www.fittersgroup.com

Fitters Diversified Berhad
(formerly known as Fitters Holdings Berhad)
No. 1, Jalan Tembaga SD 5/2,
Bandar Sri Damansara,
52200 Kuala Lumpur.
Tel : 03 62767155   Fax: 03 62752780

Fitters Diversified Berhad (149735-M)

Annual Report 2007

A n n u a l **2007** R e p o r t

FITTERS
Diversified Berhad
(149735-M)

Engineering Solutions Through Innovation And Technology

CONTENTS

FITTERS Diversified Berhad
(149735-M)

Mission Statement

Engineering Solutions Through Innovation And Technology

For exceptional return on investments

Invaluable engineering solutions

Towards customer service excellence

Training in technological advancement

Engineering research and development

Reliability and quality assurance

Strive for innovation and technology

COMPANY PROFILE

Fitters Diversified Berhad (formerly known as Fitters Holdings Berhad), an investment holding company, commenced its operations in 1970s. The Company was listed on the Main Board of Bursa Malaysia Securities Berhad on 4 July 2007. Over the year the Company has established itself as a "one-stop" fire protection specialist. Now the Fitters Group is recognised as a leading local manufacturer of fire & safety products, which carries out specialized installation of fire fighting equipment and systems. Besides being focused on fire fighting and safety, Fitters is embarking into areas of infrastructural development and engineering solutions contracting through its engineering division.

The Fitters Group of Companies is divided into 3 main divisions namely:
1. Manufacturing and Trading Division
2. Engineering and Services Division
3. Business Development Division

Manufacturing and Trading Division

Fitters Manufacturing and Trading Division is made up of a group of companies involved in manufacturing and trading of safety, fire fighting equipment and industrial products to meet the needs of industrial, commercial, petrochemical, marine, housing and automotive sectors.

What we produce:

Manufacturing of fire doors, fire resistant materials, fire extinguishers, safety apparels, access floors and automotive parts. We are also involved in the trading of water mist, foam systems, carbon dioxide extinguishing system, control and industrial valves, fire sprinklers and ancillary equipment, smoke ventilation and control systems.

Foam Blending Plant

The special Product Division has a foam blending facility to allow for the manufacturing of multiple foam concentrate products and marketing of all types of foam ancillary equipment and valves. The division is able to provide the designing, installation, testing and commissioning of foam systems. We are contracted to blend foam concentrates for Chemguard (USA) to supply within the Asean countries.

High Quality Fire Resistant Doorsets

In line with today's stringent fire safety standards PYRODOR offers quality fire resistant doorsets – tested by SIRIM in accordance to the latest MS1073 Part 2 & 3 and approved by Fire Rescue Department Malaysia.

Fitters Fire-X 500

The Manufacturing & Trading Division has developed a franchising manufacturing program with technology transfer for hand-held aerosol within the Asean region. This is a step taken to expand regionally with a customer-based product in 2006.

Custom-made Protective Wear to suit various industries

We proudly offer custom-tailing services for our wide range of selection of apparel to fit the demands and the needs of individuals, thus enhancing the choices of protective clothing specifies and purchasers alike.

Modular Floor Systems (M) Sdn Bhd

Manufactures the TITAN HI-TEN wood core series of raised access flooring system which is amongst the most technically advanced system available today. The TITAN HI-TEN panels are precision engineered and manufactured by "FULLY ENCAPSULATING" the high performance core using high tensile steel sheet. TITAN HI-TEN panels are wholly manufactured for export and have grown to be one of the most sought after raised access floor systems in United Kingdom, Ireland, Middle-East, India and Hong Kong.

COMPANY PROFILE (CONTD.)

Engineering and Services Division

Fitters Engineering Division is involved in engineering projects and our capabilities include the carrying out of projects on a design and build concept (turnkey) and operating of "off-site" pipe fabrication facility.

Our companies provide complete engineering solutions and are committed to good engineering practices. We play a vital role in meeting the engineering requirements for various prestigious projects.

The companies are made up of a team of designers and engineers with vast experience and expertise in their respective fields. This ensures the quality and reliability of our engineering services.

Besides that, we also provide one-stop turnkey engineering solutions for infra-structural development i.e. airport, water mains pipe works, fire mains and internal water reticulation, ACMV systems and gas piping etc. Our turnkey solutions include the designing, supplying, installing, testing & commissioning, maintaining and monitoring for total system integration or standalone component systems.

Project References

Fitters Group of Companies has excellent track records in the designing and implementation of engineering projects, especially in the area of fire protection.

Some of our prestigious projects include:

1. Gong Badak Sports Complex
2. Sunway Medical Centre
3. Mid Valley City Gardens – South & North Office Tower
4. Putrajaya 3C4
5. Cygal Tower 2
6. Proposed shopping mall for Parkson

Gong Badak Sports Complex

Sunway Medical Centre

Mid Valley City Gardens – South Office Tower

Mid Valley City Gardens – North Office Tower

Cygal Tower 2

Putrajaya 3C4

COMPANY PROFILE (CONTD.)

Proposed shopping mall for Parkson

Master Pyroserve Sdn Bhd with a current subscribers base of 3,200 & growing, is the market leader in the segment. The company provides Computerised Fire Alarm Monitoring Systems (CMS). Currently 59 CMS stations have been commissioned & operational throughout Malaysia supported by 150 appointed authorised distributors. Awarded MS ISO 9001:2000 in August 2003. MPS is the first company in the fire industry to be awarded this MS ISO certificate.

Provides after sales and warranty service back up to the Engineering Division, including contractual and on-call services. Ensures that all customers are provided with the highest level of service. It provides preventive maintenance, routine checks and remedial maintenance.

Business Development Division

Fitters Engineering Sdn Bhd – hot dip galvanizing plant

Fitters Engineering Sdn Bhd operates a Hot-Dip Galvanizing plant in Section 15 Shah Alam. This galvanizing plant is equipped with a bath size of 8 meters in length 1.2 meters in width and 2.0 meters in depth. The yearly capacity of the plant is 18,000 metrics tonnes. The lifting capacity is 10 metric tonnes and the total land area where the Galvanizing Plant is located is ten acres.

Railway Solutions Through Innovation & Technology

Fitters-Malnaga Sdn Bhd is a joint venture company between Fitters Diversified Berhad (formerly known as Fitters Holdings Berhad) (through its wholly owned subsidiary, Fitters Engineering Services Sdn Bhd) and Malnaga Sdn Bhd.

In collaboration with Malnaga, Fitters-Malnaga Sdn Bhd represents many world renowned companies who are specialists in the field of Railway Rolling Stock, Railway Systems, Railway Infrastructure and Railway.

CORPORATE INFORMATION

BOARD OF DIRECTORS

En. Mohammad Nizar Bin Idris**
Chairman

Dato' Wong Swee Yee
Managing Director

Tan Sri Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohamed Ali *

Mr. Wong Cheek Lung *

Mr. Kong Sin Seng **

En. Mohamad Jamil Bin Mohd Yusof**

En. Zahedi Bin Haji Mohd Zain
Alternate Director to Tan Sri Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohamed Ali

Mr. Wong Swee Seong
Alternate Director to Mr. Wong Cheek Lung

** Non-Independent and Non-Executive Director*
*** Independent Non-Executive Director*

COMPANY SECRETARIES

Ms. Woo Ying Pun
(MAICSA 7001280)

Ms. Loh Yin Fun
(MAICSA 0862905)

Ms. Tiong Ling Ling
(MAICSA 7052174)

REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 26 Menara Multi Purpose
Capital Square
No. 8 Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel. : 03 27212222
Fax : 03 27212530

HEAD OFFICE & REGISTERED OFFICE

No. 1, Jalan Tembaga SD 5/2,
Bandar Sri Damansara,
52200 Kuala Lumpur.
Tel. : 03 62767155
Fax : 03 62752780

Manufacturing & Trading
Contact Person :
Mr. Fong Kum Kuan
Tel. : 03 61576199
Fax : 03 61576157

Contracting
Contact Person :
Mr. Tan Chin Hock
Tel. : 03 62767155
Fax : 03 62758712

Computerised Fire Alarm Monitoring System
Contact Person :
En. Anuar Yusof
Tel. : 03 62767155
Fax : 03 62758692

Maintenance Services
Contact Person :
Ms. Linda Chang Chuay Peng
Tel. : 03 62727189
Fax : 03 62729198

REGIONAL OFFICES

Northern:
66 Lintang Angsana
Bandar Baru Ayer Itam
11500 Pulau Pinang
Contact Person :
Mr. Tee Joo Seng
Tel. : 04 8290734
Fax : 04 8290731

Central:
13 &13A Jalan Dato' Haji Megat Khas,
Taman Bandaraya Utama
31400 Ipoh
Contact Person :
Mr. David Tiong
Tel. : 05 5477622
Fax : 05 5477623

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

Sarawak
Lot 286, 2nd Floor
Section 49 Westwood
Jalan Tabuan, 93100 Kuching
Tel. : 082 250221
Fax : 082 256221

Singapore
83 Genting Lane #06-01
Singapore 349568
Contact Person :
Mr. Pernod Sim
Tel. : 02 67441171
Fax : 02 67414173

AUDITORS

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

PRINCIPAL BANKERS

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

SOLICITORS

Azlan Shah Sukhdev & Co.
Manjit Singh Sachdev, Mohammad Radzi & Partners
Nasir, Kenzin & Tan
Ong Ban Chai & Co.
Soon Gan Dion & Partners
Jin & Co.

WEBSITE

http.// www.fittersgroup.com

STOCK EXCHANGE LISTING

Main Board 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 (formerly known as Fitters Holdings Berhad) for the financial year ended 31 December 2007.

FINANCIAL REVIEW

Fitters Diversified Berhad recorded higher revenue of RM146.5 million for the current financial year ended 31 December 2007 as compared to RM128.4 million in the previous financial year ended 31 December 2006, an increase of 14% over the last year. However, the Profit before Tax decreased by 33.8% from RM13 million (excluding gain of RM3.1 million from the disposal of a building in 2006) to RM8.6 million. The Profit after Tax also decreased by 52% to RM5.8 million against RM12.2 million in previous financial year. This was mainly due to execution of smaller scale local projects from the engineering division, foreign exchange losses due to fluctuation in the foreign currency and non-recognition of profit from a Middle East project known as Stargate in Dubai. Based on legal advice obtained, this project was wrongfully terminated by the foreign based customer. In view of the uncertainty with regards to the outcome of the contract the management are of the opinion that the revenue can only be recognised up to the cost incurred.

CORPORATE AND BUSINESS DEVELOPMENT

With the completion of share split and bonus issue in 2006, the Company had successfully allocated and issued 6,802,000 ordinary shares of RM0.50 each to a Bumiputra Investor on 21 May 2007 to fulfil the requirement of Foreign Investment Committee (FIC).

The business environment in Malaysia and globally is changing and for that reason Fitters had to seek a new way to achieve competitive advantage and remain profitable. As the pace and scope of the change quickens, the urgency of finding the best, most competitive approach grows. Fitters cannot ride this fast changing business environment by continuing with the Company's traditional business. The way forward is to diversify. In line with the new business strategy in March, the Company applied for a change of the name to the Company from Fitters Holdings Berhad to Fitters Diversified Berhad to better reflect the business and future direction of the company. The Company's shares were traded and quoted in Bursa Malaysia Securities Berhad ("Bursa Securities") under the new name of the Company in July 2007.

The shareholders had approved the transfer of the listing of Fitters' shares to Main Board of Bursa Securities in 2006. Upon the approval by Securities Commission and Bursa Malaysia, the listing of entire issued and paid up share capital of the Company of 131,157,184 ordinary shares of RM0.50 was transferred from the Second Board to the Main Board of Bursa Securities on 4 July 2007.

The Company had, on 29 August 2007, announced the Rights Issue of 65,578,592 Warrants on the basis of one Warrant for every two existing ordinary shares of RM0.50 each at an issue price of RM0.10 per Warrant and at an exercise price of RM0.80 for every one new ordinary share of RM0.50 each in Fitters. The Rights Issue of Warrants was admitted to the Official List of Bursa Securities on 5 December 2007. The Warrants will mature on 27 November 2012.

A 502 acres of Land in Bertam Valley, Cameron Highland was acquired by the Company in 2004 for RM30 million. The land was earmarked for integrated agricultural development in accordance with the Government policy of Good Agricultural Practice. The acquisition was completed in February 2007. This was intended to be a new business initiative for the company but an opportunity arose to dispose the land at an attractive price in March 2007. The disposal will contribute positively to the Group earnings in 2008.

In 2005, Wintip Sdn Bhd acquired a land in Setapak measuring 435,000 square feet, which was subsequently revised to 370,260 square feet based on the actual area. Upon acquisition of Wintip Sdn Bhd as a wholly owned subsidiary of the Company in 2007, the Company proposed to develop the land into a commercial complex. The disposal of Option Rights that confer Building Rights and Strata Rights for a mall in Setapak by a subsidiary of the Company in March 2008 enable the Company to realize the investment.

I am pleased to report that Corporate Social Responsibility has always been an integral aspect of the Company's business. The Company felt that it would make a more meaningful contribution to society if it focuses its effort in the area of safety, especially in creating greater awareness of fire hazards in homes. For that reason, the Company gave full support to the

CHAIRMAN'S STATEMENT (CONTD.)

National Fire Prevention Campaign. The Company is working together with the Ministry of Housing and Local Government and Jabatan Bomba dan Penyelamat Malaysia in the "One Home One Extinguisher" campaign to create greater awareness among the public on fire safety. The Company is committed to protect one million homes in the next couple of years through its marketing initiative in supplying homes with fire extinguishers. Thus far, a total 35,000 aerosol hand held fire extinguishers were acquired and distributed through Jabatan Bomba dan Penyelamat Malaysia to Public Housing Scheme (PPR) within Klang Valley, Terengganu, Sabah and Sarawak states.

ECONOMIC TRENDS AND DEVELOPMENT

After robust growth in 2007, global growth is expected to moderate to 3.7% in 2008 (4.7% in 2007). The services sector will remain the key driver of growth, and is expected to be reinforced by higher growth in the construction and commodities sectors. The manufacturing sector, however, is expected to record a moderate expansion in an environment of weak external demand, particularly from the US. The gross domestic product (GDP) is projected to expand by 5% – 6% in 2008. Private investment will benefit from measures implemented to further improve business environment, including the reduction in corporate tax rate, as well as intensification of implementation of projects under the 9th Malaysian Plan and the economic corridors.
(Source: Bank Negara Annual Report 2007 press release dated 26 March 2008).

In synchronization with the general economic outlook, the focus of the group's earnings shall be the services sector where an internal restructure has seen the synergistic merger of operations of Master Pyroserve Sdn. Bhd., the concessionaires of the Central Monitoring System with Fitters Maintenance Services Sdn. Bhd.

To counter the expected weak demand for manufactured goods locally and the U.S., Fitters has tapped into the European and Middle East Markets to market the raised access flooring system under Modular Floor Systems Sdn. Bhd. The success of this strategy is depicted in the plans for an additional production line which will to be operational later this year.

FUTURE OUTLOOK

Fitters is riding the globalisation wave and plans include setting up of a powder plant on a joint venture basis in China and opening an overseas office to introduce the Company's products and services in Vietnam. Fitters is also looking into various new businesses to enhance its earnings in the coming years.

Fitters will continue to gain competitive position by adopting advanced and appropriate technology. The Company will continue look at other opportunities whilst continuing to strengthen its new and existing core business in manufacturing, trading and services in the fire safety and prevention industry.

Fitters will move to new office situated at No. 1, Jalan Tembaga SD 5/2, Bandar Sri Damansara, 52200 Kuala Lumpur by the end of May 2008. Fitters will implement a new management software to coordinate across a range of business functions, including financial management, sales management, inventory management, purchase management and production management. This will improve productivity and competitiveness of Fitters Group.

ACKNOWLEDGEMENT

Finally, on behalf of the Board, I would like to thank all the employees of the Group for their continuing dedication, commitment and contribution to the Company. I would also wish to express the Board's appreciation to our shareholders for their confidence and commitment and to our customers, principals, suppliers, contractors, business associates, financiers and all the various Government Departments and Authorities for their continuing support and confidence in Fitters.

Finally, I would like to thank my fellow members of the Board for their continuous support in making this Company a success.

MOHAMMAD NIZAR BIN IDRIS
Chairman
Date: 30 April 2008

PROFILE OF THE BOARD OF DIRECTORS

EN. MOHAMMAD NIZAR BIN IDRIS
66 years, Malaysian.

Bachelor of Law (Honours), AMP (Harvard). A Member of the Malaysian Bar.

Chairman. Independent, Non-Executive Director.

First appointed to the Board on 21 November 2000.

The Chairman of the Board, Nomination and Remuneration Committee and is a member of Audit Committee.

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.

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.

Attended all the four Board meetings.

DATO' WONG SWEE YEE, DSSA
51 years, Malaysian.

Malaysian Certificate of Education. He is an Associate Member of Harvard Business School Alumni Club of Malaysia and a member of the Institute of Fire Engineers.

He was appointed to the Board since incorporation of the Company on 18 January 1986.

Managing Director. Executive, Non-Independent Director.

Chairman of the Executive Committee, member of the Remuneration Committee, Risk Management Committee and Employee Share Option Scheme ("ESOS") Committee.

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 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 has no other directorship in other public companies. Mr. Wong Cheek Lung, his father, is also a member of the Board. Mr. Wong Swee Seong, the Alternate Director to Mr. Wong Cheek Lung, 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.

Attended all the four Board meetings.

PROFILE OF THE BOARD OF DIRECTORS (CONTD.)

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

85 years, Malaysian.

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 awarded the Doctorate, Honoris Causa from the University of Southern Queensland, Australia in 1997.

First appointed to the Board on 26 January 1994.

Non-Independent and Non-Executive Director.

She served as a teacher between 1940 and 1942, 1945 and 1946. She also served as the state welfare officer from 1949 to 1952 for Selangor and 1952 to 1953 for Malacca. She has served in many public, social and welfare organisation including Selangor Legislative Council where she was a member from 1950 to 1952. She was with the Selangor Public Service Commission between 1960 and 1970 and is a member of the National Council of Religious Affairs Malaysia since 1974.

She is currently a member of the National Welfare Council, Malaysia and also president of the Spastic Children's Association of Selangor and Federal Territory. In addition she is currently the president of the Institute of Management Consultants, Malaysia; trustee of Sunway College Sdn Bhd; executive chairman of Help Institute; chairman of the Association of Promotion for the Higher Education in Malaysia (APHEM) and chairman of Sek Men Swasta Saleha, Genting Highland. She is also an advisor with the Asian Strategy and Leadership Institute, Malaysia (ASLI) and the president of Malaysian Centre Rehabilitation - MCR and committee member of the UN board.

She sits on the board of Leong Hup Holdings Berhad, Hirotako Holdings Berhad, Malaysia Land Development Co. Berhad and Lam Soon Berhad. En. Zahedi Bin Haji Mohd Zain, her alternate director, is her son. 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.

