ABRIC™

ABRIC BERHAD

(187259-W)

annual report 2008

Sealing Assets Globally

MISSION

Sealing assets globally with quality and integrity

VISION

To be the world's leading provider of security sealing solutions by 2010

CORE VALUES

Shareholders	Uphold commitment to growth and performance, while operating with complete integrity.
Stakeholders	Treat stakeholders with professionalism and fairness to engender trust and create mutual benefits.
Customers	Provide quality products and outstanding service in a professional manner to develop meaningful relationships.
Employees	Instill passion and teamwork to encourage personal growth.
Environment	Take responsibility for the society and environment in which we conduct our business.

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ABOUT US

ABRIC is one of the top five global providers of security sealing solutions, with a presence in over 80 countries worldwide. Established 25 years ago, ABRIC is headquartered in Malaysia and is a public company listed on Bursa Malaysia Securities Berhad. Our history dates back to the founding of ABRIC in 1983 when we designed and patented our first security seal for the plantation sector in Malaysia – this seal design has since become a global industry standard. Renowned for one of the largest and strongest portfolio of trusted products in the industry, ABRIC security seals are used for a wide range of applications across industrial sectors to protect our customers' brands and products.

As ABRIC continues to grow and evolve, we continue to hold strong to our core mission of "sealing assets globally with quality and integrity". Our 600 employees located in 5 countries on 3 continents are committed to providing security sealing products of high quality and value to organizations worldwide. ABRIC's global sales and distribution centres in Asia Pacific, North America and Europe support a worldwide network of established distributors and customers who are testament to our responsive and superior customer service.

Product innovation is at the core of ABRIC's growth in the security seals industry. To ensure that our seals continue to meet the stringent requirements of today's increasingly demanding applications, our team of research and development engineers is constantly working on new product ideas that keep ABRIC at the forefront of this industry. We collaborate closely with our customers to ensure that ABRIC products are constantly being enhanced and take pride in our wide range of security sealing solutions that are easily customized to specific needs.

ABRIC seals are produced in our state-of-the-art plants in Thailand and Malaysia. These two plants rank amongst the largest and most modern in the industry and can produce more than 1 billion seals annually. To meet the growing demand for ABRIC seals, a third plant was commissioned in China in 2005, driven by our global customer requirements.

ABRIC seals are manufactured under stringent security and manufacturing standards, including the ISO 9001:2000 Quality Management System, ISO 14001:2004 Environmental Management Standards, ISO 17712 Freight Container-Mechanical Seal Standards and are C-TPAT compliant. ABRIC seals are also U.S. and U.K. customs approved. Complying with these international standards underscores ABRIC's total and uncompromising commitment to integrity, product quality and customer satisfaction.

CHAIRMAN'S STATEMENT

Dear Shareholders,

Thank you for your continuous support and commitment to ABRIC. 2008 proved to be a challenging year for us and the security seal industry as a whole. The global economic crisis that only got worse in the second half of the year severely affected our 2008 financial results due to the significant decline in orders from our major customers, especially those in the shipping, logistics and airline industries.

In addition to our various strategies to deal with the impact of the global crisis on our security sealing business, we also made a major decision in 2008 to streamline our group's business operations. After a comprehensive review of our precision metal parts business, we decided that the best option was to discontinue the business and place all our focus on the security sealing business. Our other two non-core businesses - oil and gas and consumer - have also been divested.

In terms of our core security sealing business, we continue to aggressive acquire new customers in our existing regions of operations as well as expand into new markets, mainly in South America, Eastern Europe and North Africa. Over the years, we have built up an extensive network of distributors and agents, and we continue to work closely with them to increase market share in industries that have potential for growth.

Our sales and marketing offices in Asia, Europe and the US provide a strong platform for us to build on our reputation as a quality sealing solution provider and expand market coverage. In these locations, our sales teams are now moving beyond our traditional major customers to pursue new customers both in business and governmental organisations who seek reliable and cost-effective solutions to reduce theft and pilferage.

In order to remain globally competitive, we have also made efforts to rationalise our range of sealing solutions based on the evolving requirements of our customers. Our research and development teams in our three factories coordinate closely with our sales teams to ensure that we offer innovative solutions that best fit the needs of our diverse range of customers.

In spite of the challenging global economic environment in which we operate, we believe that we are well positioned to maintain our dominant market position in the security sealing industry. On behalf of our Board of Directors, we would like to once again thank you for your continued confidence and support.

Dato' Ong Eng Lock, DIMP, JP
Executive Chairman

BOARD OF DIRECTORS AND CORPORATE INFORMATION

DATO' ONG ENG LOCK, DIMP,JP

MBA, F.I.Mgt. (UK), FNZIM
Executive Chairman

Dato' Ong Eng Lock, aged 51, was appointed to the Board in September 1989. He heads the Executive Committee and is a member of the Option Committee. He started his career with Gadelius Sdn Bhd in 1979 before joining United Engineers (Malaysia) Berhad in 1982 where he was involved in industrial products and project management. He started Abric in 1983 when he successfully designed and patented plastic security seals for use by the petroleum and plantation industries.

ADELINE ONG YING HWEY

BA, M.Eng, M.A
Chief Executive Officer

Adeline Ong Ying Hwey, aged 28, was appointed to the Board in April, 2007. She is also a member of the Executive Committee, Option Committee and Risk Management Committee. She started her career in 2002 when she joined Citibank Malaysia. Adeline holds both BA and MEng degrees in Manufacturing Engineering from Cambridge University. She also holds a MA from Cambridge University and has obtained the ACCA Certified Diploma in Accounting and Finance. Adeline is the daughter of Dato' Ong Eng Lock, the Executive Chairman of ABRIC Berhad.

DATO' ABU BAKAR BIN ABDUL HAMID, DSDK, AMK, KMN

B.A. Hons (Econs), Dip of Int'l Trade
Independent Non-Executive Director

Dato' Abu Bakar Bin Abdul Hamid, aged 65, was appointed to the Board in May 2001. He is the Chairman of the Audit and Risk Management Committees, and member of Nomination and Remuneration Committees. He started his career as an Agricultural Economist in the Federal Agricultural Marketing Authority (FAMA) in 1967 and was its Director General from 1995 to 1998. Between 1996 and 1998, he was also Chairman of Koperasi Kakitangan Kementerian Pertanian Malaysia Berhad, the Deputy Chairman of the Association of Food Marketing Agencies in Asia and the Pacific; and a Board member of FAMA Corporation Sdn Bhd and Muda Agricultural Development Authority. He also sits on the Board of SAAG Consolidated (M) Berhad, a company listed on Bursa Malaysia.

IR. HON HIN SEE

MIEM, P.Eng., MACEM
Independent Non-Executive Director

Ir Hon Hin See, aged 50, was appointed to the Board in May 2001. He is a member of the Audit, Nomination and Remuneration Committees. He is a professional engineer. He joined Hashim & NEH Sdn Bhd as a Mechanical Engineer in 1980. He was subsequently appointed as its Associate Director in 1991 and a Board Director in 1994. He currently serves on the Board of Perunding Hashim & NEH Sdn Bhd and SAAG Consolidated (M) Berhad, a company listed on Bursa Malaysia.

SOONG CHEE KEONG

CA(M), FCCA(UK)
Independent Non-Executive Director

Soong Chee Keong, aged 39, joined ABRIC in March 1999 as General Manager of Corporate Finance and was subsequently appointed to the Board in February 2000. He is a member of the Audit, Option, Nomination and Remuneration Committees. He started his career in financial audit in 1993 at BDO Binder. In 1995 he joined the Corporate Finance Department of Bumiputra Merchant Bankers Berhad. At the merchant bank he was involved in advising on mergers and acquisitions, initial public offerings, debt and equity restructuring and project feasibility studies. He also sits on the Board of Wonderful Wire & Cable Berhad and Century Logistics Holdings Berhad, companies listed on Bursa Malaysia.

AUDIT COMMITTEE

DATO' ABU BAKAR BIN ABDUL HAMID – Chairman
Independent Non-Executive Director

IR. HON HIN SEE
Independent Non-Executive Director

SOONG CHEE KEONG
Independent Non-Executive Director

RISK MANAGEMENT COMMITEE

DATO' ABU BAKAR BIN ABDUL HAMID – Chairman
ADELINE ONG YING HWEY
YAP YOON LEAN

REGISTERED OFFICE

Level 18, The Gardens North Tower,
Mid Valley City,
Lingkaran Syed Putra, 59200 Kuala Lumpur
T: +603 2264 8888 F: +603 2282 2733

COMPANY SECRETARIES

KUAN HUI FANG (MIA 16876)
NG YEN HOONG (LS 008016)

SHARE REGISTRAR

Level 17, The Gardens North Tower,
Mid Valley City,
Lingkaran Syed Putra, 59200 Kuala Lumpur
T: +603 2264 3883 F: +603 2282 1886

PRINCIPAL BANKERS

RHB Islamic Bank Berhad
United Overseas Bank (Malaysia) Berhad
CIMB Bank Berhad

SOLICITORS

Messrs Long & Maduarin
Messrs Geraldine Yeoh, Arjunan & Associates

AUDITORS

Messrs Deloitte & Touche

STOCK EXCHANGE LISTING

Second Board of Bursa Malaysia Securities Berhad
Stock Name : ABRIC
Stock Code : 7061
Warrant Code : 7061W
Stock Sector : Industrial Products

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Abric Berhad is committed to ensure that high standards of corporate governance are practiced throughout the Group and that integrity and fair dealing are paramount in all its activities with the objective of protecting the Group's assets and enhancing shareholders' value.

In line with this commitment, the Board has taken and is continuously reviewing, where appropriate, the necessary steps to comply with the requirements on standard of corporate responsibility, integrity and accountability and provide greater disclosure and transparency by fully complying with all the Principles in Part 1 of the Malaysian Code on Corporate Governance ("the Code") and adopting the Best Practices as recommended in Part 2 of the Code.

The Principles of Corporate Governance have been implemented and put in practice in the following manner.

1. BOARD OF DIRECTORS

1.1 Composition of the Board and Board Balance

As at the date of this report, the Board has five (5) members comprising of one (1) Executive Chairman, one (1) Chief Executive Officer and three (3) Independent Non-Executive Directors.

The new composition complies with Paragraph 15.02 of Listing Requirements of Bursa Malaysia Securities Berhad which requires at least two or one-third of the members, whichever is the higher, to be Independent Directors.

The Board believes that the current composition and number of Directors reflects the fair representation of all shareholders' interest. The Non-Executive Directors with their different background and professions collectively form an effective Board with a mix of industry-specific knowledge and broad business and commercial experience. This balance enables the Board to provide strong and effective leadership and form an independent judgement with regards to various aspects of the Group's business strategies and performance so as to ensure that the highest standard of conduct and integrity are maintained by the Group on a holistic basis.

1.2 Re-election of Directors

In accordance with the Company's Articles of Association, at least one third of the Board members are required to retire from office by rotation annually and subject to re-election at each Annual General Meeting. Newly appointed Directors will hold office only until the next Annual General Meeting and be subject to re-election. The Directors seeking re-election at the forthcoming meeting are disclosed in the Statement Accompanying the Notice of the Annual General Meeting on page 84 of this Annual Report.

1.3 Board Meeting

Board Meetings for each calendar year are scheduled at the beginning of the year. The Board meets regularly to consider business of the Group. During the financial year ended 31 December 2008, the Board met five (5) times. The record of attendance of each Director during the financial year ended 31 December 2008 is as follow:-

	Attendance
Dato' Ong Eng Lock	5/5
Adeline Ong Ying Hwey	5/5
Dato' Abu Bakar Bin Abdul Hamid	5/5
Ir. Hon Hin See	5/5
Soong Chee Keong	5/5

1.4 Role and Responsibilities

The role of the Executive Chairman and the Chief Executive Officer are separate and clearly defined, so as to ensure that there is a balance of power and authority. The Executive Chairman is responsible for ensuring Board effectiveness and conduct, whilst the Chief Executive Officer has overall responsibility for the operating units, organisational effectiveness and implementation of Board policies and decisions.

The Non-Executive Directors contribute considerably to the formulation of policies and decision making through their knowledge and experience from other businesses and sectors.

A profile of each Director is published on pages 3 and 4 of this Annual Report.

The Board assumes full responsibility for the overall performance of the Company and the Group. In discharging this duty, the Board is guided by these six specific responsibilities:

- review and adopt a strategic plan for the Group;
- oversee the conduct of the Group's business to ensure the business is being properly managed;
- identify principal risks and set up appropriate systems to manage these risks;
- succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management;
- develop and implement shareholder communication and investor relations programme; and
- review the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

1.5 Access to information

It is crucial that relevant information required to make informed decisions are provided in a timely manner. Recognising that fact, the Board and its Committees are supplied with an agenda and relevant up-to-date information in good time prior to each meeting to enable them to make informed decisions.

All Directors have access to the advice and services of the Company Secretaries. Procedures are in place for Directors and Board Committees to seek independent professional advice, in the course of fulfilling their responsibilities at the Company's expense.

1.6 Directors' Training

All the Directors have completed the Mandatory Accreditation Programme as prescribed by Bursa Malaysia Securities Berhad.

