to set up a Joint Venture Company called FNRG. On 20 October 2009, the Company entered into a Share Sale Agreement with Plasma Renewable Energy Sdn Bhd, to acquire 200,000 ordinary shares of RM1.00 each in FNRG, representing 32% equity capital in FNRG, upon termination of the JVA between Plasma Renewable Energy Sdn Bhd and the Company, for a total cash consideration of RM1. Upon completion of the acquisition, the Company holds 83% equity interest in FNRG.

LIST OF PROPERTIES HELD BY THE GROUP

LIST OF PROPERTIES AS AT 31 DECEMBER 2009

	Description	Address	Net Book Value RM	Tenure	Date of last valuation / acquisition	Existing Use	Age Of Building (Year)
1	5 storey Office 1,779.20 m2	No. 1 Jalan Tembaga SD 5/2 Bandar Sri Damansara 52200 Kuala Lumpur	8,438,280	Freehold	21-8-1991	Office	16
2	2 Storey shop house 143.07 m2	12 Jalan Sagu 5 Taman Daya 81100 Johor Bahru Johor Darul Takzim	183,374	Freehold	5-4-1993	Office	16
3	3 Storey Shop house 143.07 m2	66 Lintang Angsana Bandar Baru Ayer Itam 11500 Pulau Pinang	389,632	Leasehold Expire on 2093	24-2-1995	Office	15
4	2 Storey Shop office 130.0 m2	13 Jalan Dato' Haji Megat Khas Taman Bandaraya Utama 31400 Ipoh Perak Darul Ridzuan	217,602	Leasehold Expire on 2093	10-4-1996	Office	15
5	Office Suite 56.39 m2	No.568-8-28 Kompleks Mutiara Jalan Ipoh 51200 Kuala Lumpur	137,340	Freehold	9-5-2005	Vacant	10
6	Apartment 70.14 m2	D-4-21 Block Rapis Pangsapuri Las Palmas Jalan Desa Ria Bandar Country Homes 48000 Rawang Selangor Darul Ehsan	64,505	Freehold	10-12-1999	Vacant	10
7	Shop Office 73.02 m2	2A-28 Jalan Desa 9/3 Bandar Country Homes 48000 Rawang Selangor Darul Ehsan	55,723	Freehold	10-12-1999	Vacant	10
8	1 storey terrace house 121.0 m2	No. 162 Lorong Aneka Taman Aneka 71250 Pasir Panjang Port Dickson	72,675	Freehold	6-10-2000	Vacant	7
9	2 storey town house 149.8 m2	No40, Jalan P14D/6, A21, Block 4B Parcel 2515-C HS(M) 805 PT No. 2515, Mukim Dengkil, Precinct 16 Putrajaya	304,964	Freehold	20-4- 2001	Tenanted	6

LIST OF PROPERTIES HELD BY THE GROUP

LIST OF PROPERTIES AS AT 31 DECEMBER 2009

	Description	Address	Net Book Value RM	Tenure	Date of last valuation / acquisition	Existing Use	Age Of Building (Year)
10	Office 172.8 m2	32-03(BK) 3rd Floor Taman Juara Jaya Merchant Square, Cheras Selangor Darul Ehsan	84,870	Freehold	21-12-2001	Vacant	8
11	Office 163.4 m2	32-03(FR) 3rd Floor Taman Juara Jaya Merchant Square, Cheras Selangor Darul Ehsan	82,410	Freehold	21-12-2001	Vacant	8
12	Office 336.22 m2	32-01, Block 3 Taman Juara Jaya Merchant Square, Cheras Selangor Darul Ehsan	182,750	Freehold	29-01-2004	Vacant	6
13	Apartment 185.81m2	D-18-6 East Lake Residence PT No. 9957, Lot 64411, Mukim Pekan Serdang, Daerah Petaling Selangor	463,834	Leasehold Expire on 15-5-2100	26-03-2004	Vacant	2
14	Land 8.094 Hec. (20 acres)	HS (D): 3805, Lot PT 2279, Mukim of Ulu Telom District of Cameron Highlands, Pahang	1,765,986	Freehold	16-03-2007	Agriculture	-
15	2 storey town house 267 m2	TV1-L-25, Vista Harmoni Town Villa, Taman Bukit Cheras, Geran 54237, Lot 7957, Mukim of Cheras, District of Kuala Lumpur	351,138	Freehold	16-12-2008	Vacant	1
16	Land 34130m2	PN 46795 No. Lot 30119, Mukim Setapak Daerah Kuala Lumpur	30,922,416	Leasehold Expire on 20-11-2106	12-12-2007	Land held for Development	