She attended three of the Board meetings. One of the other Board meetings was attended by her alternate, En. Zahedi Bin Haji Mohd Zain.

MR. WONG CHEEK LUNG

85 years, Malaysian.

Attended Chinese school.

He was appointed to the Board since incorporation of the Company on 18 January 1986.

Non-Independent and Non-Executive Director.

He was in the Government Service for 28 years. He has been in the fire safety and prevention industry since 1979 when he first set up Fitters.

He has no other directorship in other public companies. He is the father of Dato' Wong Swee Yee and Mr. Wong Swee Seong, his Alternate Director. 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.

Attended all the four Board meetings.

PROFILE OF THE BOARD OF DIRECTORS (CONTD.)

MR. KONG SIN SENG

52 years, Malaysian.

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.

First appointed to the Board on 22 December 2001.

Independent, Non-Executive Director.

Chairman of the Audit Committee and Risk Management Committee and is a member of the Nomination Committee and ESOS Committee.

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 (now known as PriceWaterhouseCoopers) 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 (Malaysia) 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.

Attended all the four Board meetings.

EN. MOHAMAD JAMIL BIN MOHD YUSOF

65 years, Malaysian.

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

First appointed to the Board on 15 September 1997.

Independent Non-Executive Director.

Member of the Audit Committee, Nomination Committee and Remuneration Committee.

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.

Attended all the four Board meetings.

PROFILE OF THE BOARD OF DIRECTORS (CONTD.)

EN. ZAHEDI BIN HAJI MOHD ZAIN
53 years, Malaysian.

Bachelor of Science Hons. (Applied Science) from Brighton Polytechnic, United Kingdom.

On 22 December 2001, he was appointed as the Alternate Director to Tan Sri Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohamed Ali. He was previously a member of the Board of Directors from 26 January 1994 to 22 December 2001.

Chairman of ESOS Committee.

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. Save for recurrent related party transactions noted in the Annual Report, there is no conflict of interest. There are no convictions for any offences within the last 10 years.

As the Alternate Director to Tan Sri Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohamed Ali, he has attended one of the Board meetings in her absence and two Board meetings in her presence.

MR. WONG SWEE SEONG
44 years, Malaysian.

Bachelor of Science in Business Administration in Material and Operation Management, and a Post Graduate in International Business from Portland State University, USA. He has an Executive MBA in Human Resource Development from MIM – Hull University United Kingdom. He is also a graduate of Harvard Business School Malaysia.

On 22 December 2001, he was appointed as Alternate Director to Mr. Wong Cheek Lung. He was previously a member of the Board of Directors from 26 January 1994 to 22 December 2001.

Senior Manager – Business Development

Member of Executive Committee, Risk Management Committee and ESOS Committee.

He has a vast experience in training and development of the marketing and project team. He had been previously involved in the implementation of policies and strategies within the Fitters Group.

He has no other directorship in other public companies. His father, Mr. Wong Cheek Lung and his brother, Dato' Wong Swee Yee are on the Board. 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.

As the Alternate Director to Mr. Wong Cheek Lung, he has attended three of the board meetings in his presence.

GROUP FINANCIAL HIGHLIGHTS

As at 31 December 2007 and for the preceding 5 years

RM'000	2003	2004	2005	2006	2007
Revenue	115,463	85,528	143,332	128,421	146,452
Profit before taxation	7,782	9,340	12,547	16,081	8,598
Taxation	(1,438)	(2,215)	(3,266)	(3,880)	(2,749)
Profit after taxation	6,344	7,125	9,281	12,201	5,849
Minority interests	(45)	(85)	(101)	(169)	(320)
Profit for the year	6,299	7,040	9,180	12,032	5,529
Share Capital	41,452	41,452	41,452	62,177	65,579
Distributable Reserves	13,119	18,965	25,758	18,600	20,299
Non-Distributable Reserves	5,291	5,331	5,281	1,943	7,885
Shareholders' Fund	59,862	65,748	72,491	82,720	93,763
Fixed Assets	16,655	14,960	14,983	7,996	10,680
Investments	1,871	5,534	5,533	5,316	18,773
Development Property	172	2,003	2,129	-	-
Goodwill	14,996	14,996	14,996	14,992	15,113
Deferred Tax Asset	-	-	-	4	-
Current Assets	65,444	89,244	103,268	116,804	141,763
Total Tangible Assets	84,142	111,741	125,913	130,120	171,216
Bank Borrowings	17,403	39,593	37,212	31,817	52,061
Net Tangible Assets	46,338	52,310	59,152	69,407	78,968
Weighted Average Share Capital	39,624	41,452	41,452	62,177	64,265
Net Tangible Assets per share (sen)	116.94	126.19	142.70	55.81	61.44
Earnings per share (sen)	15.90	16.98	22.15	9.68	4.30

GROUP QUARTERLY PERFORMANCE (UNAUDITED)

	1st QUARTER 31-Mar-2007 RM'000	2nd QUARTER 30-June-2007 RM'000	3rd QUARTER 30-Sep-2007 RM'000	4th QUARTER 31-Dec-2007 RM'000
CONDENSED CONSOLIDATED INCOME STATEMENT				
Revenue	24,962	37,280	37,244	48,745
Cost of sales	(18,448)	(28,043)	(30,442)	(38,012)
Gross profit	6,514	9,237	6,802	10,733
Other income	143	321	462	106
Administrative expenses	(3,527)	(6,257)	(4,534)	(4,543)
Selling and marketing expenses	(704)	(717)	(878)	(1,798)
Finance costs	(106)	(124)	(9)	(788)
Profit before tax	2,320	2,460	1,843	3,710
Income tax expense	(407)	(567)	(876)	(920)
Profit for the period	1,913	1,893	967	2,790
Attributable to:				
Equity holders of the parent	1,445	1,475	1,702	2,222
Minority Interests	468	418	(735)	568
	1,913	1,893	967	2,790
Earning per share (sen)	1.16	1.18	1.34	1.73

GROUP QUARTERLY PERFORMANCE (UNAUDITED) (CONTD.)

	1st QUARTER 31-Mar-2007 RM'000	2nd QUARTER 30-June-2007 RM'000	3rd QUARTER 30-Sep-2007 RM'000	4th QUARTER 31-Dec-2007 RM'000
CONDENSED CONSOLIDATED BALANCE SHEET				
ASSETS				
Non-current assets				
Property, plant and equipment	7,897	8,003	8,002	10,029
Investment properties	1,430	1,430	1,430	1,403
Goodwill on consolidation	16,017	16,017	16,138	16,138
Other Investment	3,885	3,885	3,885	17,370
Asset held for disposal	2,061	42,145	42,145	38,902
Prepaid lease payments	652	648	644	640
	31,942	72,128	72,244	84,482
Current Assets				
Inventories	10,769	12,842	15,042	13,777
Contract Work-in-progress	16,451	13,988	16,233	16,969
Trade Receivables	34,791	42,908	44,482	50,099
Other Receivables	44,402	22,340	26,634	15,773
Tax Recoverable	844	861	853	1,153
Marketable securities	164	339	145	6
Deposits with Licensed Banks	683	253	253	353
Cash and bank balances	4,939	3,985	3,328	3,798
	113,043	97,516	106,970	101,928
TOTAL ASSETS	144,985	169,644	179,214	186,410
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent				
Share Capital	62,178	65,579	65,579	65,579
Warrant Reserves	-	-	-	5,935
Revaluation Reserves	533	533	533	533
Capital Reserves	1,360	1,360	1,360	1,360
Exchange Reserves	55	55	49	56
Retained Earnings	20,045	21,520	19,392	21,614
	84,171	89,047	86,913	95,077
Minority Interests	1,251	1,669	1,228	1,796
Total equity	85,422	90,716	88,141	96,873
Non-current liabilities				
Long Term Borrowings	25,137	25,131	25,126	25,121
Other Long Term Liabilities	501	442	487	391
Deferred Taxation	408	397	437	533
	26,046	25,970	26,050	26,045
Current Liabilities				
Contract Work-in-progress	4,898	3,930	3,927	3,288
Short Term Borrowings	8,692	18,859	28,802	26,279
Trade Payables	11,113	14,546	14,880	17,464
Other Payables	7,417	14,346	16,892	15,234
Lease and Hire Purchase Creditors	304	266	258	271
Provision for Taxation	1,093	1,011	264	956
	33,517	52,958	65,023	63,492
Total liabilities	59,563	78,928	91,073	89,537
TOTAL EQUITY AND LIABILITES	144,985	169,644	179,214	186,410
Net Assets per Share (sen) **	67.69	67.89	66.27	72.49

** Net assets per share is calculated based on Total Assets (including intangibles) minus Total Liabilities divided by the total number of ordinary shares.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("Board") of Fitters Diversified Berhad (formerly known as Fitters Holdings 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 to provide the best solutions in the fire protection industry and 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"). This statement describes the practices that the Company had taken with respect to each of the key principles and the extent of its compliance with the Code during the financial year.

1. THE 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 business. The Board also focuses on reviewing the adequacy and integrity of the Company's internal control system, succession planning, identifying key 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 recommendation to the Board who 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 to ensure efficient management of the Fitters Group.

1.2 Board Balance

The Board has six members providing a balanced mix of one Executive, two Non-Independent Non-Executive and three Independent Non-Executive Directors, whose varied skills and vast experience 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 (CONTD.)

1.3 Meetings

The Board met on a scheduled basis of four times a year for the financial year ended 31 December 2007, at the registered office. Details of attendance of these meetings are as follows:

Directors	No. of Meetings Attended
En. Mohammad Nizar Bin Idris	4 / 4
Dato' Wong Swee Yee	4 / 4
Tan Sri Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohamed Ali *	4 / 4
Mr. Wong Cheek Lung	4 / 4
Mr. Kong Sin Seng	4 / 4
En. Mohamad Jamil Bin Mohd Yusof	4 / 4

Notes:

* One of the Board meetings was attended by her Alternate, En. Zahedi Bin Haji Mohd Zain.

The Board meets on matters reserved specifically for its decision to ensure the overall strategic direction and control of 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

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.

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. Minutes of the Executive Committee, Audit Committee and Nomination Committee are extended to the members of the Board at the conclusion of each meeting. The findings of the Risk Management Committee are also extended to the Board.

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 2007.

1.5 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 on suitable candidate for appointment.

1.6 Re-election

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.

STATEMENT ON CORPORATE GOVERNANCE (CONTD.)

1.7 Training

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.

All the Directors' except for Tan Sri Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohamed Ali and Mr. Wong Cheek Lung have complied with the Continuing Education Programme ("CEP") requirements. The Board did not prescribe additional training for the year 2007. Tan Sri Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohamed Ali sits on various Boards of public as well as private companies and has been attending conferences and public events which kept her up to date on the developments in the country and around the world.

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 and management strategies in relation to the Fitters Group's core business.

1.8 Board Committees

1.8.1 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 function and ensures an objective and professional relationship is maintained with External Auditors. The Committee has full access to both the internal and external auditors who, in turn, have access at all times to the Chairman of the Committee. The role 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 Report of the Audit Committee in the Annual Report.

1.8.2 Nomination Committee

The composition of the Committee, which consist 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
Secretary	Tiong Ling Ling

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 seats on Board Committees.

(d) Assess the effectiveness of the Board as a whole, assess the effectiveness of the committees of the Board and assess the contribution of each individual Director, including Independent Non-Executive Directors and Managing Director.

(e) Keep properly all the documents in relations to the assessments and evaluations carried out by the Nomination Committee in the discharge of its function.

STATEMENT ON CORPORATE GOVERNANCE (CONTD.)

1.8.2 Nomination Committee (contd.)

(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) Any other ad-hoc duties that may be required by the Board.

During the financial year 2007, 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 appear to be sufficiently adequate and capable in managing the Company and ensuring the Group's strategies are properly considered and implemented. No new appointments to the Board were recommended.

1.8.3 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
Members	Dato' Wong Swee Yee	Executive Director
	En. Mohamad Jamil Bin Mohd Yusof	Independent Non-Executive
Secretary	Ms. Tiong Ling Ling	

The Remuneration Committee's functions are to:-

(a) To 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 Executive Directors and senior managers to run the Company and the Group successfully.

(b) To recommend to the Board on the policies and framework for the Company and the Group in relation to staff remuneration, rewards and benefits.

(c) To oversee and review the scope and quality of human resource projects / programmes of the Company and the Group.

1.8.4 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:-

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 the operating units.

3. 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. Enable faster response to operational issues.

6. Provide approvals based on authority levels sanction by the Board of Directors to facilitate effective running of the operational units.

STATEMENT ON CORPORATE GOVERNANCE (CONTD.)

1.8.4 Executive Committee ("EXCO") (contd.)

The composition of the Committee is as follows: -

Chairman: Dato' Wong Swee Yee

Members: Mr. Su Thai Ping
Mr. Fong Kum Kuan
Mr. Wong Swee Seong
Mr. Teo Leong Peng
Ms. Chong Wei Wei

Secretary: Mr. Surinderpal Singh Dhillon / Ms. Tiong Ling Ling

1.8.5 Risk Management Committee

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 consist of at least one Independent Non-Executive Director, members of EXCO and senior management / head of division. The secretary of the Committee is Ms. Tiong Ling Ling.

1.8.6 Employee Share Option Scheme ("ESOS") Committee

The ESOS Option 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: En. Zahedi Bin Haji Mohd Zain

Members: Dato' Wong Swee Yee
Mr. Kong Sin Seng
Mr. Wong Swee Seong

Secretary: Ms. Tiong Ling Ling

2. DIRECTORS' REMUNERATION

During the financial year 2007, 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.

Pursuant to paragraph 9.25 of the Listing Requirements, summary of the remuneration of the Directors for the financial year ended 31 December 2007 are shown as Note 9 in the Notes to the Financial Statements on page 67.

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;

STATEMENT ON CORPORATE GOVERNANCE (CONTD.)

3. SHAREHOLDERS (contd.)

3.1 Dialogue between the Company and Investors (contd.)

(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 been serving 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.

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 an 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 is set out in page 25 which 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 maintained a transparent relationship with them in seeking professional advice and ensuring compliance with applicable approved accounting standards and statutory requirements.

The Internal Auditors are 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.

AUDIT COMMITTEE REPORT

The Board of Directors of Fitters Diversified Berhad (formerly known as Fitters Holdings Berhad) is pleased to present the Audit Committee's report for the financial year ended 31 December 2007.

COMPOSITION, MEMBERS AND MEETING

The Audit Committee was formed in June 1994. The current Audit Committee comprises of three members of the Board of which three 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.

No alternate Director shall be appointed as a member of the Audit Committee.

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	4 / 4
Dato' Wong Swee Yee *(Resigned on 8 October 2007)*	Executive	3 / 3
En. Mohammad Nizar Bin Idris *(Appointed on 8 October 2007)*	Independent Non-Executive	1 / 1
En. Mohamad Jamil Bin Mohd Yusof	Independent Non-Executive	4 / 4

The Company Secretaries shall be the Secretaries of the Committee.

In order to form a quorum in respect of a meeting of an Audit Committee, the majority of members present must be Independent Directors.

Meetings shall be held not less than four times a year, with due notice of issues to be discussed, and should record its conclusions in discharging its duties and responsibilities. The External Auditors may request for meetings if they consider necessary to discuss matters which they believes should be brought to the attention of the Committee. The External Auditors shall appear before the Committee when required to do so. The External Auditors shall have the right to appear and be heard at any meeting of the Committee.

The Chairman of the Audit Committee should engage on a continuous basis with senior management, such as the Chairman, the Managing Director, the Finance Manager, the Internal Auditors and the External Auditors in order to be kept informed of matters affecting the Company.

The Finance Manager, the Internal Auditors and a representative of the External Auditors should normally attend meetings. Members of the Senior Management team, whenever required, have been invited to attend the Audit Committee meetings. Other board members may attend meetings upon the invitation of the Audit Committee. However, the committee should meet with the External Auditors without executive board members present at least twice a year.

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 such Audit Committee and members have carried out their duties in accordance with their terms of reference.

TERMS OF REFERENCE

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

Authority

The Committee should have explicit authority to investigate any activities within the terms of reference. It is authorised to seek information it requires from employees and all employees are directed to co-operate with any requests made by the Committee.

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

AUDIT COMMITTEE REPORT (CONTD.)

Responsibilities

The duties of the Audit Committee should include the following:-

(a) To review with External Auditors:-
- the audit plan,
- their evaluation of the system of accounting controls,
- the audit report on financial statements,
- the assistance given by the Company's officers to the auditors.

(b) To review the effectiveness of management information and other systems of control within the Company;

(c) To review the quarterly and year-end financial statements of the board, 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; and
- compliance with accounting standards and other legal requirements.

(d) To confirm that management has placed no restriction on the scope of audit;

(e) To consider the appointment of the External Auditor, the audit fee and any question of resignation or dismissal;

(f) To review the internal audit programme, the processes and the reports and investigation undertaken and whether or not appropriate action is taken on the recommendations by the internal audit;

(g) whether there is reason (supported by grounds) to believe that the Company's External Auditor is not suitable for reappointment;

(h) 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;

(i) To discuss with the External Auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;

(j) To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary);

(k) To consider the major findings of internal investigations and management's response and to review the External Auditor's management letter;

(l) To do the following, in relation to the internal audit function:–

- review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;

- review the internal audit programme and the findings therefrom and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;

- review any appraisal or assessment of the performance of members of the internal audit function;

- approve any appointment or termination of senior staff members of the internal audit function; and

- take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;

(m) 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

(n) To perform such other functions as may be agreed to by the Audit Committee and the Board of Directors.

AUDIT COMMITTEE REPORT (CONTD.)

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year 2007, 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. Recurrent related party transactions entered into by the Group to ensure that they are conducted at arm's length and are on normal commercial terms consistent with the Group's usual business practices and policies and that such transactions are not detrimental to the interest of the minority shareholders.

vi. The Internal Audit department's resource requirements, audit programme and plan for the financial year. In reviewing the Plan, the Audit Committee delved into the scope and coverage of the activities of the respective business units of the Group and the basis of assessment and risk evaluation of the proposed areas of audit.

vii. The internal audit reports highlighted the internal control weakness, risk issues and recommendations proposed by the Internal Auditors and the corresponding company management's response. The actions taken to improve the system of internal control based on in the internal audit reports with management were also discussed.

viii. The Statement of Corporate Governance and Statement on Internal Control for disclosure in the Annual Report.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

The primary function of 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 2007, the Internal Audit Department carried out audits and follow-up audits on various operating units in the Group in accordance to the Annual Audit Plan.

Internal audit reports incorporating audit recommendations and management responses with regards to audit findings relating to the weaknesses in the internal control system of the respective operations audited were issued to the Audit Committee and the Management of the respective operations. Improved measures were recommended to strengthen the controls and follow-up audits are being 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 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 2007.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Paragraph 15.27(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 INTERNAL CONTROL

Pursuant to Paragraph 15.27 (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, and risk 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

Being an integral part of the Group's operations, management is entrusted with the responsibility for managing 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.