The Company presently does not have an orientation and education program for new recruits to the Board as the Board is of the opinion that the Group is not that diversified to warrant such a program.

All Board members are encouraged to attend any relevant training programmes to further enhance their knowledge and enable them to discharge their responsibilities more effectively.

1.7 Board Committees

To assist the Board in discharging its duties, committees delegated with specific authority were formed. Presently, six (6) committees have been established. They are: the Executive Committee, the Credit Control Committee, the Nomination Committee, the Remuneration Committee, the Option Committee and the Risk Management Committee.

2. DIRECTORS' REMUNERATION

The Remuneration Committee deliberates on the remuneration packages for the Directors taking into consideration the market rate, their performance and the need to retain them. The Committee also deliberates on the remuneration package for senior executives of the Group.

Non-Executive Directors are paid a fee, which reflects their experience and level of responsibilities undertaken by the particular non-executive concerned.

The Directors' fees, are approved by shareholders at the Annual General Meeting. Details of Directors remuneration are as follows:-

	Fees	Salaries	Other Emoluments*	Benefits-In-Kind	Total
Executive Directors	-	675,000	99,325	35,200	809,525
Non-Executive Directors	48,000	-	-	-	48,000

* Other Emoluments includes bonus and the Company's contribution to Employees Provident Fund.

The number of Directors whose total remuneration falls within the following bands are set out hereunder:

Range of Remuneration RM			No. of Directors Executive	Non-Executive
1	-	50,000		3
250,001	-	300,000	1	
500,001	-	550,000	1	
Total			**2**	**3**

3. COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

3.1 Annual Report and General Meeting

In addition to quarterly financial results and various other announcements made during the financial year, the Group communicates with shareholders and investors through its annual report, with comprehensive and sufficient details about its financial results and activities.

The Annual General Meeting remains the principal forum for dialogue with shareholders and provides an open forum at which shareholders and investors are informed of current developments and shareholders are given the opportunity to ask questions about the resolutions being proposed or about the Group's operations in general.

3.2 Investor Relations

The Board recognises there is a need to maintain an open and continuous communication outside the general meetings. It has entrusted the Group's Corporate Affairs Department with the responsibility of maintaining ongoing communication with not only existing shareholders and investors but also investment analysts, fund managers and the media. The Executive Chairman participates in this on-going investor-relations programme by briefing fund managers and analysts regularly.

3.3 Website Information

In addition to the annual report, the Group maintains a website at www.abric.com as a medium of communication and source of information to shareholders and the general public. The Company website provides, inter alia Corporate Profile, Products, Products Application, Customer Supports, News and Contact Information.

4. ACCOUNTABILITY AND AUDIT

4.1 Financial Reporting

In presenting the annual financial statements and quarterly consolidated results, the Directors ensure they provide a true and fair view of the state of affairs and operations of the Group and of the Company, as well as the financial results and cash flows of the Group and of the Company. In the preparation of the financial statements, the Group has used and applied on a consistent basis, the appropriate accounting policies and practices under the applicable approved accounting standards. The annual financial statements are set out on page 17 to 77 of this Annual Report.

4.2 Internal Control

The Board acknowledges its responsibility for maintaining a sound system of internal control, and for reviewing its adequacy and integrity. The Board recognises that internal control is a concerted and continuous process, designed to manage and minimise rather than eliminate the risk that may impede the achievement of the Group's business objectives.

Key elements of the Group's systems of internal control are:

- Operating Procedures and Guidelines issued and updated from time to time;
- Monitoring of monthly results against the comprehensive annual budgets and business plans prepared by the business units;
- Regular internal audit review on the business units by independent professionals, provide reasonable assurance to the Board that the internal control systems of the Group are adhered to; and
- Well defined organisational structure with clear lines of responsibility.

4.3 Relationship with Auditors

Key feature underlying relationship of the Audit Committee with the external auditor are included in Audit Committee's term of reference as detailed on pages 10 to 13 of this Annual Report.

5. RISK MANAGEMENT

ABRIC adopts a structured and disciplined approach to risk management with a well defined framework of all the companies under the Group. Under the framework, a holistic, integrated, future-focused, and process-oriented approach is adopted to assist the Group to manage all key businesses and opportunities with the intent of maximizing shareholder value for the Group as a whole. It incorporates a well-structured systematic process to identify business risks and reduce their impact on the Group.

This involves the following core elements:-

- Establishing a risk management framework within which risk management activities take place;
- The identification of each business risk which may prevent achievement of business objectives;
- The measurement of the identified business risks;
- The control or method by which risks are managed in line with the needs of the Group's policies and strategies; and
- Constant monitoring and communicating of risks associated with any activity, function or process in a way that will enable the Group to minimise losses and maximise opportunities.

ADDITIONAL COMPLIANCE STATEMENT

The information provided in the Additional Compliance Statement is in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad for the financial year ended 31 December 2008.

ADDITIONAL INFORMATION ON THE BOARD OF DIRECTORS

- **Family Relationships with any Director and/or Major Shareholder**

  With the exception of Dato' Ong Eng Lock whose spouse is indirectly a major shareholder of the Company via Abric Capital Sdn Bhd pursuant to Section 6A of the Companies Act, 1965 and daughter, Adeline Ong Ying Hwey who is Executive Director of Abric Berhad, none of the Directors have family relationship with any other Directors or major shareholders of the Company.

- **Convictions for Offences (within the past 10 years, other than traffic offences)**

  None of the Directors have any convictions for offences other than traffic offences.

OTHER INFORMATION

- **Options, Warrants or Convertible Securities**

  The Executives' Share Options Scheme ("ESOS") for eligible executives and executive directors of the Group, which was effective on 15 May 2002, expired on 14 May 2007. In accordance with Bye-Law 4.1 of the ESOS Bye-Laws and upon recommendation by the Option Committee, the Board has approved the extension of the ESOS for another five (5) years to 14 May 2012. Details of the ESOS is disclosed in the Directors' report on page 17 of this Annual Report. No options have been exercised by the eligible executives and executives directors for the financial year ended 31 December 2008.

  There were no warrants or convertible securities exercised during the financial year.

- **Sanctions and/or Penalties Imposed**

  No sanction/penalty was ever imposed on the Group, directors or management by the relevant regulatory bodies.

- **Non-Audit Fees**

  No non-audit fee was paid to the external auditors for the financial year ended 31 December 2008.

- **Material Contracts**

  No material contract was entered into by the Company and its subsidiaries involving the directors and substantial shareholders of the Company.

- **Revaluation Policy on Landed Properties**

  None of the landed properties owned by the Company and its subsidiary companies had been revalued.

- **Share Buybacks**

  The Company did not carry out any share buybacks during the financial year.

- **American Depository Receipt (ADR) or Global Depository Receipt (GDR)**

  During the financial year, the Company did not sponsor an ADR and GDR Programme.

- **Variation in Results**

  There were no material variation between the audited results for the financial year ended 31 December 2008 and the unaudited results previously released for the financial quarter ended 31 December 2008.

- **Profit Guarantees**

  During the year, there were no profit guarantees given by the Company.

- **Recurrent Related Party Transactions of a Revenue or Trading Nature**

  During the year, the Company did not enter into any recurrent related party transactions of a revenue or trading nature.

AUDIT COMMITTEE REPORT

1. MEMBERS AND MEETINGS

A total of five (5) meetings were held during the year. The membership status and attendance record of each of the members are as follows:

Name	Membership Status	Attendance
Dato' Abu Bakar Bin Abdul Hamid	Chairman, Independent Non-Executive Director	5/5
Ir. Hon Hin See	Independent Non-Executive Director	5/5
Soong Chee Keong	Independent Non-Executive Director	5/5

2. TERMS OF REFERENCE

2.1 Composition of Audit Committee

The Audit Committee shall be appointed from amongst the Board of Directors and shall:

(a) consist of not less than 3 members;
(b) all members must be non-executive directors, with a majority of them being Independent Directors; and
(c) at least one member of the Committee must be a member of the MIA or such other qualifications or experience as approved by Bursa Malaysia Securities Berhad.

The Chairman of the Committee shall be an Independent Director.

In the event of any vacancy in the audit committee resulting in the non-compliance of the above, the Board shall within three (3) months appoint new members as required to make up the minimum numbers.

2.2 Authority and Duties

(a) The Committee is authorised to investigate any activity within its terms of reference and shall have unrestricted access to both the internal and external auditors and to all employees of the Group. The Committee is also authorised by the Board to obtain external legal or other independent professional advice as necessary.

(b) To review:
- With the external auditors, the audit plan; their evaluation of the system of internal controls; and their audit report;
- The assistance given by the employees to the external auditors;
- The adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
- The internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- The quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
  (i) changes in or implementation of major accounting policy changes;
  (ii) significant and unusual events; and
  (iii) compliance with accounting standards and other legal requirements;
- 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;

- Any letter of resignation from the external auditors of the Company; and
- Whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment.

(c) Recommend the nomination of a person or persons as external auditors;

(d) Such other matters as the Committee may from time to time determine.

2.3 Meetings

The Committee shall meet on at least four (4) occasions each year. The Chairman shall convene a meeting of the Committee if requested to do so by any member, the management or the internal or external auditors to consider any matter within the scope and responsibilities 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. Any questions arising at any meeting shall be decided by a majority of votes and in case of equality of votes the Chairman shall have a second or casting vote.

The Company Secretary shall act as the Secretary of the Committee and shall be responsible for sending out notices of meetings and preparing and keeping the minutes of meetings.

Except in the case of any emergency, reasonable notice of every meeting shall be given in writing and the notice of each meeting shall be served to any member entitled personally or by sending it via fax or through post or by courier or by email to such member to his registered address as appearing in the Register of Directors, as the case may be.

Participants may be invited from time to time to attend the meetings depending on the nature of the subject under review. These participants may include the Director, General Managers, Division Heads, representatives from the Finance, internal and external auditors, and officers of subsidiary companies.

The Committee should meet with the external and/or internal auditors without executive board members present at least twice a year.

3. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The Audit Committee carried out its duties in accordance with its terms of reference during the year.

The main activities undertaken by the Committee during the year were as follows:

3.1 Financial Results

- Reviewed the annual financial statements of the Group prior to submission to the Board for their consideration and approval focusing particularly on any changes of accounting policy, significant and unusual event and compliance with applicable accounting standards approved by MASB and other legal requirements.
- Reviewed quarterly unaudited financial results prior to recommending them for approval by the Board.

3.2 External Audit

- Reviewed with external auditors the audit planning memorandum covering the audit objectives and approach, audit plan, key audit areas and relevant technical pronouncements and accounting standards issued by MASB.

- Reviewed with external auditors the results of the audit and the audit report in particular, reviewed accounting issues and significant audit adjustments arising from the external audit.

- Evaluate the performance of the external auditor and make recommendations to the Board on their re-appointment and remuneration.

3.3 Internal Audit

- Reviewed the annual audit plan to ensure adequate scope and coverage on the activities of the Group taking into consideration the assessment of the key risks areas.

- Reviewed the internal audit reports, audit recommendations made and management response to those recommendations and actions taken to improve system of internal control and procedures.

- Monitored the implementation of the audit recommendations to ensure that all key risks and controls been addressed.

- Evaluate the performance of the internal auditor and make recommendations to the Board on their re-appointment and remuneration.

3.4 Others

- Reviewed the Report of the Audit Committee and recommended to the Board for inclusion in the 2008 Annual Report.

- Reviewed the Statement on Internal Control and recommended to the Board for inclusion in the 2008 Annual Report.

4. INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to a professional services firm whose primary responsibility is to independently assure the Board, through the Audit Committee, that the systems of internal control are functioning effectively and reliably.

The outsourced Internal Audit function focuses on the key areas of operations, adopting a risk-based approach in the planning and conduct of its audits.

The Internal Audit reports, incorporating the audit recommendations and management responses with regards to audit findings relating to the weaknesses in the systems and controls of the respective operations audited, were issued to the Audit Committee and the management of the respective operations.

The Internal Audit function also followed up with management on the implementation of the agreed audit recommendations. The extent of compliance is reported to the Audit Committee on a regular basis. The Audit Committee in turn reviews the effectiveness of the system of internal controls in operation and reports the results thereon to the Board.

The Board, in striving for continuous improvement, will put in place appropriate action plans, where necessary, to further enhance the Group's system of internal control.

Business functions under review for the financial year ended 31 December 2008 are as follows:

Company	Auditable Functions
Abric International Sdn. Bhd. (Formerly known as Abric Micromechanics Sdn. Bhd.)	• Revenue Cycle • Inventory Management & Logistics • Costing Review
Abric Eastern International Ltd.	• Revenue Cycle • Expenditure Cycle • Inventory Management & Logistics • Fixed Asset Cycle • Payroll Cycle • Treasury Cycle

5. STATEMENT IN RELATION TO THE ALLOCATION OF OPTIONS PURSUANT TO ESOS BYE-LAWS

The Audit Committee reports that they have verified that no options were allocated to during the financial year 31 December 2008.

STATEMENT ON INTERNAL CONTROL

Introduction

Pursuant to Paragraph 15.27(b) of the Listing Requirements of the Bursa Malaysia Securities Berhad and the Malaysian Code of Corporate Governance ("the Code"), the Board of Directors ("the Board") is pleased to provide the following statement, which outlines the nature and scope of the Group's system of internal controls for the financial year ended 31 December 2008.