ANALYSIS OF SHAREHOLDINGS

ANALYSIS OF SHAREHOLDINGS

Authorised Share Capital	:	RM500,000,000.00 (1,000,000,000 Ordinary Shares of RM0.50 each)
Issued and fully paid-up	:	RM72,136,092.00 (144,272,184 Ordinary Shares of RM0.50 each)
Class of Shares	:	Ordinary Shares of RM0.50 Each
Voting Rights	:	One (1) vote per shareholder on a show of hands One (1) vote per share on a poll

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 30 APRIL 2010

Size of Holdings	No. of Shareholders	%	No. of Shares Held	%
1 – 99	108	4.38	4,503	0.00
100 – 1,000	138	5.59	50,438	0.03
1,001 – 10,000	1,296	52.51	6,401,449	4.44
10,0001 – 100,000	812	32.90	22,953,978	15.91
100,001 to less than 5% of issued shares	113	4.58	83,962,540	58.20
5% and above of issued shares	1	0.04	30,899,200	21.42
Total	**2,468**	**100.00**	**144,272,108***	**100.00**

Note:-
* *The number of 144,272,108 Ordinary Shares was arrived after deducting 76 treasury shares retained by the Company from the issued and paid-up share capital of 144,272,184 Ordinary Shares.*

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 30 APRIL 2010

No.	Name	Direct Shareholdings No. of Shares Held	%	Indirect Shareholdings No. of Shares Held	%
1.	Mohammad Nizar Bin Idris	-	-	-	-
2.	Dato' Wong Swee Yee	38,187,929	26.47	3,206,604 (1)	2.22
3.	Datin Goh Hooi Yin	635,250	0.44	38,187,929 (2)	26.47
4.	Tan Sri Datuk Paduka	-	-	121,136 (3)	0.08
	Dr. Hajjah Saleha Bt Hj. Mohamed Ali				
5.	Kong Sin Seng	-	-	-	-
6.	Mohamad Jamil Bin Mohd Yusof	-	-	-	-
7.	Zahedi Bin Hj Mohd Zain	3,011	Neg	118,125 (4)	0.08

Notes:-
(1) Deemed interested in his brother, Mr. Wong Swee Seong's, and his spouse, Datin Goh Hooi Yin's, direct shareholdings in FITTERS by virtue of Section 134(12)(c) of the Companies Act, 1965 ("the Act").
(2) Deemed interested in her spouse, Dato' Wong Swee Yee's, direct shareholdings in FITTERS by virtue of Section 134(12)(c) of the Act.
(3) Deemed interested through her substantial shareholdings in Sijas Holdings Sdn Bhd's and Saleha & Anak-Anak Holdings Sdn Bhd's by virtue of Section 6A(4) of the Act and deemed interested in her son, Zahedi Bin Hj Mohd Zain's, direct shareholdings in FITTERS by virtue of Section 134(12)(c) of the Act.
(4) Deemed interested by virtue of his substantial shareholdings in Sijas Holdings Sdn Bhd's and Saleha & Anak-Anak Holdings Sdn Bhd's by virtue of Section 6A(4) of the Act.

ANALYSIS OF SHAREHOLDINGS

ANALYSIS OF SHAREHOLDINGS

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 30 APRIL 2010

No.	Name	Direct Shareholdings No. of Shares Held	%	Indirect Shareholdings No. of Shares Held	%
1.	Dato' Wong Swee Yee	38,187,929	26.47	3,206,604*	2.22
2.	Datin Goh Hooi Yin	635,250	0.44	38,187,929**	26.47

Notes:-
* *Deemed interested in his brother, Mr. Wong Swee Seong's, and his spouse, Datin Goh Hooi Yin's, direct shareholdings in FITTERS by virtue of Section 134(12)(c) of the Act.*
** *Deemed interested in her spouse, Dato' Wong Swee Yee's, direct shareholdings in FITTERS by virtue of Section 134(12)(c) of the Act.*