RISK ASSESSMENT AND REPORTING SYSTEM

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 Internal Auditors for review by the Risk Management Committee and subsequent presentation to the Board.

INTERNAL AUDIT FUNCTION

The internal audit function provides assurance of the effectiveness of the system of internal controls within the Group. Internal Auditors conduct 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.

KEY RISK CONTROL PROCESS

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.** Structure designed to clearly delineate authorisation levels and proper segregation of duties.
- **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"), comprising the senior management of the Group, undertakes to oversee the Group's risk management process as guided by its Risk Management Framework.
- **Monthly Performance Review.** The monthly EXCO meetings report on the performance and profitability of each business unit through the review of key performance indicators, budgets and management reports.
- **Group Operating Procedures** that laid down the objectives, scope, policies and operating procedures to be complied by the business units, which are regularly reviewed and updated. Certain companies 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 Auditors, 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 meetings are held quarterly to deliberate findings and recommendations highlighted in the internal audit reports, review Group's quarterly financial statements and other issues that warrant AC's attentions.

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.

This statement is made in accordance with the resolution of the Board of Directors passed on 30 April 2008.

ADDITIONAL COMPLIANCE INFORMATION

1. STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS DURING THE FINANCIAL YEAR 2007

The proceeds of RM3,401,000 was raised from the Special Issue of 6,802,000 shares and the proceeds of RM5,935,244 was raised from Right Issue of Warrants during the financial year 2007. The total proceeds raised have been fully utilised for working capital.

2. SHARE BUY-BACK

No share buy-back scheme was in place during the financial year 2007. The Company will seek approval of shareholders to buy back its own shares at the forthcoming AGM.

3. OPTIONS, WARRANTS 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 2007.

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 2007.

4. AMERICAN DEPOSITORY RECEIPT ("ADR") / GLOBAL DEPOSITORY RECEIPT ("GDR") PROGRAMME

During the financial year 2007, 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 2007, 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 2007, the total non-audit fees paid to the external auditors of the Company was RM5,000.

7. VARIATION IN RESULTS

Pursuant to paragraph 9.19 (34) of the Listing Requirements of Bursa Malaysia Securites Berhad, the Company wishes to announce that the audited profit after tax and minority interest for the financial year ended 31 December 2007 was RM5.5 million, which was lower by 19.21% from the unaudited results of RM6.8 million.

The reason of deviation is as follows:-

On 18 July 2007, Z'odd Design Sdn Bhd , a 51% owned subsidiary of Fitters Group entered into a sub-contract agreement with a foreign based customer to design, production, construction and installation for theme concept solutions contracting for a theme park known as Stargate in Dubai. Subsequent to balance sheet date, on 18 February 2008, the foreign based customer had terminated the sub-contract agreement and also called on a bank guarantee of USD859,880 (approximately RM2,837,000) provided by the company to secure the performance of the contract. Management has initiated legal action to recover the debts outstanding as well as the bank guarantee called by the customer. Management, based on legal advice obtained, are of the opinion that the customer had wrongfully terminated the sub-contract agreement as well as unlawfully called on the said bank guarantee. Details of this matter had been disclosed in Note 21 (c) and Note 39 of the Audited Financial Statements. In view of the uncertainty with regards to the outcome of the contract the management has decided to relook at the amount of revenue recognised and are of the opinion that the revenue can only be recognised up to the cost incurred. Accordingly, the revenue previously reported in the quarterly announcement dated 28 February 2008 exceed by RM1.7 million (RM1.3 million was attributable to the shareholders). At the point the announcement was made, the situation was still uncertain. Adjustment had been made to derecognise the revenue.

ADDITIONAL COMPLIANCE INFORMATION (CONTD.)

8. PROFIT GUARANTEE

There were no profit guarantees made or given in relation to the financial year 2007.

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 2007.

10. ANALYSIS OF SHAREHOLDING

The following analysis of shareholding is as at 15 April 2008, a date not earlier than six weeks from the date of the notice of the Annual General Meeting.

(i) List of Substantial Shareholders as per the Register of Substantial Shareholders: -

Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	(%)	No. Of Shares	(%)
Dato' Wong Swee Yee	40,169,456	30.63	3,097,008	2.36

(ii) Directors' Shareholding

(a) In the Company

	Direct Shareholding		Indirect Shareholding	
	No. of Shares	%	No. of Shares	%
1. Mohammad Nizar bin Idris	-	-	-	-
2. Dato' Wong Swee Yee	40,169,456	30.63	3,097,008 (1)	2.36
3. Tan Sri Datuk Paduka Dr. Hajjah Saleha binti Haji Mohamed Ali	-	-	115,368 (2)	0.09
4. Wong Cheek Lung	5,004	Neg	43,261,460 (3)	32.99
5. Kong Sin Seng	-	-	-	-
6. Mohamad Jamil bin Mohd Yusof	-	-	-	-
7. Zahedi bin Haji Mohd Zain	2,868	Neg	112,500 (4)	0.09
8.Wong Swee Seong	2,487,004	1.90	40,779,460 (5)	31.09

Notes:
(1) Deemed interest by virtue of shares held through his family members' interest in Fitters.
(2) Deemed interest by virtue of shares held through her family members and Sijas Holdings Sdn Bhd and Saleha & Anak- Anak Holdings Sdn Bhd. by virtue of her substantial shareholdings in these two companies.
(3) Deemed interest by virtue of shares held through his family members' interest in Fitters.
(4) Deemed interest by virtue of shares held through Sijas Holdings Sdn Bhd and Saleha & Anak- Anak Holdings Sdn Bhd. by virtue of his substantial shareholdings in these two companies.
(5) Deemed interest by virtue of shares held through his family members' interest in Fitters.

Neg – Neglible

ADDITIONAL COMPLIANCE INFORMATION (CONTD.)

10. ANALYSIS OF SHAREHOLDING (contd.)

(iii) Distribution schedule of Ordinary shares of RM0.50:

No. of Holders	Holdings	Total Holdings	%
15	Less than 100 shares	426	0.00
175	100 to 1,000 shares	109,127	0.08
1,498	1,001 to 10,000 shares	8,080,890	6.16
590	10, 001 to 100,000 shares	18,795,056	14.33
90	100,001 to less than 5% of issued shares	64,002,229	48.80
3	5% and above of issued shares	40,169,456	30.63
2,371		131,157,184	100.00

(iv) The issued and paid up capital of the Company is 131,157,184 ordinary shares of RM0.50 each with voting rights of one vote per ordinary share. The total number of shareholders are 2,371.

(v) List of Thirty (30) Largest Securities Account Holders

	Name	No. of Shares	%
1	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Swee Yee	12,211,900	9.31
2	EB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Swee Yee	11,604,000	8.85
3	Wong Swee Yee	11,053,556	8.43
4	Loh Foong Ping	5,680,000	4.33
5	Gan Seong Liam	5,630,000	4.29
6	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Swee Yee	5,300,000	4.04
7	Tee Tiam Lee	5,200,000	3.96
8	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Kwee Hock	4,565,200	3.48
9	Kong Sum Mooi	3,972,100	3.03
10	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Siew Lai	3,894,200	2.97
11	Chin Lai Ying	2,833,600	2.16
12	Leong Lai Shen	1,930,500	1.47

ADDITIONAL COMPLIANCE INFORMATION (CONTD.)

10. ANALYSIS OF SHAREHOLDING (contd.)

(v) List of Thirty (30) Largest Securities Account Holders (cont'd)

	Name	No. of Shares	%
13	AMSEC Nominees (Tempatan) Sdn Bhd Assar Asset Management Sdn Bhd for Lembaga Kumpulan Wang Kawasan Konsesi Hutan	1,647,000	1.26
14	Lim Kah Eng	1,533,800	1.17
15	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chin Chin Seong	1,500,000	1.14
16	Wong Swee Seong	1,300,000	0.99
17	Sim Keng Chor	1,272,000	0.97
18	Koh Heok Teo	1,250,000	0.95
19	Wong Swee Seong	1,187,004	0.91
20	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Twee Yong	1,150,000	0.88
21	Lai Lan @ Loow Lai Lan	1,087,800	0.83
22	Teh Poh Guan	1,000,000	0.76
23	Cheng Yoong Choong	900,000	0.69
24	AMSEC Nominees (Tempatan) Sdn Bhd Assar Asset Management Sdn Bhd for Sarawak Timber Industry Development Corporation	832,500	0.63
25	Lim Yuk Wai @ Lam Yuk Wai	710,000	0.54
26	Yon Yu Hon @ Hon Yew Hon	679,500	0.52
27	Goh Hooi Yin	605,000	0.46
28	OSK Nominees (Asing) Sdn Bhd UOB Kay Hian Private Limited for Cheng Yong Kwang	600,000	0.46
29	Teo Peng Boon	565,000	0.43
30	Wong Kim Yin	520,000	0.40

ADDITIONAL COMPLIANCE INFORMATION (CONTD.)

11. ANALYSIS OF WARRANT HOLDINGS

The following analysis of warrant holding is as at 15 April 2008, a date not earlier than six weeks from the date of the notice of the Annual General Meeting.

(i) List of Substantial Warrant Holders:-

Substantial Shareholders	Direct Interest No. of Warrants	(%)	Deemed Interest No. Of Warrants	(%)
Dato' Wong Swee Yee	21,709,588	33.10	1,598,504	2.43
Tee Tiam Lee	3,401,000	5.19	-	-

(ii) Directors' Warrant Holding

(a) In the Company

	Direct Holding No. of Warrants ('000)	%	Indirect holding No. of Warrants ('000)	%
1. Mohammad Nizar bin Idris	-	-	-	-
2. Dato' Wong Swee Yee	21,709,588	33.10	1,598,504 (1)	2.44
3. Tan Sri Datuk Paduka Dr. Hajjah Saleha binti Haji Mohamed Ali	-	-	68,300 (2)	0.10
4. Wong Cheek Lung	2,502	Neg	23,305,590 (3)	35.54
5. Kong Sin Seng	-	-	-	-
6. Mohamad Jamil bin Mohd Yusof	-	-	-	-
7. Zahedi bin Haji Mohd Zain	2,000	Neg	66,300 (4)	0.10
8.Wong Swee Seong	1,243,502	1.90	22,064,590 (5)	33.64

Notes:

(1) Deemed interest by virtue of warrants held through his family members' interest in Fitters.
(2) Deemed interest by virtue of warrants held through her family members and Sijas Holdings Sdn Bhd and Saleha & Anak- Anak Holdings Sdn Bhd. by virtue of her substantial shareholdings in these two companies.
(3) Deemed interest by virtue of warrants held through his family members' interest in Fitters.
(4) Deemed interest by virtue of warrants held through Sijas Holdings Sdn Bhd and Saleha & Anak- Anak Holdings Sdn Bhd. by virtue of his substantial shareholdings in these two companies.
(5) Deemed interest by virtue of warrants held through his family members' interest in Fitters.

Neg – Neglible

ADDITIONAL COMPLIANCE INFORMATION (CONTD.)

11. ANALYSIS OF WARRANT HOLDINGS (contd.)

(iii) Distribution schedule of Ordinary shares of RM0.50:

No. of Holders	Holdings	Total Holdings	%
4	Less than 100 warrants	200	0.00
174	100 to 1,000 warrants	113,350	0.17
786	1,001 to 10, 000 warrants	3,442,502	5.25
409	10, 001 to 100,000 warrants	13,944,500	21.26
56	100,001 to less than 5% of warrants	22,967,452	35.03
4	5% and above of warrants	25,110,588	38.29
1,433		65,578,592	100.00

(iv) The Company had on 28 November 2007 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. The warrants will mature on 27 November 2012. All warrants remained unexercised as at 15 April 2008. The total number of warrant holders are 1,433.

(v) List of Thirty (30) Largest Warrants Holders

	Name	No. of Warrants	%
1	Wong Swee Yee	7,953,638	12.13
2	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Swee Yee	6,105,950	9.31
3	EB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Swee Yee	5,000,000	7.62
4	Tee Tiam Lee	3,401,000	5.19
5	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Swee Yee	2,650,000	4.04
6	Lim Kah Eng	2,615,200	3.99
7	Loh Foong Ping	2,500,000	3.81
8	Chin Lai Ying	1,416,800	2.16
9	Ho Swee Pow	1,400,000	2.13
10	Trade Pioneer Limited	1,130,000	1.72

ADDITIONAL COMPLIANCE INFORMATION (CONTD.)

11. ANALYSIS OF WARRANT HOLDINGS (contd.)

(v) List of Thirty (30) Largest Securities Account Holders (cont'd)

	Name	No. of Warrants	%
11	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Siew Lai	822,100	1.25
12	Tan Yu Wei	800,000	1.22
13	Pang Yang Chung	700,000	1.07
14	Wong Swee Seong	650,000	0.99
15	Koh Heok Teo	625,000	0.95
16	Wong Swee Seong	593,502	0.91
17	Inter Pacific Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Choon Meng	589,000	0.90
18	Kong Sum Mooi	585,150	0.89
19	Teh Poh Guan	500,000	0.76
20	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yau Yee Fong	400,000	0.61
21	Lim Yuk Wai @ Lam Yuk Wai	365,000	0.56
22	Goh Hooi Yin	352,500	0.54
23	Yon Yu Hon @ Hon Yew Hon	339,750	0.52
24	Lee Yok Lan	328,000	0.50
25	Affin Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Boon Pock	300,000	0.46
26	OSK Nominees (Asing) Sdn Bhd UOB Kay Hian Private Limited for Cheng Yong Kwang	300,000	0.46
27	Wong Ah Chai	300,000	0.46
28	Wong Kim Yin	285,000	0.43
29	Lai Lan @ Loow Lai Lan	256,100	0.39
30	Teoh Cha Boo	250,000	0.38

ADDITIONAL COMPLIANCE INFORMATION (CONTD.)

11. REVALUATION POLICY

Save as disclosed in Note 13 of the Notes to the Financial Statements on page 71 to 74, the Company does not have any other revaluation policy on landed properties.

12. LIST OF PROPERTIES AS AT 31 DECEMBER 2007

	Description	Address	Net Book Value RM	Tenure Freehold	Date of last valuation / acquisition	Existing Use	Age Of Building (Year)
1	3 storey Office 1,779.20 m2	No. 1 Jalan Tembaga SD 5/2 Bandar Sri Damansara 52200 Kuala Lumpur	2,537,326	Freehold	21-8-1991	Tenanted	14
2	2 Storey shop house 143.07 m2	12 Jalan Sagu 5 Taman Daya 81100 Johor Bahru Johor Darul Takzim	194,488	Freehold	5-4-1993	Office	14
3	3 Storey Shop house 143.07 m2	66 Lintang Angsana Bandar Baru Ayer Itam 11500 Pulau Pinang	410,693	Leasehold Expire on 2093	24-2-1995	Office	13
4	2 Storey Shop office 130.0 m2	13 Jalan Dato' Haji Megat Khas Taman Bandaraya Utama 31400 Ipoh Perak Darul Ridzuan	229,364	Leasehold Expire on 2093	10-4-1996	Office	13
5	Office Suite 80.64 m2	No.568-8-43 Kompleks Mutiara Jalan Ipoh 51200 Kuala Lumpur	190,960	Freehold	17-11-1997	Vacant	8
6	Office Suite 56.39 m2	No.568-8-28 Kompleks Mutiara Jalan Ipoh 51200 Kuala Lumpur	143,444	Freehold	9-5-2005	Vacant	8
7	Apartment 70.14 m2	D-4-21 Block Rapis Pangsapuri Las Palmas Jalan Desa Ria Bandar Country Homes 48000 Rawang Selangor Darul Ehsan	67,737	Freehold	10-12-1999	Vacant	8

ADDITIONAL COMPLIANCE INFORMATION (CONTD.)

12. LIST OF PROPERTIES AS AT 31 DECEMBER 2007 (contd.)

	Description	Address	Net Book Value RM	Tenure Freehold	Date of last valuation / acquisition	Existing Use	Age Of Building (Year)
8	Shop Office 73.02 m2	8-2A Jalan Desa 9/3 Bandar Country Homes 48000 Rawang Selangor Darul Ehsan	58,516	Freehold	10-12-1999	Vacant	8
9	1 storey terrace house 121.0 m2	No. 162 Lorong Aneka Taman Aneka 71250 Pasir Panjang Port Dickson	76,234	Freehold	6-10-2000	Vacant	5
10	2 storey town house 149.8 m2	A21, Block 4B Parcel 2515-C HS(M) 805 PT No. 2515, Mukim Dengkil, Precinct 16 Putrajaya	318,826	Freehold	20-4- 2001	Vacant	4
11	Office 172.8 m2	32-03(BK) 3rd Floor Taman Juara Jaya Merchant Square, Cheras Selangor Darul Ehsan	182,160	Freehold	21-12-2001	Vacant	6
12	Office 163.4 m2	32-03(FR) 3rd Floor Taman Juara Jaya Merchant Square, Cheras Selangor Darul Ehsan	176,880	Freehold	21-12-2001	Vacant	6
13	Office 336.22 m2	32-01, Block 3 Taman Juara Jaya Merchant Square, Cheras Selangor Darul Ehsan	391,000	Freehold	29-01-2004	Vacant	4
14	Apartment 185.81m2	D-18-6 East Lake Residence PT No. 9957, Lot 64411, Mukim Pekan Serdang, Daerah Petaling Selangor	473,300	Leasehold Expire on 15-5-2100	26-03-2004	Under - construction	-
15	Land 502 acres	Geran 5668, Lot 451 Mukim of Ulu Telom District of Cameron Highlands, Pahang	30,000,000	Freehold	16-03-2007	Agriculture	-

ADDITIONAL COMPLIANCE INFORMATION (CONTD.)

13. RECURRENT RELATED PARTIES TRANSACTIONS OF A REVENUE OR TRADING NATURE CONDUCTED PURSUANT TO THE SHAREHOLDERS' MANDATE DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

Pursuant to Practice Note 12/2000 issued by the Bursa Malaysia Securities Berhad, the aggregate value of recurrent related party transactions made during the financial year in respect of the Shareholders' Mandate which was obtained on 30 May 2007, are set out below:

Nature of Transactions/ Fitters Group	Mandated Related Party	From previous AGM to this AGM			
		Estimated value (7)		Aggregate value (8)	
		RM'000		RM'000	
Subcontract works (1)		**Subcontract From**	**Subcontract To**		
FES Group,	FMPS	200,000	-	9,499	-
FBS Group, FSB Group	Pipefab	-	1,000	-	14
	KAE	3,000	-	173	-
	Wai Soon Engineering	-	8,000	-	2,579
Sales and Purchases of goods and services (2)		**Sell to**	**Purchase From**		
FDB, FES Group,	FMPS	2,000	1,000	10	231
FBS Group,	Pipefab	500	-	-	-
FSB Group,	FFT	-	7,000	-	439
ASB, FMKT, MPS, FSPL	Fsabah	2,000	100	820	20
	KAE (4)	40,000	5,000	3,738	-
	Wai Soon Engineering	50	-	12	-
Royalty (3)	**Receivable**	**Payable**			
FFT	AA (Asia)	-	500	-	36
Rental of office and warehouse (5)		**Rent To**	**Rent From**		
MPS	FMPS	20	-	-	-
	Fsabah	-	10	-	5
	KAE	20	-	-	-
PTS	FFT	50	-	24	-
	Wai Soon Engineering	100		66	-
Provision of management support for administration, information technology, human resources and training (6)		**Provided To**	**Provided From**		
FDB, TSS,	FMPS	30	200	-	57
MPS, PTS	FFT	-	500	-	-
	KAE	30	-	-	-
Total Estimated Value		247,800	23,310	14,342	3,381

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.