Board Responsibility

The Board recognises the importance of good practice of corporate governance and is committed to maintaining a sound system of internal controls. This includes the establishment of an appropriate control environment and framework as well as reviewing the adequacy and integrity of the said systems to safeguard shareholders' investment and the Group's assets.

As there are limitations that are inherent in any systems of internal control, such systems are designed to manage rather than eliminate the risk that may impede the achievement of the Group's business objectives. Accordingly, it can only provide reasonable assurance against material misstatement or losses, fraud or breaches of laws or regulations.

The Group's system of internal control has been in place for the entire year under review. The key processes that have been established in reviewing the adequacy and integrity of the said systems are as follows:

Organisational Structure with Defined Roles and Responsibilities

- The Group has in place a clearly defined organisation structure with lines of responsibility and delegated authority up to the Board and its Committees to ensure accountability and segregation of duties.
- The structure will continue to be fine-tuned for more effective and efficient support to the business operations.
- Corporate values and a code of conduct, which emphasises ethical behavior, are set out in Group's Employee Handbook.

Formalised Budget Planning Processes

- There is budgeting system with an annual budget approved by the Board each year in order to establish targets against which performance can be monitored on an ongoing basis.
- Marketing and sales plans are developed by the management to provide clear direction and guidance to the sales teams in working towards the Group's business objectives.

Reporting and Review

- Management accounts containing actual and budget results are prepared and reported to the management. These management reports analyse and explain variances against plan.
- The management team regularly review, identify, discuss and formulate action plans to address strategic, operational, financial and key management issues.

Documented Policies and Procedures

- The Group has formulated various departmental operational manuals that define the operational procedures as well as the monitoring and managing of control processes established.
- The manufacturing plants have established through a series of documented procedures in conjunction to ISO 9001: 2000 and ISO 14001: 2004 requirements. Conformance to the system and procedures is further ensured by periodic internal quality audit and surveillance audit.

Quality Control

- The Group emphasises continuous effort in maintaining the quality of products. The Directors have ensured that Occupational Safety and Health regulations, environmental controls and all other legislations in connection with the industry have been considered and complied with.

Financial Performance

- Quarterly results as well as the state of affairs are reviewed and approved by the Board. The financial statements are also audited by the external auditors.

Conclusion

The Board is of the view that the system of internal controls is satisfactory and has not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report.

CORPORATE SOCIAL RESPONSIBILITY ("CSR") STATEMENT

The Group is driven by the belief that in pursuit of our business objectives, we need to strike a balance between profitability and our contribution to the environment and society in which we operate. With such belief, the Group is committed and uses its best endeavour to integrate CSR practices into its day to day business operations and they form our core values which govern the way in which we operate.

OUR ENVIRONMENT

It is our responsibility to apply our capabilities towards creating a better and safer world. The Group is very committed to achieve excellence in manufacturing and manage our operations in an environmentally sustainable manner. Our products are manufactured under stringent environmental and manufacturing standards including ISO 14001:2004 Environmental Management Standards.

The Group undertakes to:

- Minimise raw material wastages wherever feasible, whilst ensuring product quality;
- Ensure compliance to all relevant environmental laws and raise the environmental awareness levels among employees; and
- Continuously improve and maintain our environmental and quality management systems.

At ABRIC, we take our responsibility as a corporate citizen very seriously and contribute to the society in which we conduct our business. The Group assists in providing industrial training for students from local universities and technical schools. The Group also makes donation to charitable organisations from time to time.

OUR STAKEHOLDERS

We are committed to the interests of all our stakeholders – our shareholders, customers and suppliers. The Group emphasises good corporate governance practices to meet shareholder's expectations.

Our seals are manufactured under stringent security and manufacturing standards, including ISO 9001:2000 Quality Management System, ISO 14001:2004 Environmental Management Standards, ISO 17712 Freight Container-Mechanical Seal Standards and are C-TPAT compliant. ABRIC seals are U.S. and U.K. customs approved. Complying with these international standards underscores the Group's total and uncompromising commitment to integrity, product quality and customer satisfaction.

For our suppliers, we practise transparent and fair procurement policies. We ensure that our suppliers not only meet our stringent technical requirements but that their business practices are aligned with ABRIC's core values.

OUR EMPLOYEES

We recognise that human capital is our primary driver for success. The main activities undertaken by the Group during the year were as follows:

- Conducted various in-house training and sharing programmes;
- Conducted On-the-job training for all new employees; and
- Promote participation in external training, conducted by professional trainers to enhance skills and knowledge of the employees.

Creating a safe working environment and ensuring adherence to safety practices is also of the paramount importance to the Group. Our Group's Occupational Safety and Health Policy is implemented to ensure that the safety and health of all employees at the workplace is not compromised. As part of our commitment to provide a safe workplace, we regularly carry out health and safety programmes such as fire drills, safety checks on equipment, first aid training, and plant evacuation exercises.

DIRECTORS' REPORT

The directors of **ABRIC BERHAD** hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2008.

PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiary companies are disclosed in Note 17 to the Financial Statements.

There have been no significant changes in the nature of the activities of the Company and of its subsidiary companies during the financial year other than those disclosed in the significant corporate events.

SIGNIFICANT CORPORATE EVENTS

(i) On 7 May 2008, a wholly-owned subsidiary of the Company, Abric Properties Sdn. Bhd. (formerly known as Abric Integrated Sdn. Bhd.) entered into a Sale and Purchase Agreement with third parties for the acquisition of three (3) office units located at J-8-6, J-8-7 and J-8-8 Solaris Mont' Kiara, Jalan Solaris, Off Jalan Duta Kiara, Mont' Kiara, 50480 Kuala Lumpur for a total cash consideration of RM2,180,000.

(ii) On 28 October 2008, Abric One Sdn. Bhd. ("AOSB") (formerly known as Abric PSP Sdn. Bhd.) a wholly-owned subsidiary of the Company, transferred all its business to Abric Worldwide Sdn. Bhd. ("AWSB"), another wholly-owned subsidiary of the Company and consequently, AOSB will over time become dormant. This Internal Reorganisation will enable the Group to streamline its manufacturing business to improve business efficiency and create a more effective structure to maximise on combined management and cost saving in the overall Group administration.

On the same date, the Company disposed of its entire interest in AOSB to AWSB for a cash consideration of RM4,575,000.

(iii) On 30 October 2008, Cabrict Energy Sdn. Bhd. a subsidiary of the Company disposed of its entire 49% of equity interest in Pro-Active MH Resources Sdn. Bhd. to third parties for a total cash consideration of RM155,040.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM	The Company RM
Loss before tax from continuing operations	(3,565,787)	(1,366,151)
Loss before tax from discontinued operations	(18,480,746)	-
Loss before tax	(22,046,533)	(1,366,151)
Income tax credit	374,088	284,154
Net loss for the year	(21,672,445)	(1,081,997)
Attributable to:		
Equity holders of the Company	(22,151,609)	
Minority interests	479,164	
	(21,672,445)	

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than impairment loss on property, plant and equipment, write-off of property, plant and equipment and inventories, and impairment loss on investment in subsidiary companies as disclosed in Note 10 to the Financial Statements.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

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

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

SHARE OPTIONS

The Executives' Share Option Scheme ("ESOS") for eligible executives and executive directors of the Group, which was effective on 15 May 2002, expired on 14 May 2007. In accordance with Bye-Law 4.1 of the ESOS Bye-Laws and upon recommendation by the Option Committee, the Board of Directors has approved the extension of the ESOS for another five years to 14 May 2012.

The movement in the number of options granted pursuant to the ESOS during the financial year is as follows:

	Number of Options
As of 1.1.2008	1,830,000
Lapsed due to resignation	(60,000)
As of 31.12.2008	1,770,000

The salient features of the ESOS are as follows:

(a) the total number of shares which may be made available shall not exceed 10% of the issued and paid-up share capital of the Company at the time of offer of the ESOS.

(b) the ESOS shall be in force for a duration of five years.

(c) all executives (including Executive Directors) who are confirmed full-time employees of a company within the Group (other than a company which is dormant) are eligible.

(d) any allocation of options under the ESOS to an Executive Director of the Company shall require prior approval from the shareholders of the Company at a general meeting.

(e) no option shall be granted for less than 1,000 shares or for more than the maximum allowable allotment as follows:

   (i) the number of options allocated, in aggregate, to the directors and senior management of the Group shall not exceed 50% of the total options available under the ESOS; and

   (ii) the number of options allocated to any individual director or executive who, either singly or collectively through his/her associates (as defined in the Companies Act, 1965), holds 20% or more in the issued and paid-up share capital of the Company shall not exceed 10% of the total options available under the ESOS.

(f) the option price shall be at a discount of not more than 10% from the weighted average market price of the Company as shown in the Daily Official List issued by Bursa Malaysia Securities Berhad for the five market days immediately preceding the date of offer or at par value of the ordinary shares of the Company, whichever is higher.

(g) the Option Committee may at any time and from time to time, before and/or after an option is granted, limit the exercise of the number and/or percentage of the option offered during the duration of the ESOS and impose any other terms and/or conditions deemed appropriate by the Option Committee in its sole discretion including amending or varying any terms and conditions imposed earlier.

The Company has been granted exemption by the Companies Commision of Malaysia from having to disclose the names of eligible employees who have been granted less than 150,000 options for each grant under the ESOS. As of the balance sheet date, no eligible employee has been granted more than 150,000 ESOS other than certain directors as disclosed below.

OTHER STATUTORY INFORMATION

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

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

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

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

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

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

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

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

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

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

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

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, 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 operations of the Group and of the Company for the succeeding financial year.

DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

Dato' Ong Eng Lock
Dato' Abu Bakar Bin Abdul Hamid
Soong Chee Keong
Ir. Hon Hin See
Ong Ying Hwey, Adeline

In accordance with Article 99 of the Company's Articles of Association, Dato' Ong Eng Lock and Mr. Soong Chee Keong retire by rotation and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM1.00 each			
	As of 1.1.2008	Bought	Sold	As of 31.12.2008
Shares in the Company				
Registered in name of Directors				
Dato' Ong Eng Lock	8,000,000	-	-	8,000,000
Ong Ying Hwey, Adeline	300,000	500,000	-	800,000
Deemed interest				
Dato' Ong Eng Lock	25,663,600*^	600,000@	-	26,263,600

	Number of warrants over ordinary shares of RM1.00 each				
	As of 1.1.2008	Bought	Sold	Exercised	As of 31.12.2008
Deemed interest					
Dato' Ong Eng Lock	51,665*	-	-	-	51,665

* Held through Abric Capital Sdn. Bhd.

^ Includes 300,000 ordinary shares of RM1.00 each in the Company treated as interest of the director by virtue of direct shareholdings of his child, Mr. Ong Zhong Hwey, Brian who is not himself a director in the Company pursuant to Section 134(12)(c) of the Companies (Amendment) Act, 2007.

@ Treated as interest of the director by virtue of direct shareholdings of his spouse, Datin Tai Mee Yong who is not herself a director in the Company pursuant to Section 134(12)(c) of the Companies (Amendment) Act, 2007.

In addition to the above, the directors are deemed to have an interest in the shares of the Company to the extent of options granted to them pursuant to the ESOS as follows:

	Number of options over ordinary shares of RM1.00 each				
	As of 1.1.2008	Granted	Exercised	Lapsed	As of 31.12.2008
Share options in the Company					
Registered in name of a Director					
Dato' Ong Eng Lock	500,000	-	-	-	500,000

By virtue of the above directors' interests in the shares of the Company, they are deemed to have an interest in the shares of all the subsidiary companies to the extent the Company has an interest.

Other than as disclosed above, the other directors do not have any other interest in the shares of the Company and of its related companies during and at the end of the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by directors as disclosed in the financial statements or the fixed salary of full-time employees of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the transactions between the Company and certain companies in which a close family member of a director of the Company is also a director and/or shareholders as disclosed in Note 33 to the Financial Statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except for the options granted to the directors pursuant to the ESOS of the Company as disclosed above and in Note 33 to the Financial Statements.

AUDITORS

The auditors, Messrs. Deloitte & Touche, have indicated their willingness to continue in office.

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

DATO' ONG ENG LOCK, DIMP, JP

ONG YING HWEY, ADELINE

Kuala Lumpur,
20 April 2009

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ABRIC BERHAD

(Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of ABRIC BERHAD, which comprise the balance sheets of the Group and of the Company as of 31 December 2008 and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 25 to 76.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

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

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

Opinion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

(b) we have considered the accounts and auditors' report of the subsidiary companies, of which we have not acted as auditors, as mentioned in Note 17 to the financial statements, being accounts that have been included in the financial statements of the Group;

(c) we are satisfied that the accounts of the subsidiary companies 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 financial statements of the Group, and we have received satisfactory information and explanations as required by us for these purposes; and

(d) our auditors' report on the accounts of the subsidiary companies were not subject to any qualification and did not include any comment made under sub-section (3) of Section 174 of the Act.