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No.	Name	No. of Shares Held	%
1.	EB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Swee Yee	30,899,200	21.42
2.	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Swee Yee	5,972,495	4.14
3.	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Siew Lai	5,871,140	4.07
4.	Teo Kwee Hock	5,658,005	3.92
5.	Sim Keng Chor	5,546,000	3.84
6.	Loh Foong Ping	5,250,000	3.64
7.	Leong Lai Shen	3,959,200	2.74
8.	Leong Kok Wah	3,935,000	2.73
9.	Lim Twee Yong	3,935,000	2.73
10.	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chin Chin Seong	3,660,000	2.54
11.	Tee Tiam Lee	3,189,900	2.21
12.	Kong Sum Mooi	2,100,000	1.46
13.	Gan Siew Liat	1,900,035	1.32
14.	AMSEC Nominees (Tempatan) Sdn Bhd Assar Asset Management Sdn Bhd for Lembaga Kumpulan Wang Kawasan Konsesi Hutan	1,729,350	1.20
15.	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Kah Eng	1,518,240	1.05
16.	Wong Swee Seong	1,365,000	0.95
17.	Wong Swee Yee	1,316,234	0.91

ANALYSIS OF SHAREHOLDINGS

LIST OF THIRTY (30) LARGEST SHAREHOLDERS (contd.)

No.	Name	No. of Shares Held	%
18.	Wong Swee Seong	1,206,354	0.84
19.	Yon Yu Hon @ Hon Yew Hon	1,191,645	0.83
20.	Lai Lan @ Loow Lai Lan	1,142,190	0.79
21.	Teh Poh Guan	1,050,000	0.73
22.	Gan Seong Liam	1,000,000	0.69
23.	Fong Kum Kuan	921,250	0.64
24.	AMSEC Nominees (Tempatan) Sdn Bhd Assar Asset Management Sdn Bhd for Sarawak Timber Industry Development Corporation	874,125	0.61
25.	RHB Capital Nominees (Tempatan) Sdn Bhd Gan Seong Liam	792,800	0.55
26.	Imbi Palace (PJ) Restaurant Sdn Bhd	700,000	0.49
27.	Goh Hooi Yin	635,250	0.44
28.	Gan Seong Liam	555,500	0.39
29.	Tan Han Chong	550,000	0.38
30.	Wong Kim Yin	546,000	0.38
	Total :	**98,969,913**	**68.60**

ANALYSIS OF WARRANT HOLDINGS

ANALYSIS OF WARRANT HOLDINGS

Right Issue of Warrants 2007/2012	:	65,578,592 at an Issue Price of RM0.10 per Warrant
No. of Warrants Unexercised	:	65,578,592
Exercise Period	:	From the date of Issuance of 28 November 2007 to the expiry date on 27 November 2012
Exercise Price	:	RM0.80
Exercise Right	:	Each warrant entitles the holder during the Exercise Period to subscribe for one (1) new ordinary share of RM0.50 each at the Exercise Price

ANALYSIS BY SIZE OF WARRANT HOLDINGS AS AT 30 APRIL 2010

Size of Holdings	No. of Holders	%	No. of Warrants Held	%
1 – 99	9	0.76	402	0.00
100 – 1,000	146	12.40	88,050	0.13
1,001 – 10,000	621	52.76	2,597,400	3.96
10,0001 – 100,000	330	28.04	11,847,800	18.07
100,001 to less than 5% of total warrants	67	5.69	25,934,352	39.55
5% and above of total warrants	4	0.34	25,110,588	38.29
Total	**1,177**	**100.00**	**65,578,592**	**100.00**

DIRECTORS' WARRANT HOLDINGS AS PER THE REGISTER OF DIRECTORS' WARRANT HOLDINGS AS AT 30 APRIL 2010

No.	Name	Direct Warrant Holdings No. of Warrants Held	%	Indirect Warrant Holdings No. of Warrants Held	%
1.	Mohammad Nizar Bin Idris	-	-	-	-
2.	Dato' Wong Swee Yee	21,709,588	33.10	1,242,002 (1)	1.89
3.	Datin Goh Hooi Yin	352,500	0.54	21,709,588 (2)	33.10
4.	Tan Sri Datuk Paduka Dr. Hajjah Saleha Bt Hj. Mohamed Ali	-	-	68,300 (3)	0.10
5.	Kong Sin Seng	-	-	-	-
6.	Mohamad Jamil Bin Mohd Yusof	-	-	-	-
7.	Zahedi Bin Hj Mohd Zain	2,000	Neg	66,300 (4)	0.10

Notes:-

(1) Deemed interested in his brother, Mr. Wong Swee Seong's, and his spouse, Datin Goh Hooi Yin's, direct warrant holdings in FITTERS by virtue of Section 134(12)(c) of the Act.

(2) Deemed interested in her spouse, Dato' Wong Swee Yee's, direct warrant holdings in FITTERS by virtue of Section 134(12)(c) of the Act.