ADDITIONAL COMPLIANCE INFORMATION (CONTD.)

Notes: - (contd.)

(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) Royalty payment to AA (Asia) pursuant to a Royalty Agreement dated 12 January 2004 for the provision of technical knowledge for manufacturing of certain fire fighting equipment. The Royalty Agreement commenced on 31 August 2001 for 10 years and will expire on 30 August 2011.

(4) KAE is Fitters Group's trading partner. Due to economies of scale and practicality, certain variety of equipment, materials and components were being carried by each thus resulting in synergistic trade for the Fitters Group without undue burden of overstocking.

(5) The warehouse located at AL 121, (Blok N), 13th Miles, Jalan Subang, 47000 Sungai Buloh, Selangor Darul Ehsan, which is sublet by PTS. A total of 3,448 square feet of office and warehouse space is rented out to FFT. The current rental rate per month is RM0.58 per square foot, which are subject to periodic review. The tenancy is extended for a period of 3 years commencing from 1 February 2008.

PTS also sublet a portion of the warehouse belonging to Kong Lian Industrial Park Sdn Bhd, an area measuring approximately 7,500 square feet to Wai Soon Engineering at a rate of RM5,460 per month.

MPS rents a small office space from Fsabah at a rate of RM400 per month.

The rental rates are determined after taking into consideration the prevailing market rate, tenure, space and support services, which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders.

(6) The training provided is mainly in respect of product knowledge, upgrade of technical aspects of the product and computer training. Transaction prices are generally determined based on cost plus taking into consideration the nature, complexity of the required training and it is not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders.

(7) 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 2007 Annual Report of the Company on the actual aggregate value of transactions contemplated pursuant to the Proposed Shareholders' Mandate.

(8) Aggregate value of sales/(purchases) are made up to 15 April 2008, being the latest practical date.

(9) Abbreviations used above

AA (Asia)	*Australian Aerosols (Asia) Pty Ltd*
ASB	*Armatrade Sdn Bhd*
FBS	*Fitters Building Services Sdn Bhd*
FES	*Fitters Engineering Services Sdn Bhd*
FFT	*Fitters Fire Technology Sdn Bhd*
FDB	*Fitters Diversified Berhad (formerly known as Fitters Holdings Berhad)*
FMKT	*Fitters Marketing Sdn Bhd*
FMPS	*Fitters-MPS Sdn Bhd*
Fsabah	*Fitters (Sabah) Sdn Bhd*
FSB	*Fitters Sdn Bhd*
FSPL	*Fitters (S) Pte Ltd*
KAE	*Kawalan Api Engineering Sdn Bhd*
MPS	*Master Pyroserve Sdn Bhd*
Pipefab	*Pipefabricators Sdn Bhd*
PTS	*Pyro-Tech Systems Sdn Bhd*
TSS	*The Safety Shop Sdn Bhd*
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.

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 2007.

CHANGE OF NAME

The Company changed its name to Fitters Diversified Berhad effective from 13 June 2007.

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	5,849,775	3,871,079
Attributable to:		
Equity holders of the Company	5,529,328	3,871,079
Minority interests	320,447	-
	5,849,775	3,871,079

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 2006 were as follows:

In respect of the financial year ended 31 December 2006 as reported in the directors' report of that year.

	RM
First and final dividend of 4% less 27% taxation, on 131,157,184 ordinary shares, declared on 30 May 2007 and paid on 30 August 2007	3,829,790

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2007, of 4% less 26% on 131,157,184 ordinary shares, amounting to a dividend payable of RM3,882,253 (0.296 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2008.

DIRECTORS' REPORT (CONTD.)

DIRECTORS

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

En Mohammad Nizar bin Idris	Chairman
YBhg Dato' Wong Swee Yee	Managing Director
YBhg Tan Sri Datuk Paduka Dr Hajjah Saleha binti Haji Mohamed Ali	Non-Independent and Non-Executive Director
Mr Wong Cheek Lung	Non-Independent and Non-Executive Director
En Mohamad Jamil bin Mohd Yusof	Independent Non-Executive Director
Mr Kong Sin Seng	Independent Non-Executive Director
En Zahedi bin Haji Mohd Zain (alternate director to Tan Sri Datuk Paduka Dr Hajjah Saleha binti Haji Mohamed Ali)	
Mr Wong Swee Seong (alternate director to Wong Cheek Lung)	

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 35 to the financial statements.

DIRECTORS' INTERESTS

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

	Number of Ordinary Shares of RM0.50 each			
	1 January 2007	Bought	Disposal	31 December 2007
Company				
Direct interest				
Dato' Wong Swee Yee	48,445,356	1,724,100	(10,000,000)	40,169,456
Wong Swee Seong	2,687,004	-	(200,000)	2,487,004
Wong Cheek Lung	5,004	-	-	5,004
Zahedi bin Haji Mohd Zain	2,868	-	-	2,868
Indirect interest				
Dato' Wong Swee Yee	3,097,008	-	-	3,097,008
Wong Swee Seong	48,855,360	1,924,100	(10,000,000)	40,779,460
Wong Cheek Lung	51,537,360	1,724,100	(10,000,000)	43,261,460
Tan Sri Datuk Paduka Dr Hajjah Saleha binti Haji Mohamed Ali	115,368	-	-	115,368
Zahedi bin Haji Mohd Zain	112,500	-	-	112,500

DIRECTORS' REPORT (CONTD.)

DIRECTORS' INTERESTS (CONTD.)

	Number of Warrants at RM0.10 each			
	1 January 2007	Bought	Disposal	31 December 2007
Company				
Direct interest				
Dato' Wong Swee Yee	-	21,709,588	-	21,709,588
Wong Swee Seong	-	1,243,502	-	1,243,502
Wong Cheek Lung	-	2,502	-	2,502
Zahedi bin Haji Mohd Zain	-	2,000	-	2,000
Indirect interest				
Dato' Wong Swee Yee	-	1,598,504	-	1,598,504
Wong Swee Seong	-	22,064,590	-	22,064,590
Wong Cheek Lung	-	23,305,590	-	23,305,590
Tan Sri Datuk Paduka Dr Hajjah Saleha binti Haji Mohamed Ali	-	68,300	-	68,300
Zahedi bin Haji Mohd Zain	-	66,300	-	66,300

Dato' Wong Swee Yee by virtue of his interest in shares in the Company is also deemed interested 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.

SHARE CAPITAL

As approved by shareholders at the Annual General Meeting held on 29 June 2006, the issued and paid up share capital of the Company was increased from RM62,177,592 to RM65,578,592 during the financial year by way of special issue of 6,802,000 shares of RM0.50 each to a third party Bumiputera investor.

WARRANTS

On 28 November 2007, the Company issued a renounceable rights issue of 65,678,592 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 the Bursa Malaysia Securities on 5 December 2007. The issuance resulted in a proceed of RM5,935,244 (net of costs of issuance of warrants of RM622,615) to the Company. 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. All warrants remained unexercised as at 31 December 2007.

The terms of the warrants are detailed in Note 27 to the financial statements.

DIRECTORS' REPORT (CONTD.)

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 approved at the Annual General Meeting held on 27 June 2005.

The ESOS has yet to be implemented as at to date.

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 except as disclosed in Note 39 to the financial statements.

DIRECTORS' REPORT (CONTD.)

SIGNIFICANT EVENTS

Significant events during the financial year are disclosed in Note 38 to the financial statements.

SUBSEQUENT EVENTS

Details of subsequent events are disclosed in Note 39 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 15 April 2008.

DATO' WONG SWEE YEE **ZAHEDI BIN HAJI MOHD ZAIN**

Kuala Lumpur, Malaysia

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 (formerly known as FITTERS HOLDINGS BERHAD**), do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 45 to 106 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 2007 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 15 April 2008.

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 (formerly known as FITTERS HOLDINGS BERHAD)**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 45 to 106 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 15 April 2008

CHONG WEI WEI

Before me,

REPORT OF THE AUDITORS

TO THE MEMBERS OF FITTERS DIVERSIFIED BERHAD (FORMERLY KNOWN AS FITTERS HOLDINGS BERHAD)

Incorporated in Malaysia

We have audited the financial statements set out on pages 45 to 106. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements have been properly 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:

  (i) the financial position of the Group and of the Company as at 31 December 2007 and of the results and the cash flows of the Group and of the Company for the year then ended; and

  (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and

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

We have considered the financial statements and the auditors' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 18 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

The auditors' reports on the financial statements 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.

Without qualifying our opinion, we draw attention to Note 21 (c) of the financial statements. Included in the Group's trade receivables as at 31 December 2007 were amounts totalling RM6,599,475 that the Group intends to recover through a litigation process. The outcome and the quantum that can be ultimately recoverable cannot be determined at the date of this report. The financial statements of the Group do not include any adjustment that might be necessary arising from the final outcome of the above intended litigation.

Ernst & Young
No. AF 0039
Chartered Accountants

Low Khung Leong
No. 2697/01/09 (J)
Partner

Kuala Lumpur, Malaysia
15 April 2008

INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Revenue	3	146,452,427	128,421,059	5,415,000	22,562,500
Cost of sales	4	(115,042,122)	(98,640,498)	-	-
Gross profit		31,410,305	29,780,561	5,415,000	22,562,500
Other income	5	1,719,171	4,739,680	1,833,823	2,023,018
Selling and marketing expenses		(4,094,335)	(2,383,662)	(94,581)	(60,773)
Administrative expenses		(19,409,799)	(15,654,817)	(1,785,883)	(2,240,995)
Operating profit		9,625,342	16,481,762	5,368,359	22,283,750
Finance costs	6	(1,026,871)	(400,370)	-	-
Profit before tax	7	8,598,471	16,081,392	5,368,359	22,283,750
Income tax expense	10	(2,748,696)	(3,879,548)	(1,497,280)	(4,862,652)
Profit for the year		5,849,775	12,201,844	3,871,079	17,421,098
Attributable to:					
Equity holders of the Company		5,529,328	12,032,470	3,871,079	17,421,098
Minority interests		320,447	169,374	-	-
		5,849,775	12,201,844	3,871,079	17,421,098
Earnings per share attributable to equity holders of the Company (sen):					
Basic, for profit for the year	11	4.30	9.68		
Diluted, for profit for the year	11	4.27	9.68		

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

BALANCE SHEETS AS AT 31 DECEMBER 2007

	Note	Group 2007 RM	Group 2006 RM (restated)	Company 2007 RM	Company 2006 RM
ASSETS					
Non-current assets					
Property, plant and equipment	13	10,431,070	7,744,880	2,595,916	2,678,912
Investment properties	14	1,403,270	1,429,913	-	-
Land held for property development	15	-	-	-	-
Prepaid land lease payments	16	248,572	251,429	-	-
Goodwill on consolidation	17	15,112,997	14,992,444	-	-
Investments in subsidiaries	18	-	-	31,232,864	30,822,864
Other investments	19	17,369,834	3,885,500	2,500,000	2,500,000
Deferred tax asset	31	-	3,992	-	-
		44,565,743	28,308,158	36,328,780	36,001,776
Current assets					
Inventories	20	13,775,579	9,204,818	-	-
Trade and other receivables	21	83,908,204	93,812,086	65,878,092	54,439,071
Tax recoverable		1,019,876	458,603	32,684	-
Marketable securities	23	6,539	163,638	-	-
Cash and cash equivalents	24	4,141,222	11,103,048	345,980	4,082,843
		102,851,420	114,742,193	66,256,756	58,521,914
Assets held for disposal	25	38,911,608	2,061,297	-	-
		141,763,028	116,803,490	66,256,756	58,521,914
TOTAL ASSETS		186,328,771	145,111,648	102,585,536	94,523,690

BALANCE SHEETS AS AT 31 DECEMBER 2007 (CONTD.)

	Note	Group 2007 RM	Group 2006 RM (restated)	Company 2007 RM	Company 2006 RM
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	26	65,578,592	62,177,592	65,578,592	62,177,592
Share premium	26	-	-	-	-
Other reserves	27	7,885,143	1,942,659	6,468,423	533,179
Retained earnings	28	20,299,449	18,599,911	426,984	385,695
		93,763,184	82,720,162	72,473,999	63,096,466
Minority interests		317,679	1,678,235	-	-
Total equity		94,080,863	84,398,397	72,473,999	63,096,466
Non-current liabilities					
Borrowings	29	25,511,890	25,474,272	25,000,000	25,000,000
Deferred tax liabilities	31	462,724	414,424	120,564	120,564
		25,974,614	25,888,696	25,120,564	25,120,564
Current liabilities					
Borrowings	29	26,549,382	6,343,274	-	-
Trade and other payables	32	38,850,555	27,266,613	4,990,973	6,190,784
Current tax payable		872,357	1,214,668	-	115,876
		66,272,294	34,824,555	4,990,973	6,306,660
Liabilities associated with assets held for disposal	25	1,000	-	-	-
		66,273,294	34,824,555	4,990,973	6,306,660
Total liabilities		92,247,908	60,713,251	30,111,537	31,427,224
TOTAL EQUITY AND LIABILITIES		186,328,771	145,111,648	102,585,536	94,523,690

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2007

		Attributable to Equity Holders of the Company								
		<---- Non-Distributable Reserves				---->	Distributable			
Group	Note	Share Capital RM (Note 26)	Share Premium RM (Note 26)	Capital Reserves RM (Note 27)	Asset Revaluation Reserve RM (Note 27)	Foreign Currency Translation Reserve RM (Note 27)	Retained Earnings RM (Note 28)	Total RM	Minority Interest RM	Total Equity RM
At 1 January 2006		41,451,728	3,206,022	1,360,010	653,458	61,629	25,757,719	72,490,566	1,657,789	74,148,355
Revaluation surplus realised upon sale of property		-	-	-	(120,279)	-	120,279	-	-	-
Foreign currency translation		-	-	-	-	(12,159)	-	(12,159)	-	(12,159)
Profit for the year		-	-	-	-	-	12,032,470	12,032,470	169,374	12,201,844
Dividends	12	-	-	-	-	-	(1,790,715)	(1,790,715)	-	(1,790,715)
Issue of ordinary shares:										
Bonus issue	26	20,725,864	(3,206,022)	-	-	-	(17,519,842)	-	-	-
Acquisition of subsidiary during the year		-	-	-	-	-	-	-	(17,874)	(17,874)
Reversal on liquidation of a subsidiary		-	-	-	-	-	-	-	(131,054)	(131,054)
At 31 December 2006		62,177,592	-	1,360,010	533,179	49,470	18,599,911	82,720,162	1,678,235	84,398,397

		Attributable to Equity Holders of the Company								
		<---- Non-Distributable Reserves				---->	Distributable			
	Note	Share Capital RM (Note 26)	Capital Reserves RM (Note 27)	Warrant Reserves RM (Note 27)	Asset Revaluation Reserve RM (Note 27)	Currency Translation Reserve RM (Note 27)	Retained Earnings RM (Note 28)	Total RM	Minority Interest RM	Total Equity RM
At 1 January 2007		62,177,592	1,360,010	-	533,179	49,470	18,599,911	82,720,162	1,678,235	84,398,397
Foreign currency translation		-	-	-	-	7,240	-	7,240	-	7,240
Profit for the year		-	-	-	-	-	5,529,328	5,529,328	320,447	5,849,775
Dividends	12	-	-	-	-	-	(3,829,790)	(3,829,790)	-	(3,829,790)
Issue of warrants		-	-	6,557,859	-	-	-	6,557,859	-	6,557,859
Cost of issuance of warrants not recognised in income statement		-	-	(622,615)	-	-	-	(622,615)	-	(622,615)
Issue of ordinary shares:										
Special issue	26	3,401,000	-	-	-	-	-	3,401,000	-	3,401,000
Partial disposal of subsidiary		-	-	-	-	-	-	-	435,520	435,520
Acquisition of subsidiary during the year	18	-	-	-	-	-	-	-	(2,116,523)	(2,116,523)
At 31 December 2007		65,578,592	1,360,010	5,935,244	533,179	56,710	20,299,449	93,763,184	317,679	94,080,863

		<---- Non-Distributable			---->	Distributable	
Company	Note	Share Capital RM (Note 26)	Share Premium RM (Note 26)	Asset Revaluation Reserve RM (Note 27)	Warrant Reserve RM (Note 27)	Retained Earnings RM (Note 28)	Total Equity RM
At 1 January 2006		41,451,728	3,206,022	533,179	-	2,275,154	47,466,083
Profit for the year, representing total income and expense for the year		-	-	-	-	17,421,098	17,421,098
Dividends	12	-	-	-	-	(1,790,715)	(1,790,715)
Issue of ordinary shares:							
Bonus Issue	26	20,725,864	(3,206,022)	-	-	(17,519,842)	-
At 31 December 2006		62,177,592	-	533,179	-	385,695	63,096,466
At 1 January 2007		62,177,592	-	533,179	-	385,695	63,096,466
Profit for the year, representing total income and expense for the year		-	-	-	-	3,871,079	3,871,079
Dividends paid	12	-	-	-	-	(3,829,790)	(3,829,790)
Issue of warrants		-	-	-	6,557,859	-	6,557,859
Cost of issuance of warrants not recognised in income statement		-	-	-	(622,615)	-	(622,615)
Issue of ordinary shares:							
Special Issue	26	3,401,000	-	-	-	-	3,401,000
At 31 December 2007		65,578,592	-	533,179	5,935,244	426,984	72,473,999

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

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Cash Flows From Operating Activities				
Profit before tax	8,598,471	16,081,392	5,368,359	22,283,750
Adjustments for:				
Interest income	(279,493)	(124,330)	(6,824)	(51,568)
Dividend income	-	-	(5,415,000)	(22,562,500)
Finance costs	1,026,871	400,370	-	-
Depreciation of investment property	26,643	30,983	-	-
Depreciation of property, plant and equipment	1,103,083	1,063,247	96,330	120,989
Amortisation of prepaid land lease payment	2,857	2,857	-	-
Property, plant and equipment written off	60	2,081	-	2,079
Gain on disposal of property, plant and equipment	(18,998)	(3,211,850)	(8,999)	-
Reversal of impairment in value of investment	-	(32,135)	-	-
Gain on disposal marketable securities	(276,787)	-	-	-
Impairment in value of investments	-	54,500	-	-
Property development expenditure written off	-	67,741	-	-
Impairment of property, plant and equipment	-	741,743	-	-
Inventories written off	22,564	113,963	-	-
Provision for doubtful debts	286,193	1,242,949	-	469,384
Bad debts written off	9,000	58,030	-	-
Impairment of goodwill	-	21,952	-	-
Writeback of provision for doubtful debts	(73,283)	(158,871)	-	-
Gain arising from dilution of interest in subsidiary	(54,480)	-	-	-
Deposits written off	-	5,910	-	-
Project cost written off	69,388	-	-	-
Net unrealised foreign exchange losses	11,256	-	-	-
Operating profit before working capital changes carried forward	10,453,345	16,360,532	33,866	262,134
Changes in working capital:				
Inventories	(4,593,325)	1,554,547	-	-
Due from/(to) customers on contracts	(4,872,490)	4,411,028	-	-
Receivables	73,044	16,709,949	555,147	(89,305)
Payables	1,471,526	(4,211,154)	(52,518)	(324,921)
Subsidiaries	-	-	(9,188,511)	10,327,504
Cash generated from/(used in) operations	2,532,100	34,824,902	(8,652,016)	10,175,412
Interest paid	(1,026,871)	(400,370)	-	-
Taxes paid	(3,430,984)	(3,769,823)	(183,790)	(4,572,402)
Net cash generated from/(used in) operating activities	(1,925,755)	30,654,709	(8,835,806)	5,603,010

CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTD.)