DELOITTE & TOUCHE
AF 0834
Chartered Accountants

YEE YOON CHONG
Partner - 1829/07/09(J)
Chartered Accountant

Petaling Jaya,
20 April 2009

INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

		The Group		The Company	
		2008	2007	2008	2007
	Note	RM	RM	RM	RM
Continuing operations					
Revenue	5	66,918,283	65,475,602	-	-
Other operating income		347,333	3,465,569	2,377,023	23,964,674
Raw materials and consumables used		(33,526,740)	(26,286,865)	-	-
Net changes in inventories of finished goods and work-in-progress		1,638,689	21,262	-	-
Staff costs	10	(13,250,766)	(13,428,252)	(75,747)	(65,338)
Depreciation of property, plant and equipment	14	(6,771,559)	(6,491,386)	(500,928)	(512,430)
Amortisation of prepaid lease payments	15	(21,277)	(21,277)	-	-
Directors' remuneration	7	(1,986,669)	(2,926,136)	(48,000)	(48,000)
Other operating expenses		(15,313,363)	(19,027,463)	(2,478,539)	(23,062,336)
(Loss)/Profit from operations	10	(1,966,069)	781,054	(726,191)	276,570
Finance costs	8	(3,621,567)	(3,910,471)	(639,960)	(719,465)
Investment income	9	2,021,849	1,882,999	-	-
Loss before tax		(3,565,787)	(1,246,418)	(1,366,151)	(442,895)
Income tax credit	11	374,088	971,221	284,154	-
Loss for the year from continuing operations		(3,191,699)	(275,197)	(1,081,997)	(442,895)
Discontinued operations					
Loss for the year from discontinued operations	12	(18,480,746)	(3,218,014)	-	-
Loss for the year		(21,672,445)	(3,493,211)	(1,081,997)	(442,895)
Attributable to:					
Equity holders of the Company		(22,151,609)	(4,025,432)		
Minority interests		479,164	532,221		
		(21,672,445)	(3,493,211)		
Loss per ordinary share attributable to equity holders of the Company (sen)					
Basic	13				
Continuing operations		(3.71)	(0.81)		
Discontinued operations		(18.65)	(3.25)		
Total		(22.36)	(4.06)		
Diluted	13				
Continuing operations		N/A	N/A		
Discontinued operations		N/A	N/A		

The accompanying Notes form an integral part of the Financial Statements.

BALANCE SHEETS
AS OF 31 DECEMBER 2008

	Note	The Group 2008 RM	The Group 2007 RM	The Company 2008 RM	The Company 2007 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	14	52,582,047	73,365,662	7,190	1,580,502
Prepaid lease payments	15	936,169	957,446	-	-
Investment properties	16	25,125,000	25,125,000	-	-
Investment in subsidiary companies	17	-	-	22,143,385	27,518,385
Investment in associated company	18	-	-	-	-
Other investments	19	-	-	-	-
Goodwill on consolidation	20	9,928,610	10,092,106	-	-
Deferred tax assets	21	1,053,149	992,994	-	-
Total Non-Current Assets		89,624,975	110,533,208	22,150,575	29,098,887
Current Assets					
Inventories	22	14,038,874	11,389,502	-	-
Receivables	23	12,417,548	18,458,457	39,830,302	33,404,410
Cash and bank balances	24	1,857,749	4,135,827	159,432	121,401
Total Current Assets		28,314,171	33,983,786	39,989,734	33,525,811
Total Assets		117,939,146	144,516,994	62,140,309	62,624,698
EQUITY AND LIABILITIES					
Capital and Reserves					
Issued capital	25	99,052,500	99,052,500	99,052,500	99,052,500
Reserves	26	(58,618,479)	(35,206,189)	(55,305,004)	(54,223,007)
Equity attributable to equity holders of the Company		40,434,021	63,846,311	43,747,496	44,829,493
Minority interests		7,769,146	7,246,840	-	-
Total Equity		48,203,167	71,093,151	43,747,496	44,829,493
Non-Current Liabilities					
Hire-purchase payables - non-current portion	27	53,419	163,752	-	-
Long-term borrowings - non-current portion	28	18,659,818	20,095,820	-	-
Total Non-Current Liabilities		18,713,237	20,259,572	-	-
Current Liabilities					
Payables	29	11,152,911	13,901,979	8,952,789	6,834,989
Borrowings	30	39,869,831	39,262,292	9,440,024	10,960,216
Total Current Liabilities		51,022,742	53,164,271	18,392,813	17,795,205
Total Liabilities		69,735,979	73,423,843	18,392,813	17,795,205
Total Equity and Liabilities		117,939,146	144,516,994	62,140,309	62,624,698

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2008

The Group	Issued capital RM	Share premium RM	Translation adjustment account RM	Capital reserve RM	Other reserve RM	Accumulated losses RM	Attributable to equity holders of the Company RM	Minority interests RM	Total RM
As of 1 January 2007	99,052,500	21,843,480	961,915	2,060,982	-	(55,277,918)	68,640,959	7,117,019	75,757,978
Net income/(loss) recognised directly in equity - Translation adjustment for the year	-	-	(769,216)	-	-	-	(769,216)	87,994	(681,222)
Net loss for the year	-	-	-	-	-	(4,025,432)	(4,025,432)	532,221	(3,493,211)
Total recognised income and expense	-	-	(769,216)	-	-	(4,025,432)	(4,794,648)	620,215	(4,174,433)
Purchase of shares from minority interest	-	-	-	-	-	-	-	131,814	131,814
Transfer to other reserve	-	-	-	-	178,866	(178,866)	-	-	-
Dividend paid to minority shareholder of a subsidiary company	-	-	-	-	-	-	-	(622,208)	(622,208)
As of 31 December 2007	99,052,500	21,843,480	192,699	2,060,982	178,866	(59,482,216)	63,846,311	7,246,840	71,093,151
As of 1 January 2008	99,052,500	21,843,480	192,699	2,060,982	178,866	(59,482,216)	63,846,311	7,246,840	71,093,151
Net income/(loss) recognised directly in equity - Translation adjustment for the year	-	-	(1,210,681)	-	-	-	(1,210,681)	40,441	(1,170,240)
Net loss for the year	-	-	-	-	-	(22,151,609)	(22,151,609)	479,164	(21,672,445)
Total recognised income and expense	-	-	(1,210,681)	-	-	(22,151,609)	(23,362,290)	519,605	(22,842,685)
Realised upon disposal of subsidiary company	-	-	-	(50,000)	-	-	(50,000)	53,651	3,651
Dividend paid to minority shareholder of a subsidiary company	-	-	-	-	-	-	-	(50,950)	(50,950)
As of 31 December 2008	99,052,500	21,843,480	(1,017,982)	2,010,982	178,866	(81,633,825)	40,434,021	7,769,146	48,203,167

The Company	Issued capital RM	Share premium RM	Accumulated losses RM	Total RM
As of 1 January 2007	99,052,500	21,843,480	(75,623,592)	45,272,388
Total recognised income and expense				
- Net loss for the year	-	-	(442,895)	(442,895)
As of 31 December 2007	99,052,500	21,843,480	(76,066,487)	44,829,493
As of 1 January 2008	99,052,500	21,843,480	(76,066,487)	44,829,493
Total recognised income and expense				
- Net loss for the year	-	-	(1,081,997)	(1,081,997)
As of 31 December 2008	99,052,500	21,843,480	(77,148,484)	43,747,496

The accompanying Notes form an integral part of the Financial Statements.

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
Net loss for the year from:				
Continuing operations	(3,191,699)	(275,197)	(1,081,997)	(442,895)
Discontinued operations	(18,480,746)	(3,218,014)	-	-
Adjustments for:				
Impairment loss on:				
Property, plant and equipment	14,975,485	-	-	-
Goodwill on consolidation	149,440	-	-	-
Investment in subsidiary companies	-	-	800,000	21,450,000
Depreciation of property, plant and equipment	8,191,764	8,279,519	500,928	512,430
Finance costs	3,621,567	3,910,471	639,960	719,465
Write-off of:				
Property, plant and equipment	1,142,272	122,099	1,072,384	-
Inventories	1,232,856	-	-	-
Bad debts	21,545	312,047	-	277,208
(Gain)/Loss on disposal of:				
Property, plant and equipment	382,550	11,979	-	-
Shares in a subsidiary company	(83,357)	-	-	-
Allowance for doubtful debts in respect of:				
Trade receivables	223,174	221,106	-	-
Other receivables	27,654	-	15,927	3,366
Amount owing by associated company	-	17,352	-	-
Allowance for slow-moving inventories	38,263	19,874	-	-
Amortisation of prepaid lease payments	21,277	21,277	-	-
Unrealised loss/(gain) on foreign exchange	5,489	(253,892)	-	-
Allowance for doubtful debts no longer required in respect of:				
Trade receivables	(478,925)	-	-	-
Other receivables	-	(385,590)	-	-
Amount owing by subsidiary companies	-	-	(2,095,123)	(23,647,056)
Income tax credit recognised in income statement	(374,088)	(971,221)	(284,154)	-
Interest income	(12,474)	(17,585)	-	-
Gain on:				
Fair value adjustments of investment properties	-	(3,000,000)	-	-
Deconsolidation of subsidiary companies	-	(433,512)	-	-
Operating Profit/(Loss) Before Working Capital Changes	7,412,047	4,360,713	(432,075)	(1,127,482)
(Increase)/Decrease in:				
Inventories	(3,920,659)	(299,116)	-	-
Receivables	4,336,185	(3,999,676)	121,086	7,236,806
Increase/(Decrease) in payables, excluding hire-purchase payables and amount owing to a major shareholder	(3,553,683)	792,635	314,923	(234,802)
Cash Generated From Operations	4,273,890	854,556	3,934	5,874,522
Income tax refunded/(paid)	217,117	(216,510)	391,372	-
Net Cash From Operating Activities	4,491,007	638,046	395,306	5,874,522

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES				
Proceeds from disposal of property, plant and equipment	438,087	1,018,462	-	-
Interest received	12,474	17,585	-	-
Additions to property, plant and equipment (Note)	(2,681,955)	(2,898,533)	-	-
Disposal of a subsidiary company (Note 17)	(178,304)	-	-	-
Increase in deposits pledged with licensed banks	(7,906)	(9,609)	-	-
Deconsolidation of subsidiary companies (Note 17)	-	(204,382)	-	-
Increase in investment in subsidiary companies	-	-	-	(4,150,622)
Net Cash Used In Investing Activities	(2,417,604)	(2,076,477)	-	(4,150,622)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES				
Increase/(Decrease) in borrowings, excluding long-term borrowings - current portion	845,139	9,579,358	(1,520,192)	(972,490)
Increase in amount owing to a major shareholder	1,802,877	-	1,802,877	-
Finance costs paid	(3,621,567)	(3,910,471)	(639,960)	(719,465)
Net repayment of long-term borrowings	(3,371,818)	(3,083,503)	-	-
Payment of hire-purchase payables	(139,147)	(129,440)	-	-
Dividends paid to minority shareholders	-	(423,512)	-	-
Net Cash (Used In)/From Financing Activities	(4,484,516)	2,032,432	(357,275)	(1,691,955)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(2,411,113)	594,001	38,031	31,945
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,918,022	3,399,480	121,401	89,456
Effect of changes in exchange rates	125,129	(75,459)	-	-
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 32)	1,632,038	3,918,022	159,432	121,401

Note: Purchase of property, plant and equipment by the Group during the financial year were through the following:

	The Group	
	2008 RM	2007 RM
Payment by cash	2,681,955	2,898,533
Financed by term loans	1,698,216	-
Financed by hire-purchase	-	96,235
	4,380,171	2,994,768

The accompanying Notes form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

The principal activities of the subsidiary companies are disclosed in Note 17.

There have been no significant changes in the nature of the activities of the Company and of its subsidiary companies during the financial year.

The Company's registered office is located at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia.

The Company's principal place of business is located at J-8-8, 2 Jalan Solaris, Solaris Mont' Kiara, 50480 Kuala Lumpur, Malaysia.

The financial statements of the Group and of the Company have been authorised by the Board of Directors for issuance on 20 April 2009.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable Malaysian Accounting Standards Board ("MASB") approved accounting standards in Malaysia.

Changes in Accounting Policies

During the current financial year, the Group and the Company adopted all of the revised Financial Reporting Standards ("FRS"), Amendments and Issue Committee Interpretations ("IC Interpretation") issued by MASB that are relevant to their operations and effective for periods beginning on or after 1 July 2007 as follows:

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
IC Interpretations 8	Scope of FRS 2

The adoption of these revised FRSs, Amendments and Interpretations did not result in substantial changes to the Group's and the Company's accounting policies and does not have any material financial effect on the financial statements of the Group and of the Company for the current and prior financial years.

Accounting Standards and Interpretations issued but not yet effective

At the date of authorisation of issue of the financial statements, the following FRSs and IC Interpretation have been issued but not yet effective until future periods:

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 139	Financial Instruments: Presentation and Measurement
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment

Except for FRS 8 which is effective for annual financial statements for period beginning on or after 1 July 2009, these new FRS and IC Interpretations are effective for annual periods beginning on or after 1 January 2010.