(3) Deemed interested through her substantial warrant holdings in Sijas Holdings Sdn Bhd's and Saleha & Anak-Anak Holdings Sdn Bhd's by virtue of Section 6A(4) of the Act and deemed interested in her son, Zahedi Bin Hj Mohd Zain's, direct warrant holdings in FITTERS by virtue of Section 134(12)(c) of the Act.

(4) Deemed interested by virtue of his substantial warrant holdings in Sijas Holdings Sdn Bhd's and Saleha & Anak-Anak Holdings Sdn Bhd's by virtue of Section 6A(4) of the Act.

ANALYSIS OF WARRANT HOLDINGS

LIST OF THIRTY (30) LARGEST WARRANT HOLDERS

No.	Name	No. of Warrants Held	%
1.	Wong Swee Yee	7,953,638	12.13
2.	EB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Swee Yee	7,650,000	11.67
3.	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Swee Yee	6,105,950	9.31
4.	Tee Tiam Lee	3,401,000	5.19
5.	Loh Foong Ping	2,500,000	3.81
6.	Lim Kah Eng	1,907,400	2.91
7.	Goh Phaik Lynn	1,793,400	2.73
8.	Ho Swee Pow	1,400,000	2.13
9.	Voon Jye Wah	1,050,000	1.60
10.	Chin Lai Ying	1,016,800	1.55
11.	Sim Joo Heng	809,300	1.23
12.	Leong Lai Shen	768,200	1.17
13.	Teo Kwee Hock	741,400	1.13
14.	Pang Yang Chung	739,000	1.13
15.	Wong Swee Seong	650,000	0.99
16.	Tan Yu Wei	600,000	0.91
17.	Affin Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ch'ng Bee Jiuan	590,000	0.90
18.	Chan Fee Whye	500,000	0.76
19.	Kong Sum Mooi	483,450	0.74
20.	Koh Heok Teo	475,000	0.72

ANALYSIS OF WARRANT HOLDINGS

LIST OF THIRTY (30) LARGEST WARRANT HOLDERS (contd.)

No.	Name	No. of Warrants Held	%
21.	Lee Yok Lan	378,000	0.58
22.	Chia Yet Mee	377,200	0.58
23.	Su Thai Ping	370,000	0.56
24.	Yon Yu Hon @ Hon Yew Hon	367,350	0.56
25.	Goh Hooi Yin	352,500	0.54
26.	Teoh Cha Boo	329,600	0.50
27.	Affin Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Boon Pock	320,000	0.49
28.	Low Bong Eang	314,600	0.48
29.	ECML Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Ai Leng	300,000	0.46
30.	Wu Song See @ Goh Song See	273,500	0.42
Total :		**44,517,288**	**67.88**

NOTICE OF TWENTY-FOURTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Fourth Annual General Meeting of FITTERS Diversified Berhad (Company No. 149735-M) will be held at Wisma FITTERS, No. 1, Jalan Tembaga SD 5/2, Bandar Sri Damansara, 52200 Kuala Lumpur on Thursday, 17 June 2010 at 11.00 a.m. for the following purposes:

A G E N D A

ORDINARY BUSINESS	**Resolution No.**
1. To receive the Audited Financial Statements for the financial year ended 31 December 2009 together with the Directors' and Auditors' Reports thereon.	
2. To re-elect the following Directors who retire pursuant to Article 83 of the Articles of Association of the Company:	
(a) Yg Bhg Dato' Wong Swee Yee	1
(b) Encik Mohamad Jamil Bin Mohd Yusof	2
3. To re-appoint Yg Bhg Tan Sri Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohamed Ali, who retires pursuant to Section 129(2) of the Companies Act, 1965.	3
4. To approve the payment of Directors' fees for the financial year ended 31 December 2009.	4
5. To re-appoint Messrs Ernst & Young the retiring Auditors, and to authorise the Board of Directors to fix their remuneration.	5

SPECIAL BUSINESS

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

(a) **Authority for Directors to Issue and Allot Shares Pursuant to Section 132D of the Companies Act, 1965** — 6

"**THAT** pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the issued and paid-up share capital of the Company for the time being, subject always to the approvals of the relevant regulatory authorities **AND THAT** the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares to be issued on Bursa Malaysia Securities Berhad ("Bursa Securities") **AND THAT** such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

(b) **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ('Proposed Renewal of Shareholders' Mandate')** — 7

"**THAT** pursuant to Paragraph 10.09 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Securities, approval be and is hereby given to the Company and its subsidiaries ("FITTERS Group") to enter into and give effect to specified Recurrent Related Party Transactions of a revenue or trading nature and with classes of the related parties as stated in Section 2.4 of the Circular to Shareholders dated 25 May 2010 which are necessary for the FITTERS Group's day to day operations subject to the following:

NOTICE OF TWENTY-FOURTH ANNUAL GENERAL MEETING

Resolution No.