		Group		Company	
		2007	2006	2007	2006
		RM	RM	RM	RM
Cash Flows From Investing Activities					
Deposit paid for acquisition of land		(13,022,572)	(30,374,893)	-	-
Purchase of property, plant and equipment		(3,072,282)	(1,121,300)	(13,335)	(12,033)
Acquisition of land held for development within assets held for disposal		(5,545,204)	-	-	-
Subscription of additional redeemable convertible preference shares		(13,484,334)	-	-	-
Proceeds from disposal of marketable securities		434,002	-	-	-
Proceeds from disposal of property, plant and equipment		19,000	9,510,600	9,000	-
Proceeds from disposal of land and related development expenditure		2,061,297	-	-	-
Interest received		279,493	124,330	6,824	51,568
Proceeds received from issuance of new shares in a subsidiary to a minority shareholder		490,000	-	-	-
Acquisition of subsidiary net of cash acquired		1,804,044	(51)	(410,000)	-
Capital repayment from subsidiary		-	-	-	8,212
Net cash (used in)/generated from investing activities		(30,036,556)	(21,861,314)	(407,511)	47,747
Cash Flows From Financing Activities					
Repayment of term loans		(22,850)	(25,095)	-	-
Repayment of hire purchase obligations and lease financing		(68,833)	(409,715)	-	-
Revolving credits and bankers' acceptances		13,077,738	(3,131,028)	-	-
Issue of special shares		3,401,000	-	3,401,000	-
Issue of warrants		5,935,244	-	5,935,244	-
Dividends paid	12	(3,829,790)	(1,790,715)	(3,829,790)	(1,790,715)
Net cash generated from/(used in) financing activities		18,492,509	(5,356,553)	5,506,454	(1,790,715)
Net (decrease)/increase in cash and cash equivalents		(13,469,802)	3,436,842	(3,736,863)	3,860,042
Effects of foreign exchange rate changes		7,295	(12,386)	-	-
Cash and cash equivalents at beginning of year		11,029,018	7,604,562	3,970,437	110,395
Cash and cash equivalents at end of year	24	(2,433,489)	11,029,018	233,574	3,970,437
Acquisition of property, plant and equipment were by means of:					
Cash purchases		3,072,282	1,121,300	13,335	12,033
Finance lease arrangements		128,388	-	-	-
		3,200,670	1,121,300	13,335	12,033

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company is a public limited company, incorporated and domiciled in Malaysia, and is listed on the Main Board of the Bursa Malaysia Securities. The registered office and the principal place of business of the Company is located at:

No 1, Block C
Jalan Dataran SD 1
Dataran SD, PJU 9
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 15 April 2008.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

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

The financial statements of the Group and of the Company have also been prepared on a historical basis, except for freehold land 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 profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(a) Subsidiaries and Basis of Consolidation (Contd.)

(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.

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

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

(b) Intangible Assets

(i) Goodwill

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

(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 as the Group availed itself to the transitional provisions of IAS 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

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 (CONTD.)

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

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

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

Non-current investments other than investments in subsidiaries are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in profit or loss.

(iii) Marketable Securities

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

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(i) Financial Instruments (Contd.)

(iv) Trade Receivables

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

(v) Trade Payables

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.

(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)).

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(j) Leases (Contd.)

(ii) Finance Leases - the Group as Lessee (Contd.)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(l) Income Tax (Contd.)

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

(m) Provisions

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

(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, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group 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 scheme.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

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 retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated 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 retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation 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. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, 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 Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in profit or loss for the period. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, 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.

(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) Contract Revenue

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 (CONTD.)

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.

(q) Non-current Assets (or Disposal Groups) Held for Sale

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

Immediately before classification as held for sale, the measurement of the non-current assets (or all the assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current assets or disposal groups (other than investment properties, deferred tax assets, employee benefits assets and financial assets) are measured in accordance with FRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Changes in Accounting Policies, Effects and Changes in Comparatives Arising from Adoption of New and Revised FRSs

On 1 January 2007, the Group and the Company adopted the following FRSs mandatory for financial periods beginning on or after 1 January 2007:

FRS 6	Exploration for and Evaluation of Mineral Resources
FRS 117	Leases
Amendment to FRS 119 2004 Employee Benefits	Actuarial Gains and Losses, Group Plans and Disclosures
FRS 124	Related Party Transactions

The adoptions of the above FRSs and Amendment to FRS do not have significant financial impact on the Company other than inclusion of additional disclosure pursuant to FRS 124 and the effect arising on adoption of FRS117 as discussed below:

(a) FRS117: Leases

Prior to 1 January 2007, leasehold land held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. The adoption of the revised FRS 117 has resulted in a change in the accounting policy relating to the classification of leases of land and buildings. 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. Leasehold land held for own use is now classified as operating lease and where necessary, the minimum lease payment or the up-front payments made are allocated between the land and the building elements in proportion to the relative fair values for leasehold interests in the land element and building 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.

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 January 2007, the unamortised amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and as disclosed in Note 2.3(b)(ii), certain comparatives have been restated. The effects on the consolidated balance as at 31 December 2007 are set out in Note 2.3(b)(i). There were no effects on the consolidated income statement for the year ended 31 December 2007 and the Company's financial statements.

(b) Summary of effects and changes arising from adoption of new and revised FRSs

(i) Effects on balance sheets as at 31 December 2007

Description of change Group	Increase/(Decrease) FRS 117 Note 2.3 (a) RM
Property, plant and equipment	(248,572)
Prepaid land lease payments	248,572

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Changes in Accounting Policies, Effects and Changes in Comparatives Arising from Adoption of New and Revised FRSs (Contd.)

(b) Summary of effects and changes arising from adoption of new and revised FRSs (Contd.)

(ii) Restatement of comparatives

The following comparatives amounts have been restated arising from the effects of adopting the new and revised FRSs:

Description of change	Previously stated RM	FRS117 Note 2.3 (a) RM	Restated RM
At 31 December 2006			
Group			
Property, plant and equipment	7,996,309	(251,429)	7,744,880
Prepaid land lease payments	-	251,429	251,429

2.4 Standards and Interpretations Issued but Not Yet Effective

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

FRS, Amendments to FRSs and Interpretations	Effective for financial periods beginning on or after
FRS 139 - Financial Instruments: Recognition and Measurement	Deferred
Amendment to FRS 107 - Cash Flow Statements	1 July 2007
Amendment to FRS 111 - Construction Contracts	1 July 2007
Amendment to FRS 112 - Income Taxes	1 July 2007
Amendment to FRS 118 - Revenue	1 July 2007
Amendment to FRS 120 - Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
Amendment to FRS 121 - The Effects of Changes in Foreign Exchange Rates: Net Investment in a Foreign Operations	1 July 2007
Amendment to FRS 134 - Interim Financial Reporting	1 July 2007
Amendment to FRS 137 - Provisions, Contingent Liabilities and Contingent Assets	1 July 2007
IC Interpretation 1 - Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 2 - Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5 - Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6 - Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7 - Applying the Restatement Approach Under FRS 129_{2004} - Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8 - Scope of FRS 2	1 July 2007

The above FRS, amendments to FRSs and Interpretations, are expected to have no significant impact on the financial statements of the Group upon their initial application.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.5 Significant Accounting Estimates and Judgements

(a) Critical Judgements Made in Applying Accounting Policies

There were no significant judgements made in applying the accounting policies of the Group and the Company which may have significant effects of 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 2007 were RM15,112,997 (2006: RM14,992,444). 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 irrecoverable debts, the management have given due consideration to all pertinent information relating to the ability of the debtors to settle the debts. The carrying amounts in trade receivables of the Group which have been outstanding in excess of 12 months amounts to RM5,165,426 (2006: RM2,415,325) whilst those debts whose recoveries are subject to legal actions totalled RM9,597,127 (2006: RM2,997,652). Further details are disclosed in Note 21.

(iii) Provision for slow moving inventories

The Group reviews the adequacy of provision for slow moving inventories as at the balance sheet date to ensure that inventories are stated at lower of cost and net realisable value. In assessing the extent of provision for slow moving inventories, the management having considered all available information, are of the opinion that all goods can be realised in the ordinary course of business. The carrying amount of inventories of the Group which are slow moving amounts to RM1,416,111 (2006: RM1,672,597). Further details are disclosed in Note 20.

(iv) 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 by relying on past experience and the work of specialists.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.5 Significant Accounting Estimates and Judgements (Contd.)

(b) Key Sources of Estimation Uncertainty (Contd.)

(v) Asset held for disposal

Asset held for disposal refers to Cameron Fresh Farms Sdn Bhd ("CFF"), a wholly-owned subsidiary, to which a sale and purchase agreement for its disposal had been signed on 9 March 2007. Such asset is carried at lower of cost and fair value less cost to sell. Despite the signed agreement, inherent uncertainties and unexpected events could arise which may prevent the agreement from being completed. In the event of non-completion of the agreement, write down of the assets value may be required, if equivalent terms of the sale could not be found in the new potential buyers.

3. REVENUE

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Sale of goods	70,631,820	61,749,137	-	-
Rendering of services	9,336,378	8,732,371	-	-
Contract revenue	66,484,229	57,939,551	-	-
Dividend income from subsidiaries	-	-	5,415,000	22,562,500
	146,452,427	128,421,059	5,415,000	22,562,500

4. COST OF SALES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Cost of inventories sold	59,695,885	53,762,063	-	-
Contract costs	55,346,237	44,878,435	-	-
	115,042,122	98,640,498	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

5. OTHER INCOME

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Interest income	279,493	124,330	6,824	51,568
Write-back of provision for doubtful debts	73,283	158,871	-	-
Rental receivable from operating leases, other than those relating to investment properties	394,516	540,800	378,000	504,000
Administrative charges received from subsidiaries	-	-	1,440,000	1,440,000
Realised foreign exchange gain	553,900	505,298	-	-
Gain on disposal of property, plant and equipment	18,998	3,211,850	8,999	-
Gain on disposal of marketable securities	276,787	-	-	-
Gain arising from partial disposal of interest in subsidiary	54,480	-	-	-
Insurance claim	24,959	120,369	-	-
Miscellaneous	42,755	78,162	-	27,450
	1,719,171	4,739,680	1,833,823	2,023,018

6. FINANCE COSTS

	Group	
	2007 RM	2006 RM
Interest expense on:		
Bankers' acceptances	587,900	175,438
Hire purchase and finance leases	34,866	47,844
Bank overdrafts	319,722	102,764
Revolving credits	54,849	54,970
Term loans	29,534	13,203
Trust receipts	-	6,151
	1,026,871	400,370

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

7. PROFIT BEFORE TAX

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

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Auditors' remuneration:				
- statutory	130,238	140,879	24,000	24,000
- other services	-	35,000	-	35,000
Rent of buildings	1,828,097	525,044	-	-
Directors' remuneration (excluding benefits-in kind) (Note 9)	2,033,825	1,453,527	428,400	484,500
Employee benefits expenses (excluding directors remuneration (Note 8)	11,151,351	7,789,890	883,943	673,701
Depreciation of investment property (Note 14)	26,643	30,983	-	-
Property, plant and equipment				
- depreciation	1,103,083	1,063,247	96,330	120,989
- written off	60	2,081	-	2,079
- impairment	-	741,743	-	-
Amortisation of prepaid land lease payments	2,857	2,857	-	-
Impairment of goodwill	-	21,952	-	-
Provision for doubtful debts	286,193	1,242,949	-	469,384
Bad debts written off	9,000	58,030	-	-
Foreign exchange losses:				
- Realised	100,023	1,432	-	-
- Unrealised	11,256	-	-	-
Deposits written off	-	5,910	-	-
Inventories written off	22,564	113,963	-	-
Property development expenditure written off	-	67,741	-	-
Project costs written off	69,388	-	-	-
Reversal of impairment in value of investment	-	(32,135)	-	-
Impairment in value of investments				
- subsidiaries	-	-	-	112,406
- other investment	-	54,500	-	-

8. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Wages and salaries	9,273,502	6,578,732	688,949	554,763
Social security contributions	98,318	73,938	7,330	7,203
Contributions to defined contribution plan	918,556	726,133	77,324	60,456
Other benefits	860,975	411,087	110,340	51,279
	11,151,351	7,789,890	883,943	673,701

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

9. DIRECTORS' REMUNERATION

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Executive directors' remuneration:				
Fees	82,145	83,203	-	-
Other emoluments	1,657,680	1,097,824	218,400	252,000
	1,739,825	1,181,027	218,400	252,000
Non-executive directors'remuneration:				
Fees	24,000	-	-	-
Other emoluments	270,000	272,500	210,000	232,500
	294,000	272,500	210,000	232,500
Total directors' remuneration (Note 7):	2,033,825	1,453,527	428,400	484,500
Estimated money value of benefit-in-kind	7,600	7,600	7,600	7,600
Total directors' remuneration including benefit-in-kind	2,041,425	1,461,127	436,000	492,100

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

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Executive:				
Salaries and other emolument	620,800	627,000	201,600	207,000
Bonus	40,000	45,000	16,800	45,000
Estimated money value of benefit-in-kind	7,600	7,600	7,600	7,600
	668,400	679,600	226,000	259,600
Non-Executive:				
Salaries and other emolument	270,000	272,500	210,000	232,500
	938,400	952,100	436,000	492,100

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

	Number of Directors	
	2007	2006
Executive directors:		
RM650,001 - RM700,000	1	1
Non-Executive directors:		
RM0 - RM50,000	3	3
RM50,001 - RM100,000	3	3

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

10. INCOME TAX EXPENSE

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Malaysian income tax:				
Current income tax	2,451,294	3,714,730	1,541,490	4,737,136
Under/(over)provision in prior years	245,110	145,624	(44,210)	125,516
	2,696,404	3,860,354	1,497,280	4,862,652
Deferred tax (Note 31):				
Relating to origination and reversal of temporary differences	110,792	(141,806)	-	-
Relating to changes in tax rate	(17,234)	-	-	-
Overprovision in prior years	(41,266)	-	-	-
	52,292	(141,806)	-	-
Real property gains tax	-	161,000	-	-
Total income tax expense	2,748,696	3,879,548	1,497,280	4,862,652

Domestic current income tax is calculated at the statutory tax rate of 27% (2006: 28%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 26% from the current year's rate of 27%, effective year of assessment 2008 and to 25% effective year of assessment 2009. The computation of deferred tax as at 31 December 2007 has reflected these changes.

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

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

	2007	2006
	RM	RM
Group		
Profit before taxation	8,598,471	16,081,392
Taxation at Malaysian statutory tax rate of 27% (2006: 28%)	2,321,587	4,502,790
Effect of income subject to tax rate of 20%	(239,520)	(385,619)
Income not subject to tax	(663,624)	(1,298,765)
Expenses not deductible for tax purposes	1,128,235	761,659
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(32,171)	(19,856)
Deferred tax assets not recognised during the year	47,579	12,715
Under provision of tax expense in prior years	245,110	145,624
Effects of changes in tax rates on opening balance of deferred tax	(5,055)	-
Deferred tax recognised at different tax rates	(12,179)	-
Overprovision of deferred tax in prior year	(41,266)	-
Real property gains tax	-	161,000
Income tax expense for the year	2,748,696	3,879,548

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

10. INCOME TAX EXPENSE (CONTD.)

	2007 RM	2006 RM
Company		
Profit before taxation	5,368,359	22,283,750
Taxation at Malaysian statutory tax rate of 27% (2006: 28%)	1,449,457	6,239,450
Income not subject to tax	-	(1,745,100)
Expenses not deductible for tax purposes	92,033	242,786
(Over)/under provision of tax expense in prior years	(44,210)	125,516
Income tax expense for the year	1,497,280	4,862,652

Tax savings during the financial year arising from:

	Group	
	2007 RM	2006 RM
Utilisation of previously unrecognised tax losses	32,171	19,856

11. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share date used in the basic and diluted earnings per share computation. The weighted average number of ordinary shares in issue for 2006 has been adjusted to account for the bonus issue during the year.