The Directors anticipate that the adoption of these FRSs and IC Interpretations in future periods will have no material financial effect on the financial statements of the Group and of the Company except for the adoption of FRS 7, FRS 8 and FRS 139 that are relevant to the operations to the Group and the Company.

FRS 7: Financial Instruments: Disclosures

The adoption of FRS 7 and the consequential amendment to FRS 101, Presentation of Financial Statements introduce new disclosure requirements in relation to the Group's financial statements and the objective, policies and process for managing capital.

FRS 8: Operating Segments

FRS 8 which replaces FRS 114_{2004} Segment Reporting, requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segment and to access its performance. Currently, the Group presents its segment information based on its business segments and geographical segments as disclosed in Note 6.

FRS 139: Financial Instruments: Presentation and Measurement

This new standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. By virtue of the exemption in paragraph 103AB of FRS 139, the impact on the financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Group made up to the end of the financial year. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is presumed to exist when the Group owns, directly or indirectly through subsidiary companies, more than half of the voting power of the entity.

The results of subsidiary companies acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-group transactions, balances and resulting unrealised gains are eliminated on consolidation. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

Minority interest in the net assets of consolidated subsidiary company is identified separately from the Group's equity therein. Minority interest consists of the amount of those interests at the date of the original business combination (see below) and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary company's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Business Combinations

The Group adopts both the purchase and merger method of consolidation.

(a) When the purchase method is adopted, the results of subsidiary companies acquired or disposed of during the year are included in the Group's financial statements from the effective date of acquisition or to the effective date of disposal, as applicable.

The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after assessment, the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired business exceeds the cost of the business combination, the excess is recognised immediately in the income statements.

(b) Under the merger method of consolidation, acquisition of subsidiary companies which meets the criteria for merger accounting under the Companies Act, 1965 and $FRS122_{2004}$ - Business Combinations, are accounted for using merger accounting principles. When the merger method of consolidation is used, the cost of investment is recorded at the nominal value of shares issued and the difference between the carrying value of the investment and the nominal value of shares transferred is treated as merger reserve/deficit in the Group's financial statements in accordance with the merger relief provisions under Section 60(4) of the Companies Act, 1965. The results of the subsidiary companies being merged are presented as if the merger had been effected throughout the financial year.

The financial statements of all subsidiary companies are consolidated under the purchase method except for the financial statements of e-LOCKED Asia Limited and e-LOCKED Holdings Limited, which were consolidated under the merger method. The Group has taken advantage of the exemption provided by FRS 3 - Business Combinations ("FRS 3") to apply the standard prospectively. Accordingly, business combinations entered into prior to the effective date of FRS 3 on 1 January 2006 have not been restated to comply with FRS 3, which allows only the purchase method to be used in business combinations.

Revenue Recognition

Revenue of the Company consists of dividend income received or receivable from subsidiary companies.

Revenue of the Group consists mainly of gross invoice value of sales net of discounts and returns, and income from provision of systems integration, software development, customer relationship management and energy performance services and distribution of heat process equipment and recover unit.

Revenue in respect of sales of goods is recognised upon delivery of products and when the risks and rewards of ownership have passed.

Revenue in respect of customer relationship management services is recognised when the services are rendered.

Revenue in respect of provision of systems integration and software development services is recognised when the outcome of a transaction can be measured reliably and when it is probable that the economic benefits associated with the transaction will flow to the Group.

Revenue in respect of provision of energy performance services and distribution of heat process equipment and recover unit is recognised when the services are rendered and accepted by customers.

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

Rental income from investment properties is recognised on a straight-line basis over the lease terms.

Interest income is recognised on an accrual basis.

Employee Benefits

(i) Short-term employee benefits

Wages, salaries, paid annual leaves, bonuses and non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group and of the Company.

(ii) Post-employment benefits

The Company and certain subsidiary companies make contributions to approved provident funds and contributions are charged to the income statements. Once the contributions have been paid, there are no further payment obligations. The approved provident funds are in accordance with local practices in which the Company and certain subsidiary companies operate and are defined contribution plans.

(iii) Equity compensation benefits

Under the Company's ESOS, share options to acquire ordinary shares of the Company are granted to eligible executives and executive directors of the Group. Details of the Company's ESOS are disclosed in Note 25. In accordance with the transitional provisions of FRS 2 - Share-based Payment ("FRS 2"), no compensation cost in respect of the Company's ESOS has been recognised in the financial statements of the Group and of the Company as there were no share options granted after 31 December 2004 and not vested as of the effective date of FRS 2 on 1 January 2006. In addition, no compensation cost has been recognised as a result of the ESOS extension for another 5 years during the current financial year as such modification did not result in any increase in the fair value of the ESOS granted.

Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year, calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or recoverable).

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet "liability" method. Deferred tax liabilities are generally 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 future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the income statements, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Foreign Currency Conversion

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which such entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Ringgit Malaysia, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on 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.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Ringgit Malaysia using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation adjustment account. Such translation differences are recognised in the income statements in the period in which the foreign operation is disposed of.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statements for the period.

Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income statements for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

Impairment of Assets Excluding Goodwill

At each balance sheet date, the Group reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statements.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statements.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Depreciation of property, plant and equipment, other than freehold land and capital work-in-progress, which are not depreciated, is computed on the straight-line method at the following annual rates based on the estimated useful lives of the various assets:

Freehold buildings and improvements	4%
Leasehold building	Over the remaining lease term of 60 years
Plant and machinery	5% - 20%
Office equipment, furniture and fittings	10% - 20%
Leasehold improvements	10% - 20%
Motor vehicles	20% - 25%
Computer software and equipment	20% - 50%

The residual value, estimated useful life and depreciation method of an asset are reviewed at each balance sheet date and, if expectations differ from previous estimates, the changes will be accounted for as a change in an accounting estimate.

Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognised in the income statements.

Investment Properties

Investment properties, comprising certain long-term leasehold land and buildings, are held for long-term rental yields or for capital appreciation or both, and are not occupied by the Group.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, the investment properties are measured at fair value.

Gains or losses arising from changes in the fair values of investment properties are recognised in the income statements in the year in which they arise.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised (eliminated from the balance sheets). The difference between the net disposal proceeds and the carrying amount is recognised in the income statements.

Prepaid Lease Payments

Leasehold interests in long leasehold land are accounted for as operating leases and are classified as prepaid lease payments. Such leasehold land will no longer be revalued.

The prepaid lease payments are amortised evenly over the lease term of the land.

Capitalisation of Borrowing Cost

Borrowing cost incurred on the construction of property, plant and equipment which require a period of time to get them ready for their intended use is capitalised and included as part of the cost of the related assets.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to the income statements on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread evenly over the lease term.

Property, Plant and Equipment under Hire-Purchase Arrangements

Property, plant and equipment acquired under hire-purchase arrangements are capitalised in the financial statements and the corresponding obligations treated as liabilities. Finance charges are allocated to the income statements to give a constant periodic rate of interest on the remaining hire-purchase liabilities.

Investments

Investment in unquoted shares of subsidiary companies, which is eliminated on consolidation, and investment in unquoted shares of associated company are stated in the Company's financial statements at cost less impairment losses.

Other investment in unquoted shares is stated at cost less impairment losses.

Associated Company

An associated company is a non-subsidiary company in which the Group holds as long-term investment not less than 20% of the equity voting rights and in which the Group is in a position to exercise significant influence in its management.

The Group's investment in associated company is accounted for by the equity method of accounting based on the audited financial statements of the associated company made up to the end of the financial year. Under this method of accounting, the Group's interest in the post-acquisition profit and reserves of the associated company is included in the consolidated results while dividend received is reflected as a reduction of the investment in the consolidated balance sheet.

Unrealised profits and losses arising on transactions between the Group and its associated company are eliminated to the extent of the Group's equity interest in the relevant associated company except where unrealised losses provide evidence of an impairment of the asset transferred.

Goodwill on Consolidation

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

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

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

Inventories

Inventories are stated at the lower of cost (determined on the 'first-in, first-out' basis) and net realisable value. Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

The cost of raw materials and spare parts comprises the original cost of purchase plus the incidental cost incurred in bringing the inventories to their present location and condition. The cost of work-in-progress and finished goods includes the cost of raw materials, direct labour and an appropriate allocation of manufacturing overheads.

In arriving at net realisable value, due allowance is made for slow-moving and obsolete items.

Receivables

Trade and other receivables are stated at nominal value as reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts. Bad debts are written off in the period in which they incurred.

Provisions

Provisions are made when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are measured at the directors' best estimate of the amount required to settle the obligation at the balance sheet, and are discounted to present value where the effect is material.

At each balance sheet date, provisions are reviewed by the directors and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that the Group will be required to settle the obligation.

Cash Flow Statements

The Group and the Company adopt the indirect method in the preparation of the cash flow statements.

Cash equivalents are short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risk of changes in value.

Financial Instruments not Recognised on the Balance Sheets

The Group is a party to financial instruments that comprises foreign currency forward contracts and this instrument is not recognised in the financial statements on inception.

Foreign currency forward contracts are used to hedge foreign currency exposures as a result of receipts and payments in foreign currency. Any gains or losses arising from contracts entered into as hedges of anticipated future transactions are deferred until the date of such transactions at which time they are included in the measurement of such transactions.

All other gains or losses relating to hedged instruments are recognised in the income statements in the same period as the exchange differences on the underlying hedged items.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(i) **Critical judgements in applying the Group's accounting policies**

In the process of applying the Group's accounting policies, which are described in Note 3 above, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

(ii) **Key sources of estimation uncertainty**

Management believes that there are no key assumptions made 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 other than as follows:

Impairment of Goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating unit to which goodwill has been allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the balance sheet date was RM9,928,610 (RM10,092,106 in 2007). During the financial year, management exercised its judgement in recognising impairment loss amounting to RM149,440 (RMNil in 2007) in conjunction with the discontinuation of the precision metal part business as mentioned in Note 12. Details on the value-in-use calculation are provided in Note 20.

Allowance for Doubtful Debts

Allowance for doubtful debts is made based on the evaluation of collectibility and aging analysis of accounts and on management's estimate. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the creditworthiness and the past collection history of each customer. If the financial conditions of the customers with which the Group deals were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required.

Impairment of Assets Excluding Goodwill

Determining whether assets are impaired requires an estimation of the recoverable amounts of the assets.

(a) Property, plant and equipment

During the current financial year, the Group recognised impairment losses amounting to RM14,975,485 (RMNil in 2007) in respect of its precision metal parts machines. The said precision metal parts business was badly affected by the current economic downturn. Minimal revenue was generated during the year as compared to the previous year. The lower order book, intense price competition and high production costs have prompted the Group to review the viability of this business moving forward. Detailed internal and external feasibility studies were conducted and concluded.

As mentioned in Note 12, owing to the uncertainty of the market condition of this industry over the next three to five years, the Board has decided to discontinue its precision metal parts operation. This decision also forms part of the Group's business streamlining strategy, focusing on the security seals business. The impairment was made on the basis that there were indications that the market value of the machines has declined and the machines will become idle upon discontinuation of precision metal part business.

(b) Investment in subsidiary company

During the current financial year, the Company recognised impairment losses amounting to RM800,000 (RM21,450,000 in 2007) in respect of its investment in subsidiary companies as the carrying value of certain investment in subsidiary companies has exceeded their net tangible assets. Management exercises its judgement in estimating the recoverable amounts of such assets.

5. REVENUE

An analysis of revenue is as follows:

	The Group	
	2008	2007
	RM	RM
Continuing operations		
Sales of security seals	56,512,337	57,135,184
Customer relationship management services	1,006,260	3,418,056
Sales of consumer products	147,587	2,711,968
Distribution of heat process equipment, recover unit, energy performance services and provision of software systems and solutions	9,252,099	1,392,484
Systems integration and software development services	-	817,910
	66,918,283	65,475,602
Discontinued operations		
Sales of miniature precision metal parts (Note 12)	2,427,413	3,887,163
	69,345,696	69,362,765

6. SEGMENT REPORTING

Business segments

For management purposes, the Group is organised into the following operating divisions:

Industry Segment	Description
Investment holding	Investment holding and provision of administrative services
Manufacturing of security seals	Manufacturing and marketing of security seals
Marketing and trading	Provision of systems integration, software development, customer relationship management, energy performances services and distribution of heat process equipment and recover unit as well as marketing and distribution of consumer products

In prior years, the Group was also involved in the manufacture and marketing of miniature precision metal parts. As mentioned in Note 12, the said business segment was discontinued during the year.