(a) the transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the Related Party than those generally available to the public and on such terms that are not to the detriment of the minority shareholders of the Company;

(b) disclosure is made in the annual report of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the Shareholders' Mandate during the financial year;

AND THAT such approval shall take effect from the passing of the ordinary resolution and will continue to be in force (unless revoked or varied by the Company in general meeting) until:-

(a) the conclusion of the next AGM of the Company in 2011, at which time it will lapse, unless by a resolution passed at that meeting whereby the authority is renewed;

(b) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 143 (1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 143 (2), of the Act); or

(c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier.

AND THAT the Directors and the Secretaries of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary (including executing such documents as may be required) to give effect to the Proposed Shareholders' Mandate."

(c) **Proposed Renewal of Share Buy-Back Mandate** 8

"**THAT** subject to compliance with Section 67A of the Companies Act 1965, the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Securities and all other prevailing laws, rules, regulations, orders, guidelines and requirements issued and/or amended from time to time by any relevant authority, the Company be and is hereby authorised to renew the approval granted by the shareholders of the Company at Twenty-Third Annual General Meeting of the Company held on 29 June 2009, authorising the Company to purchase and/or hold up to 10% of the issued and paid-up share capital of the Company for the time being ("Proposed Share Buy-Back") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors of the Company may deem fit and expedient in the interest of the Company and an amount not exceeding the retained profits of the Company, be allocated by the Company for the Proposed Share Buy-Back. The retained profits of the Company stood at RM12,263,633.00 for the financial year ended 31 December 2009.

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

NOTICE OF TWENTY-FOURTH ANNUAL GENERAL MEETING

Resolution No.

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

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the authority shall lapse, unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or

(b) the expiration of the period within which the next AGM is required by law to be held; or

(c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

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

7. To consider and, if thought fit, to pass with or without modifications, the following Special Resolution:

Proposed Amendment to the Articles of Association of the Company 9

"**THAT** the existing Article 149 in the Articles of Association of the Company be deleted in its entirety and the following be substituted in lieu thereof:

Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant, sent through the post directed to the registered address of the holder or person entitled thereto, or, if several persons are entitled in consequence of the death or bankruptcy of the holder, to any one of such persons or to such persons and such address as such persons may by writing direct or by directly crediting the dividend entitlement into the member's bank account as provided to the Central Depository from time to time. Every such cheque or warrant shall be sent made payable to the order of the person to whom it is sent, or such person as the holder may direct and payment of the cheque or the direct crediting to the member's bank account shall be a good discharge to the Company. Every such cheque or warrant shall be sent or directly credited to the member's bank account at the risk of the person entitled to the money represented thereto. Where the members have provided to the Central Depository the relevant contact details for purposes of electronic notifications, the Company shall notify them electronically once the Company has paid the cash dividends into the member's bank account."

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

BY ORDER OF THE BOARD
FITTERS Diversified Berhad

NG YIM KONG
Company Secretary

Kuala Lumpur
25 May 2010

NOTICE OF TWENTY-FOURTH ANNUAL GENERAL MEETING

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy in his / her stead.
2. A proxy may but need not be a member of the Company and the provision of Section 149(1) (b) of the Act shall not apply to the Company.
3. The instrument appointing a proxy must be deposited at the Company's Registered Office at Wisma FITTERS, No. 1, Jalan Tembaga SD 5/2, Bandar Sri Damansara, 52200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof.
4. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.
5. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
6. If the appointer is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or of his attorney duly authorised in writing.

EXPLANATORY NOTES ON SPECIAL BUSINESS

Resolution 6 - Authority for directors to issue and allot shares pursuant to Section 132D of the Companies Act, 1965

This resolution is proposed pursuant to Section 132D of the Companies Act, 1965, and if passed, will give the Directors of the Company, from the date of the above Annual General Meeting, authority to issue and allot shares in the Company up to and not exceeding in total ten per cent (10%) of the issued and paid-up share capital of the Company for the time being and for such purposes as the Directors deem fit and in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

This mandate is a renewal of the last mandate granted to the Directors at the Twenty-Third Annual General Meeting held on 29 June 2009 which will lapse at the conclusion of the Twenty-Fourth Annual General Meeting.