	2007	2006
Earnings		
Earnings for the purpose of basic and diluted earnings per share, attributable to ordinary equity holders of the Company (RM)	5,529,328	12,032,470
Number of shares		
Weighted average number of ordinary shares in issue for basic earnings per share	128,529,562	124,355,184
Effect of dilutive potential ordinary shares on conversion of warrants	908,204	-
Weighted average number of ordinary shares in issue for diluted earnings per share	129,437,766	124,355,184
Earnings per share		
- Basic (sen)	4.30	9.68
- Diluted (sen)	4.27	9.68

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

11. EARNINGS PER SHARE (CONTD.)

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 →		
	2006 RM	2005 RM	2007 RM	2006 RM	2005 RM
Recognised during the year:					
1st interim dividend for 2005: 4% less 28% taxation, on 41,451,728 ordinary shares (2.88 sen per ordinary share)	-	1,193,810	-	-	1,193,810
2nd interim dividend for 2005: 6% less 28% taxation, on 41,451,728 ordinary shares (4.32 sen per ordinary share)	-	1,790,715	-	1,790,715	-
First and final dividend for 2006: 4% less 27% taxation, on 131,157,184 ordinary shares (2.92 sen per ordinary share)	3,829,790	-	3,829,790	-	-
	3,829,790	2,984,525	3,829,790	1,790,715	1,193,810

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2007, of 4% less 26% on 131,157,184 ordinary shares, amounting to a dividend payable of RM3,882,253 (0.296 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2008.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

13. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings* 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
Group								
Cost or valuation								
At 1 January 2006	11,624,400	3,896,665	2,110,860	4,684,801	1,386,506	117,909	2,411,453	26,232,594
Additions	-	357,370	3,656	159,028	3,900	479,596	117,750	1,121,300
Disposals	(7,368,640)	-	(35,428)	-	(197,919)	-	-	(7,601,987)
Written off	-	-	-	(36,100)	-	-	-	(36,100)
Exchange differences	-	-	-	1,158	445	-	-	1,603
At 31 December 2006	4,255,760	4,254,035	2,079,088	4,808,887	1,192,932	597,505	2,529,203	19,717,410
Arising from acquisition of subsidiary companies (Note 18)	-	-	175,233	279,957	88,101	45,429	-	588,720
Additions (Note a)	1,200,000	1,201,122	432,745	299,568	33,679	7,506	26,050	3,200,670
Disposals	-	-	(45,114)	(37,600)	-	-	-	(82,714)
Written off	-	-	-	(96,025)	(14,179)	-	-	(110,204)
Exchange differences	-	-	-	(321)	(123)	-	-	(444)
At 31 December 2007	5,455,760	5,455,157	2,641,952	5,254,466	1,300,410	650,440	2,555,253	23,313,438
Accumulated Depreciation and impairment								
At 1 January 2006	1,877,592	2,854,978	1,215,216	4,210,107	1,235,100	110,427	-	11,503,420
Depreciation charge for the year (Note 7)	71,824	355,923	294,378	179,569	58,710	102,843	-	1,063,247
Disposals	(1,091,943)	-	(35,382)	-	(175,912)	-	-	(1,303,237)
Written off	-	-	-	(34,019)	-	-	-	(34,019)
Impairment loss recognised in profit or loss (Note 7)	-	-	-	-	-	-	741,743	741,743
Exchange differences	-	-	-	938	438	-	-	1,376
At 31 December 2006	857,473	3,210,901	1,474,212	4,356,595	1,118,336	213,270	741,743	11,972,530
Depreciation charge for the year (Note 7)	72,502	261,479	391,308	234,138	41,377	102,279	-	1,103,083
Disposals	-	-	(45,113)	(37,599)	-	-	-	(82,712)
Written off	-	-	-	(95,995)	(14,149)	-	-	(110,144)
Exchange difference	-	-	-	(266)	(123)	-	-	(389)
At 31 December 2007	929,975	3,472,380	1,820,407	4,456,873	1,145,441	315,549	741,743	12,882,368
Net carrying amount								
At 31 December 2007	4,525,785	1,982,777	821,545	797,593	154,969	334,891	1,813,510	10,431,070
At 31 December 2006	3,398,287	1,043,134	604,876	452,292	74,596	384,235	1,787,460	7,744,880

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

13. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

	Land and buildings* 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 2006	3,197,741	101,949	4,174	849,126	350,729	4,503,719
Additions	-	-	-	12,033	-	12,033
Write off	-	-	-	(35,640)	-	(35,640)
Transfer from subsidiary	-	-	-	7,934	-	7,934
At 31 December 2006	3,197,741	101,949	4,174	833,453	350,729	4,488,046
Additions	-	-	-	13,335	-	13,335
Disposal	-	-	-	(37,600)	-	(37,600)
At 31 December 2007	3,197,741	101,949	4,174	809,188	350,729	4,463,781
Accumulated Depreciation						
At 1 January 2006	563,219	101,945	4,173	751,196	301,173	1,721,706
Depreciation charge for the year (Note 7)	48,598	-	-	44,565	27,826	120,989
Write off	-	-	-	(33,561)	-	(33,561)
At 31 December 2006	611,817	101,945	4,173	762,200	328,999	1,809,134
Depreciation charge for the year (Note 7)	48,598	-	-	33,500	14,232	96,330
Disposal	-	-	-	(37,599)	-	(37,599)
At 31 December 2007	660,415	101,945	4,173	758,101	343,231	1,867,865
Net carrying amount						
At 31 December 2007	2,537,326	4	1	51,087	7,498	2,595,916
At 31 December 2006	2,585,924	4	1	71,253	21,730	2,678,912

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

13. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

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

	Freehold land RM	Buildings RM	Total RM
Group			
31 December 2007			
- At cost	1,202,969	1,058,019	2,260,988
- At valuation	764,875	2,429,897	3,194,772
	1,967,844	3,487,916	5,455,760
Net carrying amount	1,967,844	2,557,941	4,525,785
31 December 2006			
- At cost	2,969	1,058,019	1,060,988
- At valuation	764,875	2,429,897	3,194,772
	767,844	3,487,916	4,255,760
Net carrying amount	767,844	2,630,443	3,398,287

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 IAS 16 (Revised): Property, plant and equipment, these assets continue to be stated at their 1994 valuation less accumulated depreciation and impairment losses.

Note a

Included in additions during the year is a transfer of land (acquired during the year from third party) from Cameron Fresh Farms Sdn Bhd ("CFF") to Master Pyrodor Sdn Bhd ("MPSB") as detailed below:

On 26 February 2007, CFF, a subsidiary, entered into a sale and purchase agreement for the disposal of a piece of subdivided freehold land held under Geran 5668, Lot 45.1 Mukim Ulu Telom, District Cameron Highlands, in the State of Pahang, measuring approximately 502 acres for a total consideration of RM1,200,000 to another subsidiary, MPSB. The sale and purchase agreement was completed during the year.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

13. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

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

	Group	
	2007 RM	2006 RM
Plant, machinery and tools	11	25,662
Motor vehicles	463,800	586,069
	463,811	611,731

Details of the terms and conditions of the hire purchase and finance lease arrangements are disclosed in Note 30.

As at balance sheet date, titles to certain land and building with net book value of RM1,326,253 (2006: RM598,265) have yet to be registered in the subsidiaries' name.

14. INVESTMENT PROPERTIES

	Group	
	2007 RM	2006 RM
Cost		
At 1 January/ 31 December	1,549,150	1,549,150
Accumulated Depreciation		
At 1 January	(119,237)	(88,254)
Depreciation for the year	(26,643)	(30,983)
At 31 December	(145,880)	(119,237)
Net carrying amount	1,403,270	1,429,913
Estimated fair value of investment property by directors	1,322,276	1,356,270

Investment properties with an aggregate carrying value of RM318,826 (2006: RM325,757) are pledged as securities for borrowings (Note 29).

As at balance sheet date, titles to investment properties with carrying amount of RM1,403,270 (2006: RM1,429,913) have yet to be registered in the subsidiaries' name.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

15. LAND HELD FOR PROPERTY DEVELOPMENT

	Leasehold land RM	Development expenditure RM	Total RM
Group			
At cost:			
At 1 January 2006	1,873,907	255,131	2,129,038
Written off	-	(67,741)	(67,741)
Reclassified to asset held for sale	(1,873,907)	(187,390)	(2,061,297)
At 31 December 2006/2007	-	-	-

16. PREPAID LAND LEASE PAYMENTS

	Group 2007 RM	2006 RM
At 1 January	251,429	254,286
Amortisation for the year	(2,857)	(2,857)
At 31 December	248,572	251,429
Analysed as:		
Long term leasehold land	248,572	251,429

17. GOODWILL ON CONSOLIDATION

	Group 2007 RM	2006 RM
At 1 January	14,992,444	14,995,741
Impairment loss	-	(21,952)
Acquisition of subsidiary (Note 18 (a))	120,553	18,655
At 31 December	15,112,997	14,992,444

Impairment loss recognised

The management has carried out a review of the recoverable amount of its subsidiaries in the current financial year which were non-profit generating. However, there is no impairment loss for current year (2006: RM21,952). The recoverable amount was based on value-in-use and was determined at the cash-generating unit (CGU) which consists of the Malaysian and Singapore-based assets.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

17. GOODWILL ON CONSOLIDATION (CONTD.)

(b) Impairment tests for goodwill

Allocation of goodwill

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

	Malaysia RM	United Kingdom RM	Total RM
At 31 December 2007			
Trading and manufacturing	1,149,130	3	1,149,133
Contracting	12,974,844	-	12,974,844
Servicing	989,020	-	989,020
	15,112,994	3	15,112,997
At 31 December 2006			
Trading and manufacturing	1,028,577	3	1,028,580
Contracting	12,974,844	-	12,974,844
Servicing	989,020	-	989,020
	14,992,441	3	14,992,444

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	
	2007	2006	2007	2006	2007	2006
Trading and manufacturing	19.94	18.40	6.83	20.11	5.72	5.81
Contracting	14.60	18.46	47.30	40.80	6.20	6.33
Servicing	75.63	74.32	11.27	16.95	8.75	8.68

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 increased for expected efficiency improvements.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

17. GOODWILL ON CONSOLIDATION (CONTD.)

(b) Impairment tests for goodwill (Contd.)

Key assumptions used in value-in-use calculations (Contd.)

(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, Singapore, Taiwan, Korea and the United States 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 the trading and manufacturing unit and the servicing 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.

For the contracting unit, there are possible changes in key assumptions which could cause the carrying value of the unit to exceed its recoverable amount. The actual recoverable amount for the unit exceeds its carrying amount by RM1,262,000. A reduction of 5.5% in the average growth rate would give a value-in-use equal to the carrying value of the contracting unit.

18. INVESTMENTS IN SUBSIDIARIES

	Company	
	2007	2006
	RM	RM
Unquoted shares at cost	31,345,270	30,935,270
Less: Accumulated impairment losses	(112,406)	(112,406)
	31,232,864	30,822,864
Impairment loss recognised during the year	-	112,406

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

18. INVESTMENTS IN SUBSIDIARIES (CONTD.)

Details of the subsidiaries are as follows:

Name of Company	Group Equity Interest 2007 %	Group Equity Interest 2006 %	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 Ltd *	100	100	Trading and installation of fire safety materials and equipment
Fitters Engineering Sdn Bhd	51	100	Galvanizing of pipes
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
Securiton (M) Sdn Bhd	100	100	Ceased operations
Fitters Building Services Sdn Bhd	100	100	Design, manufacture, assemble, supply and installation of fire fighting, protection and prevention systems and equipment
Fitters Industries Sdn Bhd	100	100	Ceased operations
Fitters-MPS Sdn Bhd	51	51	Design, installation and maintenance of fire protection systems
Master Pyroserve Sdn Bhd	100	100	Concession to install, operate and transfer the computerised fire alarm monitoring and communication systems for Jabatan Perkhidmatan Bomba Dan Penyelamat Malaysia
Armatrade Sdn Bhd	100	100	Installing and servicing of fire fighting systems and sales of automotive parts and equipment
Wintip Sdn Bhd #	100	-	Investment holding
Subsidiaries of Fitters Sdn Bhd:			
Jagapi Sdn Bhd	70	70	Trading of fire fighting equipment and accessories

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

18. INVESTMENTS IN SUBSIDIARIES (CONTD.)

Details of the subsidiaries are as follows:

Name of Company	Group Equity Interest 2007 %	Group Equity Interest 2006 %	Principal Activities
Subsidiaries of Fitters Sdn Bhd (Contd.):			
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
Cameron Fresh Farms Sdn Bhd	100	100	Currently inactive but entered into an agreement to acquire freehold land for purposes of development
The Safety Shop Sdn Bhd	100	100	Trading and marketing of safety apparatus and apparels
IT Vault Solutions Sdn Bhd	100	100	Provision of services to facilitate IT and computer set-up
Fitters Fire Technology Sdn Bhd	51	51	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
Subsidiaries of Fitters Engineering Services Sdn Bhd:			
Fitters Engineering and Maintenance Services Sdn Bhd	100	100	Maintenance of all types of fire 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	-	Design, production, construction and installation for theme concept solutions contracting and turnkey projects

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

18. INVESTMENTS IN SUBSIDIARIES (CONTD.)

Details of the subsidiaries are as follows:

Name of Company	Group Equity Interest 2007 %	2006 %	Principal Activities
Subsidiaries of Fitters -MPS Sdn Bhd:			
Pipefabricators Sdn Bhd	100	100	Mechanical engineering works contractors and fabricators
Fimatic-MPS (East Coast) Sdn Bhd	60	60	Design, installation and maintenance of fire protection systems in the East Coast of Peninsular Malaysia
Subsidiary of Modular Floor Systems (M) Sdn Bhd:			
Titan Access Floors Limited #	100	100	Ceased operations

Except for Fitters (S) Pte Ltd and Titan Access Floors Limited, which are incorporated in Republic of Singapore and United Kingdom respectively, all other subsidiaries are incorporated in Malaysia.

* Audited by member firms of Ernst & Young Global
\# Audited by firms of auditors other than Ernst & Young

(a) Acquisition of subsidiaries

On 27 February 2007, the Group acquired 51% equity interests in Z'odd Design Sdn Bhd, a private limited company incorporated in Malaysia, its principal activity is providing theme concept solutions contracting and turnkey projects which include design, production, construction and installation. The consideration for the acquisition was at RM1.00 based on willing-buyer-willing seller basis.

On 23 July 2007, the Company acquired 100% equity interests in Wintip Sdn Bhd, a private limited company incorporated in Malaysia, which principal activity is property holding. The consideration for the acquisition was at RM2.00 based on willing-buyer-willing seller basis.

The acquired subsidiaries have contributed the following results to the Group:

	2007 RM
Revenue	28,669,750
Profit for the year	838,199

If the acquisition had occurred on 1 January 2007, the Group's revenue and profit for the year would have been RM149,090,094 and RM5,494,928.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

18. INVESTMENTS IN SUBSIDIARIES (CONTD.)

(a) Acquisition of subsidiary (Contd.)

The assets and liabilities arising from the acquisitions are as follows:

	Fair value recognised on acquisition RM	Acquiree's carrying amount RM
Property, plant and equipment (Note 13)	588,720	588,720
Marketable securities	116	116
Contract work in progress	1,867,513	1,867,513
Trade and other receivables	10,561,610	10,561,610
Tax recoverable	169,004	169,004
Cash and bank balances	1,804,047	1,804,047
	14,991,010	14,991,010
Trade and other payables	16,609,255	16,609,255
Borrowings	618,828	618,828
	17,228,083	17,228,083
Fair value of net liabilities	(2,237,073)	
Less: Minority interest	2,116,523	
Group's share of net liabilities	(120,550)	
Goodwill on acquisition	120,553	
Total cost of acquisition	3	

The cash inflow on acquisition is as follows:

	2007 RM
Purchase consideration satisfied by cash	3
Cash and cash equivalents of subsidiary acquired	(1,804,047)
Net cash inflow of the Group	(1,804,044)

On 16 August 2007, the Company subscribed to 99,998 new ordinary shares of RM1.00 each in Wintip Sdn Bhd at par for working capital purposes.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

18. INVESTMENTS IN SUBSIDIARIES (CONTD.)

(b) Dilution of interest in a subsidiary

During the financial year, the Company subscribed to 200,000 new ordinary shares of RM1.00 each in Fitters Engineering Sdn Bhd ("FESB") at par for working capital purposes.

On 2 February 2007, the Company entered into a share subscription agreement to issue 196,000 ordinary shares of RM1.00 each at RM2.50 per share, representing 49% equity interest in the issued and paid-up share capital of FESB to a minority shareholder. The principal activity of the subsidiary is the operation of galvanizing plant. Dilution arising from the issuance of new shares to the minority shareholder is as follows:

	RM
Consideration received	490,000
Less: Share of net assets disposed	(435,520)
Gain arising from dilution of interest in a subsidiary	54,480

Further, on the 1 August 2007, an additional 600,000 ordinary shares of RM1.00 each were issued at par value for the working capital of FESB operation. Of this, the Company subscribed to 306,000 new ordinary shares of RM1.00 each.

19. OTHER INVESTMENTS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 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	14,784,334	1,300,000	-	-
	17,424,334	3,940,000	2,500,000	2,500,000
Less: Accumulated impairment losses	(54,500)	(54,500)	-	-
	17,369,834	3,885,500	2,500,000	2,500,000

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 29.

During the financial year, the Group further subscribed to 13,484,334 redeemable convertible preference shares ("RCPS") of RM0.01 each at an issued price of RM1 each in Pencala Jaya Sdn Bhd. The Group shall be entitled for non-cumulative dividend of 1% per annum and be able to redeem at a premium of RM1.00 per preference share.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

20. INVENTORIES

	Group	
	2007	2006
	RM	RM
At cost:		
Raw materials	8,319,020	4,961,246
Finished goods	5,456,559	4,243,572
	13,775,579	9,204,818

Inventories amounting to RM1,416,111 (2006: RM1,672,597) are slow moving. The directors, having considered all available information, are of the opinion that these goods can be realised in the ordinary course of business despite them being slow moving. Accordingly, no further provision has been made for slow moving inventories.

21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Current				
Trade receivables				
Third parties	53,625,009	37,751,867	-	-
Related parties	1,073,775	1,895,456	-	-
Construction contracts:				
Due from customers (Note 22)	13,534,376	13,370,856	-	-
Retention sums	5,077,129	5,917,677	-	-
	73,310,289	58,935,856	-	-
Less: Provision for doubtful debts:				
Third parties	(5,259,346)	(5,176,492)	-	-
Trade receivables, net	68,050,943	53,759,364	-	-
Other receivables				
Amount due from related parties:				
Subsidiaries	-	-	65,692,033	53,697,865
Related parties	525,605	546,303	585	408
	525,605	546,303	65,692,618	53,698,273
Deposit paid for acquisition of land	13,022,572	30,374,893	-	-
Deposit and prepayment	775,183	4,140,404	164,669	436,922
Other receivables	1,533,901	4,991,122	20,805	303,876
Other receivables, net	15,857,261	40,052,722	65,878,092	54,439,071
Total	83,908,204	93,812,086	65,878,092	54,439,071

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

21. TRADE AND OTHER RECEIVABLES (CONTD.)

(a) Included in trade receivables of the Group are amounts which have been outstanding in excess of 12 months amounting to RM5,165,426 (2006: RM2,415,325), out of which, RM634,686 (2006: RM148,408) is due from a related party, Kawalan Api Engineering Sdn Bhd. Details of the related party transactions are disclosed in Note 35.

In assessing the extent of irrecoverable 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 (2006: 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 is still pending hearing of interlocutory applications at the High Court with the last hearing held on 27 August 2007. The High Court has fixed for the next hearing from 28 April 2008 to 30 April 2008. However, the directors, having considered all other available information, are of the opinion that the debts can be recovered. Accordingly, no provision for doubtful debt has been made.

(c) Included in the amount due from customer on contract is an amount recoverable on contract of RM6,599,475, comprising certified claims of RM3,292,141 and uncertified claims of RM3,307,334. The claims pertain to a contract between Z'odd Design Sdn Bhd ("Z'odd"), a 51% subsidiary of the Group, and a foreign based customer. The sub-contract agreement was signed on 18 July 2007. Subsequent to the balance sheet date, the customer had terminated the sub-contract agreement with Z'odd. As disclosed in Note 39, the customer had also called on a bank guarantee of USD859,880 (approximately RM2,837,000) on 18 February 2008.