The Group 2008	Investment holding division RM	Manufacturing of security seals division RM	Marketing and trading division RM	Eliminations RM	Consolidated RM
Revenue					
External sales	-	56,512,337	10,405,946	-	66,918,283
Inter-segment sales	-	49,609,553	734,580	(50,344,133)	-
Total revenue from continuing operations	-	106,121,890	11,140,526	(50,344,133)	66,918,283
Results					
Segment results from continuing operations	(2,243,480)	319,739	(42,328)	-	(1,966,069)
Finance costs					(3,621,567)
Investment income					2,021,849
Loss before tax					(3,565,787)
Income tax credit					374,088
Loss for the year from continuing operations					(3,191,699)
Loss for the year from discontinued operations					(18,480,746)
Loss for the year					(21,672,445)
Other Information					
Capital additions for continuing operations	2,622,162	1,758,009	-	-	4,380,171
Capital additions for discontinued operations					-
Capital additions (Note 14)					4,380,171
Depreciation of property, plant and equipment:					
Continuing operations	707,522	5,918,776	145,261	-	6,771,559
Discontinued operations					1,420,205
					8,191,764
Amortisation of prepaid lease payments - continuing operations	-	21,277	-	-	21,277

The Group 2008	Investment holding division RM	Manufacturing of security seals division RM	Marketing and trading division RM	Eliminations RM	Consolidated RM
Consolidated Balance Sheet					
Assets					
Segment assets from continuing operations	35,278,753	71,911,348	684,805	-	107,874,906
Segment assets from discontinued operations					8,756,111
Unallocated corporate assets:					
Deferred tax assets					1,053,149
Tax recoverable					254,980
					117,939,146
Liabilities					
Segment liabilities from continuing operations	32,914,915	35,729,514	1,051,206	-	69,695,635
Segment liabilities from discontinued operations					40,344
					69,735,979
2007					
Revenue					
External sales	-	57,135,184	8,340,418	-	65,475,602
Inter-segment sales	-	47,016,428	228,117	(47,244,545)	-
Total revenue from continuing operations	-	104,151,612	8,568,535	(47,244,545)	65,475,602
Results					
Segment results from continuing operations	1,205,668	(475,604)	50,990	-	781,054
Finance costs					(3,910,471)
Investment income					1,882,999
Loss before tax					(1,246,418)
Income tax credit					971,221
Loss for the year from continuing operations					(275,197)
Loss for the year from discontinued operations					(3,218,014)
Loss for the year					(3,493,211)

The Group 2007	Investment holding division RM	Manufacturing of security seals division RM	Marketing and trading division RM	Eliminations RM	Consolidated RM
Other Information					
Capital additions for continuing operations	-	2,895,888	69,255	-	2,965,143
Capital additions for discontinued operations					29,625
Capital additions (Note 14)					2,994,768
Depreciation of property, plant and equipment:					
Continuing operations	696,314	5,644,516	150,556	-	6,491,386
Discontinued operations					1,788,133
					8,279,519
Amortisation of prepaid lease payments - continuing operations	-	21,277	-	-	21,277
Consolidated Balance Sheet					
Assets					
Segment assets from continuing operations	35,194,154	75,309,876	3,905,045	-	114,409,075
Segment assets from discontinued operations					28,956,761
Unallocated corporate assets:					
Deferred tax assets					992,994
Tax recoverable					158,164
					144,516,994
Liabilities					
Segment liabilities from continuing operations	32,972,453	35,923,418	3,107,085	-	72,002,956
Segment liabilities from discontinued operations					1,420,887
					73,423,843

Geographical segments

The Group's operations are mainly located in Asia Pacific, Europe and America.

The following is an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods and services:

	Revenue by geographical market	
	2008	2007
	RM	RM
Continuing operations		
Asia Pacific	39,553,042	36,406,767
Europe	15,908,001	15,720,181
America	11,457,240	13,348,654
	66,918,283	65,475,602
Discontinued operations		
Asia Pacific	2,427,413	3,887,163

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

	Carrying amount of segment assets		Capital additions	
	2008	2007	2008	2007
	RM	RM	RM	RM
Continuing operations				
Asia Pacific	99,895,598	105,383,095	4,220,118	2,739,145
Europe	4,149,937	6,505,878	27,679	40,772
America	5,137,500	3,671,260	132,374	185,226
	109,183,035	115,560,233	4,380,171	2,965,143
Discontinued operations				
Asia Pacific	8,756,111	28,956,761	-	29,625

7. DIRECTORS' REMUNERATION

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Executive directors:				
Salaries and other emoluments:				
Subsidiary companies	1,938,669	2,878,136	-	-
Non-executive directors:				
Fees	48,000	48,000	48,000	48,000
	1,986,669	2,926,136	48,000	48,000

Included in salaries and other emoluments of executive directors are contributions to approved provident funds by the Group amounting to RM245,576 (RM342,548 in 2007).

The estimated monetary value of benefits-in-kind received and receivable by the directors otherwise than in cash from the Group amounted to RM35,200 (RM35,200 in 2007).

8. FINANCE COSTS

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Interest expense on:				
Long-term loans	1,445,695	1,822,074	-	-
Short-term loans	1,950,108	1,856,690	491,784	573,794
Bank overdrafts	215,381	211,192	148,176	145,671
Hire-purchase	10,383	20,515	-	-
	3,621,567	3,910,471	639,960	719,465

9. INVESTMENT INCOME

	The Group	
	2008	2007
	RM	RM
Rental income from investment properties	2,009,375	1,865,414
Interest income on fixed deposits	12,474	17,585
	2,021,849	1,882,999

Direct operating expenses incurred by the Group in respect of investment properties that generated rental income during the year amounted to RM927,477 (RM1,347,980 in 2007).

At the balance sheet date, non-cancellable operating lease receivables are as follows:

	The Group	
	2008	2007
	RM	RM
Within one year	1,215,000	1,147,500
In the second to fifth years inclusive	1,822,500	3,720,936
	3,037,500	4,868,436

10. (LOSS)/PROFIT FROM OPERATIONS FOR CONTINUING OPERATIONS/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS

(Loss)/Profit from operations for continuing operations/loss before tax from discontinued operations is arrived at after the following credits/(charges):

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Continuing operations				
Allowance for doubtful debts no longer required in respect of:				
Trade receivables	478,925	-	-	-
Other receivables	-	385,590	-	-
Amount owing by subsidiary companies	-	-	2,095,123	23,647,056
Gain/(Loss) on disposal of:				
Property, plant and equipment	32,163	(11,979)	-	-
Investment in a subsidiary company (Note 17)	83,357	-	-	-
Write-off of:				
Property, plant and equipment	(1,142,272)	(122,099)	(1,072,384)	-
Inventories	(157,147)	-	-	-
Bad debts	(21,545)	(312,047)	-	(277,208)
Rental of:				
Premises	(691,762)	(1,188,975)	(342,261)	(456,348)
Office equipment	(253,273)	(113,832)	-	-
Motor vehicles	(112,024)	(83,902)	-	-
Auditors' remuneration:				
Current	(357,395)	(427,162)	(60,000)	(75,000)
Over/(Under) provision in prior years	23,152	(47,950)	15,000	-

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Allowance for doubtful debts in respect of:				
Trade receivables	(223,174)	(221,106)	-	-
Other receivables	(27,654)	-	(15,927)	(3,366)
Amount owing by associated company	-	(17,352)	-	-
Gain/(Loss) on foreign exchange:				
Realised	(94,935)	(818,233)	-	-
Unrealised	(5,489)	253,892	-	-
Allowance for slow-moving inventories	(38,263)	(19,874)	-	-
Gain on:				
Fair value adjustments of investment properties (Note 16)	-	3,000,000	-	-
Deconsolidation of subsidiary companies	-	433,512	-	-
Impairment loss on investment in subsidiary company (Note 17)	-	-	(800,000)	(21,450,000)
Discontinued operations				
Impairment loss on:				
Property, plant and equipment	(14,975,485)	-	-	-
Goodwill on consolidation (Note 20)	(149,440)	-	-	-
Write-off of inventories	(1,075,709)	-	-	-
Loss on disposal of property, plant and equipment	(414,713)	-	-	-

Staff costs include salaries, bonuses, contributions to approved provident funds and all other staff related costs. Contributions to approved provident funds by the Group and the Company during the financial year are allocated as follows:

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Continuing operations	324,195	118,451	3,812	3,906
Discontinued operations	116,489	392,771	-	-
	440,684	511,222	3,812	3,906

Compensation of Key Management Personnel

The remuneration of key management personnel, excluding directors, during the year are as follows:

	The Group	
	2008	2007
	RM	RM
Short-term employee benefits	505,200	533,227
Defined contribution plans	58,464	62,355
	563,664	595,582

11. INCOME TAX CREDIT

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Estimated tax payable:				
Current year:				
Malaysian	-	-	-	-
Foreign	(58,571)	(21,322)	-	-
Over/(Under)provision in prior years:				
Malaysian	373,125	(27,825)	284,154	-
Foreign	(621)	-	-	-
	313,933	(49,147)	284,154	-
Deferred tax (Note 21):				
Malaysian	-	-	-	-
Foreign	60,155	1,020,368	-	-
	374,088	971,221	284,154	-

A numerical reconciliation of income tax credit applicable to loss before tax at the applicable statutory income tax rate to income tax credit at the effective income tax rate is as follows:

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Loss before tax:				
Continuing operations	(3,565,787)	(1,246,418)	(1,366,151)	(442,895)
Discontinued operations	(18,480,746)	(3,218,014)	-	-
	(22,046,533)	(4,464,432)	(1,366,151)	(442,895)

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Tax at statutory tax rate of 26% (27% in 2008)	5,732,098	1,205,397	355,199	119,582
Tax effects of:				
Different tax rates in other tax jurisdictions	(77,864)	(14,562)	-	-
Income not taxable	-	810,000	-	-
Expenses not deductible for tax purposes	(4,661,550)	(233,989)	(651,599)	(119,582)
Deferred tax assets not recognised	(991,100)	(767,800)	-	-
Realisation of deferred tax assets previously not recognised	-	-	296,400	-
Over/(Under) provision in prior years:				
Malaysian	373,125	(27,825)	284,154	-
Foreign	(621)	-	-	-
	374,088	971,221	284,154	-

As of 31 December 2008, the balances in the tax-exempt accounts of the Company are as follows:

	The Company	
	2008 RM	2007 RM
Tax-exempt accounts in respect of:		
Tax-exempt dividend received pursuant to the Income Tax Act, 1967	2,600,000	2,600,000
Income tax waived in accordance with the Income Tax (Amendment) Act, 1999	7,880,301	7,880,301
	10,480,301	10,480,301

The above balances in the tax-exempt accounts, if agreed with the tax authorities, will enable the Company to distribute tax-exempt dividends up to the same amounts.

12. DISCONTINUED OPERATIONS

During the current financial year, the precision metal parts business which was undertaken by a subsidiary company, was badly affected by the current economic downturn. Minimal revenue was generated during the year as compared to the previous year. The lower order book, intense price competition and high production costs have prompted the Board to review the viability of this business moving forward. Detailed internal and external feasibility studies were conducted and concluded. Owing to the uncertainty of the market condition of this industry over the next three to five years, the Board has decided to discontinue its precision metal parts operation. This decision also forms part of the Group's business streamlining strategy, focusing on the security seals business.

The results of the precision metal parts operation are as follows:

	Note	The Group 2008 RM	2007 RM
Revenue	5	2,427,413	3,887,163
Other operating income		459,638	607,425
Raw materials and consumables used		(2,292,747)	(4,148,803)
Net changes in inventories of finished goods and work-in-progress		(133,825)	(132,072)
Staff costs	10	(529,340)	(1,462,460)
Depreciation of property, plant and equipment	14	(1,420,205)	(1,788,133)
Impairment loss on property, plant and equipment	14	(14,975,485)	-
Other operating expenses		(2,016,195)	(181,164)
Loss before tax	10	(18,480,746)	(3,218,044)
Income tax expense	11	-	-
Loss for the year		(18,480,746)	(3,218,044)

13. LOSS PER ORDINARY SHARE

Basic loss per ordinary share

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

	The Group 2008 RM	2007 RM
Loss attributable to ordinary equity holders of the Company:		
Loss from continuing operations	(3,670,863)	(807,418)
Loss from discontinued operations	(18,480,746)	(3,218,014)
	(22,151,609)	(4,025,432)

	The Group 2008	2007
Number of ordinary shares	99,052,500	99,052,500
Basic loss per share (sen):		
Continuing operations	(3.71)	(0.81)
Discontinued operations	(18.65)	(3.25)
Total	(22.36)	(4.06)

Fully diluted

The fully diluted earnings per ordinary share of the Group has not been presented as the warrants and the options over unissued ordinary shares granted pursuant to the ESOS at the end of the financial year have anti-dilutive effect as the exercise price of the warrants/options is above the average market value of the Company's shares during the financial years ended 31 December 2008 and 2007.

14. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

The Group	Freehold Land, Buildings and Improvements RM	Leasehold Building RM	Plant and Machinery RM	Office Equipment, Furniture and Fittings RM	Leasehold Improvements RM	Motor Vehicles RM	Computer Software and Equipment RM	Capital Work-In-Progress RM	Total RM
Cost									
As of 1 January 2007	9,536,358	7,352,994	77,358,685	3,144,443	4,986,012	2,056,658	104,575	-	104,539,725
Additions	3,344	-	2,217,167	155,485	1,350	208,203	13,117	396,102	2,994,768
Disposals	-	-	(5,482,044)	(69,055)	-	(124,028)	-	-	(5,675,127)
Write-offs	(3,973)	-	(1,503,937)	(86,046)	-	-	-	-	(1,593,956)
Reclassifications	-	-	396,102	-	-	-	-	(396,102)	-
Translation adjustment	14,923	-	70,576	(21,119)	-	(10,243)	(855)	-	53,282
As of 31 December 2007/1 January 2008	9,550,652	7,352,994	73,056,549	3,123,708	4,987,362	2,130,590	116,837	-	100,318,692
Additions	2,642,606	-	963,639	289,146	-	-	-	484,780	4,380,171
Disposals	-	-	(1,534,522)	(32,906)	-	(267,155)	-	-	(1,834,583)
Write-offs	-	-	(14,064)	(1,193,093)	(4,984,767)	(5,214)	-	-	(6,197,138)
Disposal of a subsidiary	-	-	-	(82,685)	(2,595)	-	-	-	(85,280)
Translation adjustment	131,981	-	359,408	(54,763)	-	(14,316)	630	-	422,940
As of 31 December 2008	12,325,239	7,352,994	72,831,010	2,049,407	-	1,843,905	117,467	484,780	97,004,802
Accumulated depreciation									
As of 1 January 2007	1,276,218	432,961	13,386,711	1,895,963	3,080,560	1,003,010	31,817	-	21,107,240
Charge for the year	408,147	162,608	6,574,594	328,555	451,326	327,139	27,150	-	8,279,519
Disposals	-	-	(833,382)	(63,759)	-	(47,545)	-	-	(944,686)
Write-offs	(3,973)	-	(1,386,580)	(81,304)	-	-	-	-	(1,471,857)
Translation adjustment	(3,396)	-	15,081	(20,116)	-	(7,962)	(793)	-	(17,186)
As of 31 December 2007/ 1 January 2008	1,676,996	595,569	17,756,424	2,059,339	3,531,886	1,274,642	58,174	-	26,953,030
Charge for the year	407,593	185,316	6,498,992	299,839	451,326	322,795	25,903	-	8,191,764
Disposals	-	-	(421,539)	(32,024)	-	(218,672)	-	-	(672,235)
Write-offs	-	-	(10,685)	(1,057,561)	(3,981,406)	(5,214)	-	-	(5,054,866)
Disposal of a subsidiary	-	-	-	(49,845)	(1,806)	-	-	-	(51,651)
Translation adjustment	19,266	-	134,479	(47,922)	-	(25,225)	630	-	81,228
As of 31 December 2008	2,103,855	780,885	23,957,671	1,171,826	-	1,348,326	84,707	-	29,447,270

The Group	Freehold Land, Buildings and Improvements RM	Leasehold Building RM	Plant and Machinery RM	Office Equipment, Furniture and Fittings RM	Leasehold Improvements RM	Motor Vehicles RM	Computer Software and Equipment RM	Capital Work-In-Progress RM	Total RM
Accumulated impairment loss									
As of 1 January 2007 and 31 December 2007/ 1 January 2008	-	-	-	-	-	-	-	-	-
Charge for the year	-	-	14,975,485	-	-	-	-	-	14,975,485
As of 31 December 2008	-	-	14,975,485	-	-	-	-	-	14,975,485
Net book value									
As of 31 December 2008	10,221,384	6,572,109	33,897,854	877,581	-	495,579	32,760	484,780	52,582,047
As of 31 December 2007	7,873,656	6,757,425	55,300,125	1,064,369	1,455,476	855,948	58,663	-	73,365,662

The Company	Office Equipment, Furniture and Fittings RM	Leasehold Improvements RM	Total RM
Cost			
As of 1 January 2007 and 1 January 2008	756,184	4,937,645	5,693,829
Write-offs	(737,860)	(4,937,645)	(5,675,505)
As of 31 December 2008	18,324	-	18,324
Accumulated depreciation			
As of 1 January 2007	557,832	3,043,065	3,600,897
Charge for the year	67,110	445,320	512,430
As of 31 December 2007/ 1 January 2008	624,942	3,488,385	4,113,327
Charge for the year	55,608	445,320	500,928
Write-offs	(669,416)	(3,933,705)	(4,603,121)
As of 31 December 2008	11,134	-	11,134
Net book value			
As of 31 December 2008	7,190	-	7,190
As of 31 December 2007	131,242	1,449,260	1,580,502

(i) Included in property, plant and equipment of the Group are assets acquired under hire-purchase arrangements with cost of RM764,521 (RM961,156 in 2007) and accumulated depreciation of RM470,475 (RM516,185 in 2007).

(ii) As of 31 December 2008, property, plant and equipment of the Group with net book value amounting to RM34,460,493 (RM32,246,681 in 2007) have been charged as securities to financial institutions for financing obtained as disclosed in Note 30.

(iii) Included in property, plant and equipment of the Group and of the Company are fully depreciated property, plant and equipment with cost of RM3,332,031 and RMNil (RM3,497,732 and RM572,167 in 2007), respectively, which are still in use.

(iv) Depreciation charged for the year is allocated as follows:

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Continuing operations	6,771,559	6,491,386	500,928	512,430
Discontinued operations (Note 12)	1,420,205	1,788,133	-	-
	8,191,764	8,279,519	500,928	512,430

15. PREPAID LEASE PAYMENTS

Prepaid lease payments relate to the lease of land for factory buildings of a subsidiary company located in Ipoh, Perak Darul Ridzuan. The lease will expire in 2052 and the subsidiary company does not have an option to purchase the leased land at the expiry of the lease period. Prepaid lease payments are amortised over the lease term of the land.

The movements in prepaid lease payments during the financial year are as follows:

	The Group	
	2008	2007
	RM	RM
Cost		
At beginning and end of year	1,000,000	1,000,000
Cumulative Amortisation		
At beginning of year	(42,554)	(21,277)
Amortisation during the year	(21,277)	(21,277)
At end of year	(63,831)	(42,554)
Unamortised Prepaid Lease Payments		
At end of year	936,169	957,446

16. INVESTMENT PROPERTIES

	The Group	
	2008	2007
	RM	RM
At fair value		
At beginning of year	25,125,000	22,125,000
Gain on fair value adjustments (Note 10)	-	3,000,000
At end of year	25,125,000	25,125,000

(i) As of 31 December 2008, investment properties of the Group have been charged as securities to financial institutions for certain term loans facilities granted to the Group as disclosed in Note 30.

(ii) The fair value of the investment properties in 2008 is determined by the directors based, among others, on a valuation carried out in 2007 by Konsortium Perunding Hartanah Sdn. Bhd., Colliers, Jordan Lee & Jaafar (JH) Sdn. Bhd. and Rahim & Co., independent valuers that are not related to the Group. Valuations were based on current prices in an active market for the properties.

17. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2008	2007
	RM	RM
Unquoted shares - at cost	49,393,385	53,968,385
Impairment loss	(27,250,000)	(26,450,000)
	22,143,385	27,518,385

During the current financial year, the directors reviewed the Company's investment in subsidiary companies for indications of impairment and concluded that the carrying values of certain subsidiary companies are in excess of their recoverable amounts. Accordingly, the directors have made an additional allowance for impairment loss amounting to RM800,000 (RM21,450,000 in 2007) as disclosed in Note 10 in respect of the investment in the said subsidiary companies.

The subsidiary companies, all incorporated in Malaysia except as otherwise indicated, are as follows:

Name of Company	Effective Equity Interest		Principal Activities
	2008	2007	
	%	%	
Direct Subsidiary Companies			
Abric Management Services Sdn. Bhd. @	100.0	100.0	Dormant
Abric Properties Sdn. Bhd. (Formerly known as Abric Integrated Sdn. Bhd.)	100.0	100.0	Property investment holding
Abric Quantum Sdn. Bhd. @	60.0	60.0	Dormant
Abric Worldwide Sdn. Bhd. @	100.0	100.0	Investment holding and marketing of security seals
Cabrict Sdn. Bhd. @	70.0	70.0	Investment holding and provision of software development and systems integration services
Abric International Ltd. (Incorporated in Labuan, Malaysia)	100.0	100.0	Marketing and distribution of consumer products
Cabrict Energy Sdn. Bhd. *	85.0	85.0	Investment holding
Abric Commerce (China) Co. Ltd. * (Incorporated in the People's Republic of China)	100.0	100.0	Dormant
Abric Shanghai Ltd. * (Incorporated in the People's Republic of China)	100.0	100.0	Manufacturing and marketing of security seals

Name of Company	Effective Equity Interest 2008 %	2007 %	Principal Activities
Abric International Sdn. Bhd. (Formerly known as Abric Micromechanics Sdn. Bhd.) @	100.0	100.0	Manufacturing and distribution of miniature precision metal parts and security seals
Abric One Sdn Bhd (Formerly known as Abric PSP Sdn. Bhd.) @	-	100.0	Marketing of security seals
Indirect Subsidiary Companies			
Abric One Sdn. Bhd. (Formerly known as Abric PSP Sdn. Bhd.)	100.0	-	Marketing of security seals
Abric (Europe) Limited * (Incorporated in the United Kingdom)	100.0	100.0	Marketing of security seals
Abric North America, Inc. + @ (Incorporated in the United States of America)	100.0	100.0	Marketing of security seals
Abric (Hong Kong) Ltd. ** (Incorporated in Hong Kong)	100.0	100.0	Marketing of security seals
Abric Eastern International Ltd.** (Incorporated in Thailand)	60.0	60.0	Manufacturing and marketing of security seals
Manz Facade Engineering Sdn. Bhd. @	51.0	51.0	Dormant
Lockseals International Limited + (Incorporated in the British Virgin Islands)	75.0	75.0	Investment holding
e-LOCKED Inc. + @ (Incorporated in the Cayman Islands)	72.4	72.4	Investment holding
e-LOCKED Asia Limited + (Incorporated in Hong Kong)	72.4	72.4	Dormant
e-LOCKED Holdings Limited + (Incorporated in the British Virgin Islands)	72.4	72.4	Investment holding
Cabrict North America, Inc + (Incorporated in the United States of America)	63.0	63.0	Provision of customer relationship management (CRM) software and services
Pro-Active MH Resources Sdn. Bhd. #	-	41.7	Distributors of heat process equipment and recover unit, and provision of energy performance services and software systems and solutions

* The financial statements of these companies are examined by auditors other than the auditors of the Company.

** The financial statements of these companies are examined by member firms of Deloitte Touche Tohmatsu.

\+ The financial statements of these companies are examined for the purpose of consolidation.

\# The results of this subsidiary, which was disposed of during the year, were consolidated based on unaudited management prepared financial statements up to the date of disposal.

@ The auditors' reports on the financial statements of these subsidiary companies include an emphasis of matter regarding the ability of these subsidiary companies to continue as a going-concern in view of their capital deficiency positions as at the end of the financial year. The financial statements of these subsidiary companies have been prepared on a going-concern basis as the holding company has undertaken to provide continued financial support to these subsidiary companies

During the financial year, the Group disposed of a subsidiary company as disclosed in Note 35. The effects of the said disposal on the financial results of the Group for the year, up to the date of disposal, are as follows:

	The Group Unaudited 2008 RM
Revenue	9,252,099
Raw materials and consumables used	(8,653,217)
Other operating expenses	(130,949)
Profit before tax	467,933
Income tax expense	-
Decrease in Group loss after tax attributable to equity holders of the Company	467,933

The effects of the disposal of the said subsidiary company on the financial position of the Group are as follows:

	The Group Unaudited 2008 RM
Property, Plant and Equipment	33,629
Inventories	168
Receivables	656,283
Cash and bank balances	233,343
Payables	(969,448)
Net Liabilities	(46,025)
Add: Minority interest	53,651
Less: Capital reserve	(50,000)
	(42,374)
Add: Goodwill on consolidation (Note 20)	14,056
Gain on disposal of a subsidiary company (Note 10)	83,357
Less: Cash and bank balances	(233,343)
Net cash outflow on disposal of a subsidiary company	(178,304)

In 2007, the Group deconsolidated certain subsidiary companies. The effects on the financial results of the Group for the year, up to the date of deconsolidation, are as follows:

	The Group Unaudited 2007 RM
Revenue	-
Other operating expenses	(53,122)
Loss before tax	(53,122)
Income tax credit	78,904
Decrease in Group loss after tax attributable to equity holders of the Company	25,782

The effects of the deconsolidation of these subsidiary companies on the financial position of the Group are as follows:

	The Group Unaudited 2007 RM
Net liabilities deconsolidated:	
Receivables	7,665
Cash and bank balances	204,382
Payables	(808,520)
Translation reserve	162,961
Net liabilities	(433,512)
Add: Gain on deconsolidation of subsidiary company	433,512
Less: Cash and bank balances	(204,382)
Net cash outflow on deconsolidation of subsidiary companies	(204,382)

18. INVESTMENT IN ASSOCIATED COMPANY

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Unquoted shares - at cost	110,249	110,249	110,249	110,249
Share of post-acquisition accumulated loss	(110,249)	(110,249)	-	-
	-	-	110,249	110,249
Impairment loss	-	-	(110,249)	(110,249)
	-	-	-	-

Analysis of the Group's carrying value of investment in associated company is as follows:

	The Group	
	2008 RM	2007 RM
Group's share of net liabilities	(4,617)	(4,617)
Premium on acquisition	4,617	4,617
	-	-

The associated company of the Group, which is incorporated in Malaysia, is as follows:

Name of Company	Effective Equity Interest		
	2008 %	2007 %	Principal Activities
Palstore Sdn. Bhd.	49.0	49.0	Dormant

The summarised financial information of the associated company are as follows:

	2008 RM	2007 RM
Revenue	-	-
Expenses	(1,625)	(4,625)
Current assets	-	-
Non-current assets	-	-
Current liabilities	(1,477,880)	(1,476,255)
Non-current liabilities	-	-
Net liabilities	(1,477,880)	(1,476,255)

19. OTHER INVESTMENTS

Other investments represent:

	The Group and The Company	
	2008	2007
	RM	RM
At cost:		
Investment in unquoted shares	18,000,000	18,000,000
Impairment loss	(18,000,000)	(18,000,000)
	-	-

20. GOODWILL ON CONSOLIDATION

	The Group	
	2008	2007
	RM	RM
Cost		
At beginning of year	10,092,106	9,193,498
Realisation upon disposal of a subsidiary company (Note 17)	(14,056)	-
Arising from purchase of shares from minority interests	-	3,831,814
Deconsolidation of subsidiary companies	-	(2,933,206)
At end of year	10,078,050	10,092,106
Accumulated impairment loss		
At beginning of year	-	2,933,206
Recognised during the year (Note 10)	149,440	-
Deconsolidation of subsidiary companies	-	(2,933,206)
At end of year	149,440	-
Carrying amount	9,928,610	10,092,106

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

	The Group	
	2008	2007
	RM	RM
Security seals division	9,926,430	9,926,430
Technology division	2,180	16,236
Precision metal parts division	-	149,440
	9,928,610	10,092,106

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

The recoverable amount of the CGU is determined from value-in-use calculation. The key assumptions for the value-in-use calculation are those regarding the discount rate, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rate using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rates and changes in selling prices and direct costs are based on expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next three years and extrapolates cash flows for the following three years based on estimated growth rates ranging from 10% to 30% (20% to 30% in 2007).