As at the date of this Notice, 13,115,000 new ordinary shares of RM0.50 representing approximately 10% of the existing issued and paid-up share capital of FITTERS were issued on 7 April 2010 by way of a private placement and listed on the Bursa Securities on 13 April 2010 pursuant to the last mandate obtained on 29 June 2009. The proceeds from the private placement would be utilised for working capital of the Company and its subsidiaries which includes but is not limited to operating expenses and other expenditure to improve the operations of the FITTERS Group's business activities.

The renewal of this mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment, working capital and/or acquisition or to issue new shares as consideration for investments and/or acquisition which the Directors consider would be in the best interest of the Company.

Resolution 7 - Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")

The detailed text on Resolution 7 on the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature is included in the Circular to Shareholders dated 25 May 2010 which is enclosed together with the Annual Report.

Resolution 8 - Proposed Renewal of Share Buy Back Authority

The detailed text on Resolution 8 on the Proposed Renewal of Share Buy Back Authority is included in the Circular to Shareholders dated 25 May 2010 which is enclosed together with the Annual Report.

NOTICE OF TWENTY-FOURTH ANNUAL GENERAL MEETING

Resolution 9 - Proposed Amendment to the Articles of Association

The proposed Resolution 9 under item 7 of the Agenda, is to amend Article 149 of the Company's Articles of Association in line with the amendments to the Listing Requirements of Bursa Malaysia Securities Berhad in relation to the implementation of eDividend.

BY ORDER OF THE BOARD
FITTERS Diversified Berhad

NG YIM KONG
Company Secretary

25 May 2010

STATEMENT ACCOMPANYING NOTICE OF TWENTY-FOURTH ANNUAL GENERAL MEETING

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

   (i) Yg Bhg Dato' Wong Swee Yee;
   (ii) Encik Mohamad Jamil Bin Mohd Yusof; and
   (iii) Yg Bhg Tan Sri Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohamed Ali.

2. Details of attendance of Directors at Board Meetings held during the financial year ended 31 December 2009 are available on page 12 of the Annual Report.

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

Date of Meeting	Time of Meeting	Place of Meeting
Thursday, 17 June 2010	11.00 a.m.	Wisma FITTERS No. 1, Jalan Tembaga SD 5/2 Bandar Sri Damansara 52200 Kuala Lumpur

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FITTERS Diversified Berhad

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

PROXY FORM

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

of ____
(Address)

being a member/members of FITTERS Diversified Berhad hereby appoint ______________________________

____ NRIC No : ________________
(Full Name)

of ____
(Address)

or failing him, ____ NRIC No : ________________
(Full Name)

of ____
(Address)

as *my/*our proxy to vote for *me/*us on *my/*our behalf at the Twenty-Fourth Annual General Meeting of FITTERS Diversified Berhad to be held at Wisma FITTERS, No. 1, Jalan Tembaga SD 5/2, Bandar Sri Damansara, 52200 Kuala Lumpur on Thursday, 17 June 2010 at 11.00 a.m. and at any adjournment thereof.

The proportion of *my/*our holding to be represented by *my/*our proxies are as follows :
(The next paragraph should be completed only when two proxies are appointed).

Number of shares held :	

First Proxy (1) ....%

	FOR	AGAINST
RESOLUTION 1		
RESOLUTION 2		
RESOLUTION 3		
RESOLUTION 4		
RESOLUTION 5		

Second Proxy (2) ....%

	FOR	AGAINST
RESOLUTION 6		
RESOLUTION 7		
RESOLUTION 8		
RESOLUTION 9		

(Please indicate with (X) how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion).

Dated this ____________ day of ________________________________ 2010

(Signature/Common Seal of Shareholder)

(*Delete if not applicable)

Notes :
1) A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy in his/her stead.
2) A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Act shall not apply to the Company.
3) The instrument appointing a proxy must be deposited at the Company's Registered Office at Wisma FITTERS, No. 1, Jalan Tembaga SD 5/2, Bandar Sri Damansara, 52200 Kuala Lumpur, not less than forty eight (48) hours before the time for holding the meeting or at any adjournment thereof.
4) A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.
5) Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
6) If the appointor is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or of his attorney duly authorised in writing.

FOLD THIS FLAP FOR SEALING

FOLD HERE

Affix
stamp

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

FOLD HERE