Z'odd has 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.

(d) In prior year, the deposits paid for acquisition of land include deposit paid, interest and incidentals incurred in an acquisition of certain freehold land by Cameron Fresh Farm ("CFF"), a wholly-owned subsidiary. The completion of the agreement to acquire the freehold land was subject to fulfillment of certain conditions precedent as stated in the agreement, including the payment of the final tranche of RM4,000,000. The acquisition of the land was completed during the year. During the year, Fitters Sdn Bhd, a subsidiary, entered into a sale and purchase agreement to dispose of its entire equity interest in CFF for a total cash consideration of RM30,000,000 together with all the assets and liabilities (including intercompany receivables of RM38,689,020) therein. Hence, the deposit has been reclassified to asset held for disposal.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

21. TRADE AND OTHER RECEIVABLES (CONTD.)

(e) The deposit paid for acquisition of land in the current financial year of RM13,022,572 relates to acquisition of land including deposit paid and incidentals incurred in an acquisition of certain freehold land. The completion of the agreement to acquire the freehold land is pending fulfillment of certain condition precedent as stated in the agreement.

(f) During the financial year, the Group wrote off bad debts of RM130,056 (2006: RM450,832) against provisions previously made.

(g) Balances with 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. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest bearing.

22. DUE FROM/(TO) CUSTOMERS ON CONTRACTS

	Group	
	2007 RM	2006 RM
Construction costs incurred todate	315,116,161	256,526,918
Attributable profits	34,022,988	28,983,037
	349,139,149	285,509,955
Less : Progress billings	(338,452,269)	(281,493,690)
	10,686,880	4,016,265
Due from customers on contract (Note 21)	13,534,376	13,370,856
Due to customers on contract (Note 32)	(2,847,496)	(9,354,591)
	10,686,880	4,016,265
Retention sums on contract, included within trade receivables	5,077,129	5,917,677

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

	Group	
	2007 RM	2006 RM
Hire of plant and machinery	80,620	33,924
Wages and salaries	208,731	-
Social security contributions	1,519	-
Contribution to defined contribution plans	24,567	-

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

23. MARKETABLE SECURITIES

	Group 2007 RM	Group 2006 RM
Shares quoted in Malaysia at cost	6,539	163,638
Market value of quoted shares	5,178	164,153

24. CASH AND CASH EQUIVALENTS

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Cash on hand and at banks	3,788,148	5,535,048	345,980	92,843
Deposits with licensed banks	353,074	5,568,000	-	3,990,000
Cash and bank balances	4,141,222	11,103,048	345,980	4,082,843

Deposits with other financial institutions of the Group amounting to RM253,074 (2006: RM38,000) pledged as securities for borrowings (Note 29).

Other information on financial risks of cash and cash equivalents are disclosed in Note 36.

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

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Cash and bank balances	3,788,148	5,535,048	345,980	92,843
Deposit with licensed banks	353,074	5,568,000	-	3,990,000
Bank overdrafts (Note 29)	(6,584,485)	(74,030)	-	-
	(2,443,263)	11,029,018	345,980	4,082,843
Cash and bank balances classified as held for sale (Note 25)	9,774	-	-	-
Total cash and cash equivalents	(2,433,489)	11,029,018	345,980	4,082,843

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

25. ASSET HELD FOR DISPOSAL

	Group	
	2007	2006
	RM	RM
	Note (a)	Note (b)
Freehold land	35,920,097	-
Leasehold land	-	1,873,907
Development expenditure	-	187,390
Other receivables	2,981,737	-
Cash and bank balance (Note 24)	9,774	-
	38,911,608	2,061,297

Included in freehold land is interest capitalised during the year of of RM1,625,000 (2006: RM1,625,000).

	Group	
	2007	2006
	RM	RM
	Note (a)	Note (b)
Liabilities associated with assets held for disposal		
Other payables and accruals	1,000	-

(a) On 9 March 2007, a subsidiary, Fitters Sdn Bhd entered into a sale and purchase agreement ("SPA") for the disposal of 250,000 ordinary share of RM1.00 representing 100% equity interest in a subsidiary company, Cameron Fresh Farm Sdn Bhd for a total consideration of RM30,000,000 with all the assets and liabilities (which include inter-company indebtedness of RM38,689,020 (2006: RM30,885,515) as at 31 December 2007) therein, which shall be paid in the following manner:

(i) upon execution of the SPA, a deposit of RM3,000,000; and

(ii) a further sum of RM27,000,000 shall be paid on the completion date.

Completion of the SPA is subject to the satisfaction of other conditions precedent and full payment of the balance purchase price by the purchaser.

(b) On 5 December 2005, a subsidiary, Fitters Property Development Sdn Bhd entered into a sale and purchase agreement ("SPA 1") for the disposal of a piece of land held under HS(D) 3108, PT10573, Mukim Bukit Payung, District of Marang, State of Terengganu measuring approximately 75,837 square metres for a total consideration of RM2,061,297 and which will be paid in the following manner:

(i) upon execution of the SPA 1, a deposit of RM412,259; and

(ii) a further sum of RM1,649,038 shall be paid within 24 months from the date of the SPA 1 together with interest at the rate of 8% per annum on the amount of the balance of the purchase price or such part thereof remaining outstanding commencing from the date of this SPA 1 until the date of full payment of the balance purchase consideration.

The disposal was completed during the financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

26. SHARE CAPITAL AND SHARE PREMIUM

	Par value per share RM	No. of shares No.	Amount RM
Share Capital			
Authorised share capital			
At 1 January 2006	1.00	500,000,000	500,000,000
Sub-division to RM0.50 per share	-	500,000,000	-
At 31 December 2006/2007	0.50	1,000,000,000	500,000,000
Issued and fully paid up			
At 1 January 2006	1.00	41,451,728	41,451,728
Bonus issue during the year	1.00	20,725,864	20,725,864
	1.00	62,177,592	62,177,592
Sub-division to RM0.50 per share	-	62,177,592	-
At 31 December 2006	0.50	124,355,184	62,177,592
Special issue during the year	0.50	6,802,000	3,401,000
At 31 December 2007	0.50	131,157,184	65,578,592

	Group/Company RM
Share Premium	
At 1 January 2006	3,206,022
Capitalised for bonus issue	(3,206,022)
At 31 December 2006/2007	-

As approved by shareholders at the Annual General Meeting held on 29 June 2006, the issued and paid up share capital of the Company was increased from RM62,177,592 to RM65,578,592 during the financial year by way of special issue of 6,802,000 shares of RM0.50 each to a third party Bumiputera investor.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

27. OTHER RESERVES

	Asset Revaluation Reserve RM	Capital Reserve RM	Warrant Reserve RM	Foreign Currency Translation Reserve RM	Total RM
Group					
At 1 January 2006	653,458	1,360,010	-	61,629	2,075,097
Revaluation decrease	(120,279)	-	-	-	(120,279)
Foreign currency translation	-	-	-	(12,159)	(12,159)
At 31 December 2006	533,179	1,360,010	-	49,470	1,942,659
Issue of warrants	-	-	6,557,859	-	6,557,859
Cost of issuance of warrants not recognised in income statement	-	-	(622,615)	-	(622,615)
Foreign currency translation	-	-	-	7,240	7,240
At 31 December 2007	533,179	1,360,010	5,935,244	56,710	7,885,143
Company					
At 1 January 2006/ 2007	533,179	-	-	-	533,179
Issue of warrant	-	-	6,557,859	-	6,557,859
Cost of issuance of warrants not recognised in income statement	-	-	(622,615)	-	(622,615)
At 31 December 2007	533,179	-	5,935,244	-	6,468,423

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

(a) Capital reserve

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

(b) Asset revaluation reserve

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

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

27. OTHER RESERVES (CONTD.)

(c) Warrant reserve

(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.

28. 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.

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 2007, the Company has tax exempt profits available for distribution of approximately RM12,724,000 (2006: 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 2007.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

29. BORROWINGS

	Group	
	2007	2006
	RM	RM
Short term borrowings		
Secured:		
Term loans	25,860	25,860
Hire purchase and finance lease liabilities (Note 30)	270,471	271,384
	296,331	297,244
Unsecured:		
Bank overdrafts	6,584,485	74,030
Revolving credits	1,000,000	1,000,000
Bankers acceptances	18,668,566	4,972,000
	26,253,051	6,046,030
	26,549,382	6,343,274

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Long term borrowings				
Secured:				
Term loans	120,535	143,385	-	-
Hire purchase and finance lease liabilities (Note 30)	391,355	330,887	-	-
	511,890	474,272	-	-
Unsecured:				
Fixed rate loan	25,000,000	25,000,000	25,000,000	25,000,000
	25,000,000	25,000,000	25,000,000	25,000,000
	25,511,890	25,474,272	25,000,000	25,000,000
Total borrowings				
Bank overdrafts	6,584,485	74,030	-	-
Revolving credits	1,000,000	1,000,000	-	-
Bankers acceptances	18,668,566	4,972,000	-	-
Term loans	146,395	169,245	-	-
Hire purchase and finance lease liabilities	661,826	602,271	-	-
Fixed rate loan	25,000,000	25,000,000	25,000,000	25,000,000
	52,061,272	31,817,546	25,000,000	25,000,000

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

29. BORROWINGS (CONTD.)

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;

(ii) Corporate guarantees by the Company.

Salient Terms of the Unsecured Fixed Rate Term Loan

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.

Other information on financial risks of borrowings are disclosed in Note 36.

30. HIRE PURCHASE AND FINANCE LEASE LIABILITIES

	Group	
	2007	**2006**
	RM	**RM**
Future minimum lease payments:		
Not later than 1 year	294,674	294,208
Later than 1 year and not later than 2 years	261,405	186,122
Later than 2 years and not later than 5 years	146,938	159,866
Total minimum future lease payments	703,017	640,196
Less: Future finance charges	(41,191)	(37,925)
Present value of finance lease liabilities	661,826	602,271
Analysis of present value of finance lease liabilities:		
Not later than 1 year	270,471	271,384
Later than 1 year and not later than 2 years	220,410	175,515
Later than 2 years and not later than 5 years	170,945	155,372
	661,826	602,271
Less: Amount due within 12 months	(270,471)	(271,384)
Amount due after 12 months	391,355	330,887

Other information on financial risks of hire purchase and finance lease liabilities are disclosed in Note 36.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

31. DEFERRED TAX

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
At 1 January	410,432	552,238	120,564	120,564
Recognised in income statement (Note 10)	52,292	(141,806)	-	-
At 31 December	462,724	410,432	120,564	120,564
Presented after appropriate offsetting as follows:				
Deferred tax assets	-	(3,992)	-	-
Deferred tax liabilities	462,724	414,424	120,654	120,654
	462,724	410,432	120,654	120,654

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

Deferred Tax Liabilities of the Group:

	Property, plant and equipment RM	Revaluation surplus RM	Total RM
At 1 January 2006	548,003	8,594	556,597
Recognised in income statement	(127,049)	(8,594)	(135,643)
At 31 December 2006	420,954	-	420,954
Recognised in income statement	48,300	-	48,300
At 31 December 2007	469,254	-	469,254

Deferred Tax Assets of the Group:

	Unused tax losses and unabsorbed capital allowances RM
At 1 January 2006	(4,359)
Recognised in income statement	(6,163)
At 31 December 2006	(10,522)
Recognised in income statement	3,992
At 31 December 2007	(6,530)

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

31. DEFERRED TAX (CONTD.)

Deferred Tax Liabilities of the Company:

	Property, plant and equipment RM
At 1 January 2006	120,564
Recognised in income statement	6,530
At 31 December 2006/2007	127,094

Deferred Tax Assets of the Company:

	Unused tax losses and unabsorbed capital allowances RM
At 1 January 2006	-
Recognised in income statement	(6,530)
At 31 December 2006/2007	(6,530)

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

	Group	
	2007 RM	2006 RM
Unused tax losses	733,379	641,457
Unabsorbed capital allowances	67,822	102,672
	801,201	744,129

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.

32. TRADE AND OTHER PAYABLES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Current				
Trade payables				
Third parties	20,594,388	13,069,693	-	-
Related parties	446,631	791,716	-	-
Construction contracts:				
Due to customers (Note 22)	2,847,496	9,354,591	-	-
	23,888,515	23,216,000	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

32. TRADE AND OTHER PAYABLES (CONTD.)

	Group		Company	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
Other payables				
Amounts due to related parties:				
Subsidiaries	-	-	4,678,547	5,825,840
Accruals	3,840,920	3,029,000	135,275	147,858
Other payables	11,121,120	1,021,613	177,151	217,086
	14,962,040	4,050,613	4,990,973	6,190,784
Total	38,850,555	27,266,613	4,990,973	6,190,784

(a) Trade payables

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

(b) Amounts due to related parties

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

(c) Other payables

Included in other payables is deposit received of RM3,000,000 (2006: RM412,259) from the purchaser for the disposal of land as disclosed in Note 25.

Further details on related party transactions are disclosed in Note 35.

Other information on financial risks of other payables are disclosed in Note 36.

33. CAPITAL COMMITMENTS

	Group	
	2007	**2006**
	RM	**RM**
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	47,700	183,750
Land held for development	32,572,975	4,000,000
Investment	119,034	37,185,000
	32,739,709	41,368,750

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

34. CONTINGENT LIABILITIES

	Company 2007 RM	Company 2006 RM
Secured:		
Corporate guarantees given to banks for credit facilities granted to subsidiaries	240,660	240,660
Unsecured:		
Corporate guarantees given to banks for credit facilities granted to subsidiaries	59,325,000	41,765,660
Corporate guarantees given to corporations for credit facilities granted to subsidiaries	25,960,000	22,460,000
	85,525,660	64,466,320

35. 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:

	Company 2007 RM	Company 2006 RM
Transactions with subsidiaries		
Administration income receivable	1,440,000	1,440,000

	Group 2007 RM	Group 2006 RM
Transactions with related parties		
Kawalan Api Engineering Sdn Bhd		
- Contract fee receivable	(1,059,710)	(78,149)
- Sales	(4,284,371)	(3,182,303)
Fitters (Sabah) Sdn Bhd		
- Sales	(944,415)	(565,431)
- Rental receivables	(4,800)	(4,800)
- Purchase of raw materials	23,049	9,936
Wai Soon Engineering Sdn Bhd		
- Sales	(8,355)	(5,888)
- Contract fee payable	2,705,165	3,449,262
- Purchase of raw materials	202	-
- Rental receivable	-	(22,500)

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

35. RELATED PARTY DISCLOSURES (CONTD.)

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 Fitters Diversified Berhad (formerly known as Fitters Holdings Berhad). 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.
Fitters (Sabah) Sdn Bhd	Dato' Wong Swee Yee who is a director and major shareholder of Fitters Diversified Berhad (formerly known as Fitters Holdings Berhad), 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 Fitters Diversified Berhad (formerly known as Fitters Holdings Berhad), is also a director and major shareholder of Wai Soon Engineering Sdn. Bhd. Wong Swee Loy is also the son of Wong Cheek Lung who is a director of Fitters Diversified Berhad (formerly known as Fitters Holdings Berhad).

Information regarding outstanding balances arising from related party transactions as at 31 December 2007 are disclosed in Note 21 and Note 32.

Compensation of key management personnel

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

36. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

36. 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 2007									
Fixed rate									
Hire purchase and finance lease liabilities	30	6.25	(270,471)	(220,410)	(118,503)	(52,442)	-	-	(661,826)
Fixed rate loan	29	6.50	-	(25,000,000)	-	-	-	-	(25,000,000)
Floating rate									
Deposit with licensed banks	24	3.25	353,074	-	-	-	-	-	353,074
Bank overdrafts	29	9.25	(6,584,485)	-	-	-	-	-	(6,584,485)
Revolving credit	29	5.50	(1,000,000)	-	-	-	-	-	(1,000,000)
Bankers' acceptances	29	5.18	(18,668,566)	-	-	-	-	-	(18,668,566)
Term loans	29	6.75	(25,860)	(21,739)	(21,739)	(21,739)	(21,739)	(33,579)	(146,395)
At 31 December 2006									
Fixed rate									
Hire purchase and finance lease liabilities	30	6.25	(271,384)	(175,515)	(123,640)	(31,732)	-	-	(602,271)
Fixed rate loan	29	6.50	-	-	(25,000,000)	-	-	-	(25,000,000)
Floating rate									
Deposit with licensed banks	24	3.25	5,568,000	-	-	-	-	-	5,568,000
Bank overdrafts	29	9.25	(74,030)	-	-	-	-	-	(74,030)
Revolving credits	29	5.70	(1,000,000)	-	-	-	-	-	(1,000,000)
Bankers' acceptances	29	5.18	(4,972,000)	-	-	-	-	-	(4,972,000)
Term loans	29	6.75	(25,860)	(21,739)	(21,739)	(21,739)	(21,739)	(56,429)	(169,245)

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

36. FINANCIAL INSTRUMENTS (CONTD.)

(b) Interest Rate Risk (Contd.)

	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
Company									
At 31 December 2007									
Fixed rate									
Fixed rate loan	29	6.50	-	(25,000,000)	-	-	-	-	(25,000,000)
At 31 December 2006									
Fixed rate									
Fixed rate loan	29	6.50	-	-	(25,000,000)	-	-	-	(25,000,000)
Floating rate									
Deposit with licensed banks	24	3.25	3,990,000	-	-	-	-	-	3,990,000

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.

(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 Singapore Dollar, United States Dollar, Sterling Pound, Arab Emir 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 28% 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 22% to 25% of costs are denominated in the unit's functional currency.

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

	Net Financial Assets/(Liabilities) Held in Non-Functional Currencies						
Functional Currency of Group Companies	**Ringgit Malaysia RM**	**Arab Emir Dirham RM**	**Bahrain Dinar RM**	**Sterling Pound RM**	**Euro Dollar RM**	**United States Dollar RM**	**Total RM**
At 31 December 2007							
Ringgit Malaysia	-	8,908,174	245,171	1,797,196	1,571,126	(841,113)	11,680,554
Singapore Dollars	(799,800)	-	-	-	-	-	(799,800)
	(799,800)	8,908,174	245,171	1,797,196	1,571,126	(841,113)	10,880,754
At 31 December 2006							
Ringgit Malaysia	-	-	-	1,639,370	1,164,848	1,027,246	3,831,464
Singapore Dollars	(989,028)	-	-	-	-	-	(989,028)
	(989,028)	-	-	1,639,370	1,164,848	1,027,246	2,842,436

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

36. FINANCIAL INSTRUMENTS (CONTD.)

(c) Foreign Currency Risk (Contd.)

As at balance sheet date, the Group had entered into forward foreign exchange contracts with the following notional amounts and maturities:

	Currency	Within 1 Year RM	Total Nominal Amount RM
As at 31 December 2007			
Forwards used to hedge trade receivables	USD	397,140	397,140
As at 31 December 2006			
Forwards used to hedge trade receivables	USD	-	-

(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 trade 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.

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

(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:

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

36. FINANCIAL INSTRUMENTS (CONTD.)

(f) Fair Values (Contd.)

	Group Carrying Amount RM	Group Fair Value RM
At 31 December 2007		
Marketable securities	6,539	5,178
Fixed rate term loans	25,000,000	27,203,455
Hire purchase and finance lease creditors	661,826	673,011
At 31 December 2006		
Marketable securities	163,638	164,153
Fixed rate term loans	25,000,000	27,018,998
Hire purchase and finance lease creditors	602,271	593,966

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) 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.

(ii) 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.

37. 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) Fire and safety products and services

Manufacturing, trading, installation, supply and repair and maintenance of fire fighting equipment.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

37. SEGMENT INFORMATION (CONTD.)

(b) Business segments (Contd.)

(ii) Automotive parts and equipment

Assembly and sale of automotive parts and related products.

(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, 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.

2007	Fire and safety products and services RM	Automotive parts and equipment RM	Investment holding RM	Elimination RM	Consolidated RM
REVENUE AND EXPENSES					
Revenue					
External sales	146,356,478	95,949	-	-	146,452,427
Results					
Segment results/ profit from operations	11,171,082	(56,648)	5,365,908	(6,855,000)	9,625,342
Finance costs					(1,026,871)
Taxation					(2,748,696)
Profit after taxation					5,849,775
Minority interest					(320,447)
Net profit for the year					5,529,328
ASSETS AND LIABILITIES					
Segment assets	177,385,685	3,826,545	141,497,145	(136,380,604)	186,328,771
Segment liabilities	66,546,208	953,748	68,801,559	(44,053,607)	92,247,908
OTHER INFORMATION					
Capital expenditure	3,200,670	-	-	-	3,200,670
Depreciation on property, plant and equipment	1,087,634	15,449	-	-	1,103,083
Depreciation on investment property	26,643	-	-	-	26,643
Non cash expenses	379,921	10,141	-	-	390,062

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

37. SEGMENT INFORMATION (CONTD.)

(d) Allocation basis and transfer pricing (Contd.)

2006	Fire and safety products and services RM	Automotive parts and equipment RM	Investment holding RM	Elimination RM	Consolidated RM
REVENUE AND EXPENSES					
Revenue					
External sales	128,237,518	183,541	-	-	128,421,059
Results					
Segment results/profit from operations	18,302,712	(99,967)	22,281,517	(24,002,500)	16,481,762
Finance costs					(400,370)
Taxation					(3,879,548)
Profit after taxation					12,201,844
Minority interest					(169,374)
Net profit for the year					12,032,470
ASSETS AND LIABILITIES					
Segment assets	131,710,156	3,590,362	125,642,829	(115,831,699)	145,111,648
Segment liabilities	34,682,794	634,906	62,322,325	(36,926,774)	60,713,251
OTHER INFORMATION					
Capital expenditure	1,121,300	-	-	-	1,121,300
Depreciation on property, plant and equipment	1,047,798	15,449	-	-	1,063,247
Depreciation on investment property	30,983	-	-	-	30,983
Non cash expenses	2,265,226	46,500	-	-	2,311,726

(c) GEOGRAPHICAL SEGMENTS

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

Revenue by Geographical Segments

	2007 RM	2006 RM
Malaysia	145,960,539	127,577,196
Singapore	491,888	843,863
	146,452,427	128,421,059

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

37. SEGMENT INFORMATION (CONTD.)

(c) GEOGRAPHICAL SEGMENTS (Contd.)

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

	Segment Assets		Capital Expenditure	
	2007	2006	2007	2006
	RM	RM	RM	RM
Malaysia	185,887,782	144,260,800	3,200,670	1,121,021
Singapore	426,638	826,553	-	279
United Kingdom	14,351	24,295	-	-
	186,328,771	145,111,648	3,200,670	1,121,300

38. OTHER SIGNIFICANT EVENTS

(i) On 12 January 2004, the Company announced a proposed special issue of 3,401,000 new ordinary shares of RM1 each (“Special Issue Shares”) to Bumiputera investors (“Proposed Special Issue”). The Special Issue Shares shall, upon allotment and issue, rank pari passu in all respects with the existing shares of the Company except that they will not be entitled to any dividend that may be declared in respect of financial year ended 31 December 2003 as well as to any rights, allotments and/or any other distributions the entitlement of which is prior to the allotment of the Special Issue Shares.

The Proposed Special Issue is to comply with the Bumiputera equity condition imposed by the Foreign Investment Committee (“FIC”) vide its letter dated 17 January 2000 (the “Condition”) by 31 December 2000. In this respect, the FIC, vide its letter dated 17 February 2005, has granted an extension of time up to 31 December 2005 for the Company to comply with the Condition.

The FIC subsequently further granted an extension of time of up to 30 June 2007 for the Company to comply with the Condition vide its letter dated 10 March 2006. The Special Issue had been completed on 30 May 2007.

(ii) On 15 May 2006, the Company made an announcement to revise the original proposals announced on 18 May 2005 to undertake the following proposals:

(a) Revised bonus issue of up to 22,426,364 new ordinary shares of RM1 each on the basis of one (1) bonus share for every two (2) existing ordinary shares of RM1 each.

(b) Share split involving the subdivision of one existing ordinary shares of RM1 each to two ordinary shares of RM0.50 each.

(c) Amendments to the Memorandum & Articles of Association of the Company in relation to the proposed share split.

(d) Transfer of the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company from the Second Board of Bursa Malaysia Securities Berhad (“BMSB”) to the Main Board of BMSB.

(e) Revised renounceable rights issue of up to 67,279,092 new warrants at an issue price to be determined later on the basis of one warrant for every two existing ordinary shares of RM1 each held in the Company.

The above exercise was completed during the financial year. However, only 20,725,364 new ordinary shares of RM 1 each were issued pursuant to the bonus issue and 65,578,592 new warrants were issued at RM0.10 per warrant.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

38. OTHER SIGNIFICANT EVENTS (CONTD.)

(iii) In the previous financial year, a subsidiary entered into a Sale and Purchase Agreement to dispose a parcel of leasehold land for a cash consideration of RM2,061,297, which measures approximately 75,837 square meters held under HS(D) 3108, PT10573, Mukim Bukit Payung, District of Marang, Terengganu Darul Imam and RM412,259 was received from the purchaser as deposit. The disposal has been completed as at balance sheet date.

(iv) On 4 January 2007, the Company, through its wholly owned subsidiary, Fitters Engineering Services Sdn Bhd entered into a Share Sale Agreement to acquire the equity interest of 510,000 ordinary shares of RM1.00 each representing 51% equity interest in issued and paid-up share capital of Z'odd Design Sdn Bhd for a total cash consideration of RM1.00 only. This acquisition was completed on 13 January 2007.

(v) On 22 January 2007, the Company entered into a Share Sale Agreement to acquire 2 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Wintip Sdn Bhd for a total cash consideration of RM2.00 only. This acquisition was completed on 23 July 2007.

(vi) On 26 February 2007, through its wholly owned subsidiary, Armatrade Sdn Bhd ("ASB") entered into a Joint Venture Agreement with Eversafe Extinguisher Sdn Bhd and a corporation from China that is represented by a Mr. Tan Chong Ming, to acquire and invest in the equity of a new Joint Venture company called ChemFire Co. Ltd on an 18%, 18% and 64% basis respectively. ASB will initially invest for 180 ordinary shares in the JV company for USD180,000 in cash only.

(vii) On 9 March 2007, a subsidiary entered into a Sale and Purchase Agreement to dispose of 250,000 ordinary shares of RM1.00 representing 100% equity interest in Cameron Fresh Farms Sdn Bhd for a total cash consideration of RM30 million together with all the assets and liabilities therein. The disposal has not been completed as at balance sheet date.

39. SUBSEQUENT EVENTS

(i) On 16 January 2008, the Company entered into a Share Sale Agreement with Swiss Securitas Asia Pte Ltd for the disposal of 100,000 ordinary shares of RM1 each representing 100% equity interest in Securiton (M) Sdn Bhd, a wholly owned subsidiary, for a total cash consideration of RM80,000 only.

(ii) On 5 February 2008, the Company entered into a Share Sale Agreement to acquire the equity interest of 1 ordinary share of USD1.00 representing 100% equity interest in issued and paid-up share capital of Premier Equity Holdings Limited (formerly known as Premier Land Limited) for a total cash consideration of USD1.00.

(iii) On 21 March 2008, the Company announced that its subsidiary, Premier Equity Holdings Limited (formerly known as Premier Land Limited) ("PEHL") has entered into a Sale and Purchase Agreement ("SPA") with Spring Active Sdn Bhd ("the Purchaser") to dispose of 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 Option Price") only ("the Proposed Disposal").

The salient terms and conditions of the SPA are as follows:

(i) The Option Price of RM80 million shall be paid as follows:

(a) Upon execution of the SPA, an initial sum of RM42.8 million shall be paid to PEHL. The initial sum shall be refundable in the event the CPs are not fulfilled and is secured by a corporate guarantee issued by the Company in favour of the Purchaser. Additionally, a private caveat shall be lodged by the Purchaser; and

(b) The balance sum of RM37.2 million shall be paid in 12 equal installment payments commencing after the fulfillment of all the Conditions Precedent.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

39. SUBSEQUENT EVENTS (CONTD.)

(iii) (CONT'D.)

(ii) The conditions precedent are as follows:

(a) Written confirmations from Wintip Sdn Bhd, a wholly owned subsidiary of the Company ("the Grantor"), addressed to the Purchaser that the Grantor consents to the sale and assignment by PEHL and that all conditions precedent under the Option Agreement have been satisfied, granted and/or waived and that it shall perform its obligations thereunder;

(b) Written confirmations by PEHL that the conditions precedent authorisations and approvals for its acceptance of the Option granted under the Option Agreement have been satisfied and/or obtained; and

(c) The members' resolutions of PEHL and members' resolution of the Purchaser approving the execution and transaction under the SPA.

The proposed disposal is subject to the Company obtaining approval from the shareholders' at a general meeting.

(iv) As discussed in Note 21 (c), a customer on contract had terminated a sub-contract agreement dated 18 July 2007 with a subsidiary, Z'odd Design Sdn Bhd (Z'odd) on 18 February 2008. On the same date, the customer had also called on a bank guarantee of USD859,880 (approximately RM2,837,000) provided by the Company to secure the performance of the contract. Management has initiated legal action to recover the debts outstanding as well as the bank guarantee called on by the customer. Management, based on legal advised obtained, are of the opinion that the customer had wrongfully terminated the sub-contract agreement as well as unlawfully called on the said bank guarantee.

NOTICE OF 22nd ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 22nd Annual General Meeting of the Company will be held at No. 1, Jalan Tembaga SD 5/2, Bandar Sri Damansara, 52200 Kuala Lumpur on Wednesday, 11 June 2008 at 11.00 a.m. for the following purposes:

AGENDA

ORDINARY BUSINESS	**Resolution No.**
1. To receive the Financial Statements for the financial year ended 31 December 2007 together with the Directors' and Auditors' Report thereon.	
2. To re-elect the following Directors who retires pursuant to Article 83 of the Company's Articles of Association and being eligible have offered themselves for re-election:-	
a) Mr. Kong Sin Seng	1
b) En. Mohamad Jamil bin Mohd Yusof	2
3. To re-appoint the following Directors who retire in accordance with Section 129 (2) of the Companies Act, 1965:-	
a) Tan Sri Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohamed Ali	3
b) Mr. Wong Cheek Lung	4
4. To approve the payment of a Final Dividend of 4 sen per share less 26% income tax for the financial year ended 31 December 2007 as recommended by the Directors.	5
5. To approve the payment of Directors' fees for the financial year ended 31 December 2007.	6
6. To re-appoint Messrs. Ernst & Young as Auditors of the Company and to authorise the Board of Directors to fix their remuneration.	7

SPECIAL BUSINESS

7. To consider and if thought fit, to pass with or without modifications, the following resolutions as Ordinary Resolutions:-

(a) **Authority to issue new shares pursuant to Section 132D of the Companies Act, 1965** — 8

"**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 at their absolute discretion deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company at the time of issue, subject always to the approval of all relevant regulatory bodies being obtained for such allotments and issues."

(b) **Proposed Renewal of Shareholders' Mandate For Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")**

"**THAT** pursuant to paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad, authority be and is hereby given to the Company and its subsidiaries ("Fitters Group") to enter into any of the category of Recurrent Related Party Transactions of a revenue or trading nature with :

i.	Fitters-MPS Sdn Bhd	9
ii.	Pipefabricators Sdn Bhd	10
iii.	Fitters Fire Technology Sdn Bhd	11
iv.	Fitters Engineering Sdn Bhd	12
v.	Fitters-Malnaga Sdn Bhd	13
vi.	Z'odd Design Sdn Bhd	14
vii.	Fitters (Sabah) Sdn Bhd	15
viii.	Kawalan Api Engineering Sdn Bhd	16
ix.	Wai Soon Engineering Sdn Bhd	17
x.	Australian Aerosols (Asia) Pty Ltd	18

as set out in section 2.5 of the Circular to Shareholders dated 20 May 2008 which shall be considered and approved as separate mandates, provided that:-

(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.

NOTICE OF 22nd ANNUAL GENERAL MEETING (CONTD.)

SPECIAL BUSINESS (CONTD.) **Resolution No.**

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 Annual General Meeting ("AGM") of the Company in 2009, 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 Authority For The Company To Purchase Its Own Shares Of Up To 10% Of Its Issued and Paid-Up Share Capital ("Proposed Share Buy-Back")** 19

"**THAT** subject to compliance with the Companies Act, 1965 ("the Act"), the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other applicable laws, regulations and guidelines issued by all relevant authorities, the Company be and is hereby authorised to allocate an amount not exceeding the total of retained profits and/or share premium account of the Company for the purpose of purchasing such amount of ordinary shares of RM0.50 each ("the Shares") in the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the company provided that the maximum number of the Shares which may be purchased and/or held by the Company pursuant to this resolution does not exceed ten percent (10%) of the total issued and paid up capital of the Company.

THAT upon the completion of the purchase by the company of its own shares, the Directors are authorized to deal with the Shares in the following manner:-

i) to cancel the Shares so purchased; or
ii) retain the Shares to be held as treasury shares; or
iii) to retain part of the Shares as treasury shares and cancel the remainder; or
iv) to distribute the treasury shares as dividends to shareholders and/or resell on the Bursa Securities and/or cancel all or part of them.

and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authorities for the time being in force.

THAT the Directors be and are hereby empowered to carry out the above upon the passing of this resolution and from the date of the passing of this resolution until the conclusion of the next AGM of the Company unless renewed by ordinary resolution passed at that meeting or earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting or the expiration of the period within which the next AGM after that date is required by law to be held, whichever occurs first.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement or to effect Proposed Share Buy-Back with full power to assent to any condition, modification, variation and/or amendment as may be imposed by the relevant authorities and to take all such steps as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto."

8. To transact any other 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.

NOTICE OF 22nd ANNUAL GENERAL MEETING (CONTD.)

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT a Final Dividend of 4 sen per share less 26% income tax in respect of the financial year ended 31 December 2007, if approved at the 22nd AGM will be payable on 30 August 2008 to Depositors registered in the Record of Depositors at the close of business on 30 July 2008.

A Depositor shall qualify for entitlement to the dividend only in respect of:

(a) Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 30 July 2008 in respect of ordinary transfer; and
(b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD
FITTERS DIVERSIFIED BERHAD
(Formerly known as Fitters Holdings Berhad)

WOO YING PUN (MAICSA 7001280)
LOH YIN FUN (MAICSA 0862905)
TIONG LING LING (MAICSA 7052174)
Company Secretaries

Kuala Lumpur
20 May 2008

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 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.

A) Explanatory Note on Resolution 8:

The Ordinary Resolution No. 8, if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting, authority to allot and issue shares in the Company up to an amount not exceeding in total 10% of the issue capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority unless revoked or varied at a General Meeting will expire at the next Annual General Meeting.

B) Explanatory Note on Resolutions 9 to 18:

The Ordinary Resolutions No. 9 to 18, if passed will give authority to the Company and its subsidiaries to enter into with specific classes of related parties and to give effect to specified recurrent related party transactions of a revenue or trading nature which are necessary for the Company and its subsidiaries' day-to-day operations. This authority will, unless revoked or varied by the Company in General Meeting will expire at the next Annual General Meeting. The detail explanatory is set out in the Circular to Shareholders dated 20 May 2008 attached to the Annual Report.

C) Explanatory Note on Resolution 19

The Ordinary Resolution 19, if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting, authority to purchase its own shares up to an amount not exceeding in total 10% of the issue capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority unless revoked or varied at a General Meeting will expire at the next Annual General Meeting.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. Directors who are standing for re-election and re-appointment at the 22nd Annual General Meeting of the Company are as follows:-

   (i) Mr. Kong Sin Seng
   (ii) En. Mohamad Jamil bin Mohd Yusof
   (iii) Tan Sri Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohamed Ali
   (iv) Wong Cheek Lung

2. Details of attendance of Directors at Board Meetings held during the financial year ended 31 December 2007 are available on page16 of the Annual Report.

3. Place, date and time of the 22nd Annual General Meeting.

Date of Meeting	Time of Meeting	Place of Meeting
Wednesday 11 June 2008	11.00 a.m.	No. 1, Jalan Tembaga SD 5/2, Bandar Sri Damansara 52200 Kuala Lumpur

PROXY FORM

FITTERS Diversified Berhad

(formerly known as Fitters Holdings Berhad)
(Company No : 149735-M)
(Incorporated in Malaysia)

I/We ______________________________ NRIC No : ______________
(Full name in Capital Letters)

of ____
(Address)

being a member/members of FITTERS DIVERSIFIED BERHAD (formerly known as Fitters Holdings 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 Annual General Meeting of FITTERS DIVERSIFIED BERHAD (formerly known as FITTERS HOLDINGS BERHAD) to be held at No. 1, Jalan Tembaga SD 5/2, Bandar Sri Damansara, 52200 Kuala Lumpur on 11 June 2008 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) ....%

NO		FOR	AGAINST
1	RESOLUTION 1		
2	RESOLUTION 2		
3	RESOLUTION 3		
4	RESOLUTION 4		
5	RESOLUTION 5		
6	RESOLUTION 6		
7	RESOLUTION 7		
8	RESOLUTION 8		
9	RESOLUTION 9		
10	RESOLUTION 10		

Second Proxy (2).......................................%

NO		FOR	AGAINST
11	RESOLUTION 11		
12	RESOLUTION 12		
13	RESOLUTION 13		
14	RESOLUTION 14		
15	RESOLUTION 15		
16	RESOLUTION 16		
17	RESOLUTION 17		
18	RESOLUTION 18		
19	RESOLUTION 19		

(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 ______________________ 2008

(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 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)
(formerly known as Fitters Holdings Berhad)

No. 1, Jalan Tembaga SD 5/2,
Bandar Sri Damansara,
52200 Kuala Lumpur.

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