The Group assessed the recoverable amount of goodwill, and determined that goodwill associated with the Group's precision metal parts division was impaired by RM149,440 (RMNil in 2007). The main factor contributing to the impairment of the precision metal parts division CGU is due to discontinuation of the said business as mentioned in Note 12.

21. DEFERRED TAX ASSETS

	The Group	
	2008	2007
	RM	RM
Deferred Tax Assets		
At beginning of year	992,994	-
Transferred from income statements (Note 11)	60,155	992,994
At end of year	1,053,149	992,994
Deferred Tax Liabilities		
At beginning of year	-	(27,374)
Transferred to income statements (Note 11)	-	27,374
At end of year	-	-

The deferred tax assets represent the tax effects of the following:

	Deferred Tax Assets The Group	
	2008	2007
	RM	RM
Temporary differences arising from inventories	168,505	119,379
Unabsorbed tax losses	884,644	873,615
	1,053,149	992,994

As mentioned in Note 3, the tax effects of deductible temporary differences, unused tax losses and unused tax credits which would give rise to net deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deferred tax assets can be utilised. As of 31 December 2008, the amount of net deferred tax asset calculated at income tax rates that are expected to apply in the year when the asset is realised or the liability settled, which has not been recognised in the financial statements in view of the uncertainty of its realisation, is as follows:

	Deferred Tax Assets/(Liabilities)			
	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Tax effects of:				
Temporary differences arising from property, plant and equipment	(296,000)	(195,400)	-	-
Unabsorbed tax losses	2,262,000	2,347,400	236,000	508,900
Unabsorbed capital allowances	6,860,800	5,683,700	306,000	329,500
	8,826,800	7,835,700	542,000	838,400

The unabsorbed tax losses and capital allowances are subject to agreement with the tax authorities.

22. INVENTORIES

	The Group	
	2008	2007
	RM	RM
Finished goods	5,246,574	4,218,221
Work-in-progress	2,659,363	2,182,852
Raw materials	4,975,830	2,706,274
Spare parts	53,854	718,049
Others	1,161,390	1,583,980
	14,097,011	11,409,376
Allowance for slow-moving inventories	(58,137)	(19,874)
	14,038,874	11,389,502

23. RECEIVABLES

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Trade receivables	11,177,321	17,691,245	-	-
Allowance for doubtful debts	(825,612)	(1,152,519)	-	-
	10,351,709	16,538,726	-	-
Other receivables	1,064,899	629,167	25,045	23,329
Allowance for doubtful debts	(31,020)	(3,366)	(19,293)	(3,366)
	1,033,879	625,801	5,752	19,963
Refundable deposits	390,550	547,125	106,944	255,670
Prepaid expenses	382,464	585,628	487	-
Tax recoverable	254,980	158,164	254,980	362,198
Amount owing by associated company	21,318	20,365	-	-
Allowance for doubtful debts	(17,352)	(17,352)	-	-
	3,966	3,013	-	-
Amount owing by subsidiary companies	-	-	58,163,848	53,563,411
Allowance for doubtful debts	-	-	(18,701,709)	(20,796,832)
	-	-	39,462,139	32,766,579
	12,417,548	18,458,457	39,830,302	33,404,410

(i) Trade receivables of the Group represent amounts receivable for the sales of goods and provision of services. The credit period granted to customers ranges from 10 to 90 days (10 to 90 days in 2007).

(ii) Amounts owing by/to subsidiary companies, which arose mainly from rental receivable, secretarial fee receivable, administrative charges receivable, dividend receivable, assignment of debts, short-term advances and payments on behalf, are interest-free and have no fixed repayment terms.

(iii) During the financial year, trade receivables amounting to RM71,156 (RMNil in 2007) were written off against allowance for doubtful debts.

(iv) Amount owing by associated company, which arose mainly from expenses paid on behalf, is interest-free and has no fixed repayment terms.

24. CASH AND BANK BALANCES

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Deposits with licensed banks	225,711	217,805	-	-
Cash on hand and at banks	1,632,038	3,918,022	159,432	121,401
	1,857,749	4,135,827	159,432	121,401

Deposits with licensed banks of the Group have been pledged with financial institutions as collateral for the utilisation of credit facilities by the Company and a subsidiary company as mentioned in Note 30.

Deposits with licensed banks of the Group earn interest at rates ranging from 2.33% to 4.00% (2.37% to 4.00 % in 2007) per annum.

25. SHARE CAPITAL

Share capital is represented by:

	The Group and The Company	
	2008	2007
	RM	RM
Authorised:		
500,000,000 ordinary shares of RM1.00 each	500,000,000	500,000,000
Issued and fully paid:		
99,052,500 ordinary shares of RM1.00 each	99,052,500	99,052,500

Share Options

The Executives' Share Option Scheme ("ESOS") for eligible executives and executive directors of the Group, which was effective on 15 May 2002 expired on 14 May 2007. In accordance with Bye-Law 4.1 of the ESOS Bye-Laws and upon recommendation by the Option Committee, the Board of Directors has approved the extension of the ESOS for another five years to 14 May 2012.

The movement in the number of options granted pursuant to the ESOS during the financial year is as follows:

	Number of Options
Balance as of 1.1.2008	1,830,000
Lapsed due to resignation	(60,000)
Balance as of 31.12.2008	1,770,000

The salient features of the ESOS are as follows:

(a) the total number of shares which may be made available shall not exceed 10% of the issued and paid-up share capital of the Company at the time of offer of the ESOS.

(b) the ESOS shall be in force for a duration of five years.

(c) all executives (including Executive Directors) who are confirmed full-time employees of a company within the Group (other than a company which is dormant) are eligible.

(d) any allocation of options under the ESOS to an Executive Director of the Company shall require prior approval from the shareholders of the Company at a general meeting.

(e) no option shall be granted for less than 1,000 shares or for more than the maximum allowable allotment as follows:

(i) the number of options allocated, in aggregate, to the directors and senior management of the Group shall not exceed 50% of the total options available under the ESOS; and

(ii) the number of options allocated to any individual director or executive who, either singly or collectively through his/her associates (as defined in the Companies Act, 1965), holds 20% or more in the issued and paid-up share capital of the Company shall not exceed 10% of the total options available under the ESOS.

(f) the option price shall be at a discount of not more than 10% from the weighted average market price of the Company as shown in the Daily Official List issued by Bursa Malaysia Securities Berhad ("BMSB") for the five market days immediately preceding the date of offer or at par value of the ordinary shares of the Company, whichever is higher.

(g) the Option Committee may at any time and from time to time, before and/or after an option is granted, limit the exercise of the number and/or percentage of the option offered during the duration of the ESOS and impose any other terms and/or conditions deemed appropriate by the Option Committee in its sole discretion including amending or varying any terms and conditions imposed earlier.

Warrants

The number of warrants remain unexercised at the end of the financial year is as follows:

	The Company	
	2008	**2007**
Unexercised warrants	33,017,500	33,017,500

33,017,500 warrants were issued and listed on BMSB on 3 May 2005 in conjunction with the rights issue of 33,017,500 ordinary shares. Each warrant entitles its holder the right to subscribe for 2 ordinary shares of RM1.00 in the Company at any time up to the expiry date of 24 April 2010 at an exercise price of RM0.50 payable in cash.

26. RESERVES

	The Group		The Company	
	2008	**2007**	**2008**	**2007**
	RM	**RM**	**RM**	**RM**
Non-distributable				
Share premium	21,843,480	21,843,480	21,843,480	21,843,480
Translation adjustment account	(1,017,982)	192,699	-	-
Capital reserve	2,010,982	2,060,982	-	-
Other reserve	178,866	178,866	-	-
	23,015,346	24,276,027	21,843,480	21,843,480
Accumulated losses	(81,456,079)	(59,304,470)	(77,148,484)	(76,066,487)
Merger deficit arising on consolidation	(177,746)	(177,746)	-	-
Net	(81,633,825)	(59,482,216)	(77,148,484)	(76,066,487)
	(58,618,479)	(35,206,189)	(55,305,004)	(54,223,007)

Share premium

Share premium arose from the following:

	The Group and The Company	
	2008	2007
	RM	RM
New issue of 500,000 ordinary shares at a premium of RM2.50 per ordinary share in 1991	1,250,000	1,250,000
Rights issue of 19,250,000 ordinary shares at a premium of RM0.10 per ordinary share in 1998	1,925,000	1,925,000
Public issue of 2,000,000 ordinary shares at a premium of RM1.50 per ordinary share in 1998, net of share issue expenses of RM1,789,036	1,210,964	1,210,964
Capitalised for bonus issue in 2000	(4,385,964)	(4,385,964)
Rights issue of 15,000,000 ordinary shares at a premium of RM2.50 per ordinary share in 2000, net of share issue expenses of RM1,205,302	36,294,698	36,294,698
Issue of 35,000 ordinary shares pursuant to the ESOS at a premium of RM0.71 per ordinary share in 2002, net of share issue expenses of RM3,200	21,650	21,650
Private placement of 4,000,000 ordinary shares at a premium of RM0.70 per ordinary share in 2002, net of share issue expenses of RM360,395	2,439,605	2,439,605
Private placement of 2,000,000 ordinary shares at a premium of RM0.21 per ordinary share in 2002, net of share issue expenses of RM54,058	365,942	365,942
Capitalised for rights issue in 2005, and share issue expenses of RM769,665	(17,278,415)	(17,278,415)
	21,843,480	21,843,480

Translation adjustment account

Exchange differences arising on translation of foreign controlled entities are taken to the translation adjustment account as described in the accounting policies.

Capital reserve

Capital reserve arose from the following:

	The Group	
	2008	2007
	RM	RM
Bonus issue by subsidiary companies	1,850,000	1,850,000
Cancellation of shares by a subsidiary company	160,982	160,982
Redemption of preference shares by a subsidiary company	-	50,000
	2,010,982	2,060,982

Other reserve

Under the provision of the Civil and Commercial Code of Thailand, a subsidiary company of the Group incorporated in Thailand is required to set aside a legal reserve of at least 5% of its net income for the year each time a dividend is declared until the reserve reaches 10% of registered capital. This legal reserve cannot be utilised for any purposes up to dissolution of the said subsidiary company.

27. HIRE-PURCHASE PAYABLES

	The Group	
	2008	2007
	RM	RM
Total amount outstanding	169,591	319,121
Less: Interest-in-suspense	(17,341)	(27,724)
Principal portion	152,250	291,397
Less: Amount due within 12 months (Note 29)	(98,831)	(127,645)
Non-current portion	53,419	163,752

The non-current portion is payable as follows:

	The Group	
	2008	2007
	RM	RM
Between 1 - 2 years	51,191	134,307
Between 2 - 4 years	2,228	29,445
	53,419	163,752

The interest rates implicit in these hire-purchase obligations range from 2.35% to 3.75% (2.35% to 3.75% in 2007) per annum.

28. LONG-TERM BORROWINGS - SECURED

	The Group	
	2008	2007
	RM	RM
Outstanding loan principal	21,766,228	23,439,830
Portion due within the next 12 months (Note 30)	(3,106,410)	(3,344,010)
Non-current portion	18,659,818	20,095,820

The non-current portion is repayable as follows:

	The Group	
	2008	2007
	RM	RM
Between 1 - 2 years	2,127,276	2,342,084
Between 2 - 3 years	2,271,776	1,868,894
Between 3 - 4 years	2,426,119	1,868,894
More than 4 years	11,834,647	14,015,948
	18,659,818	20,095,820

29. PAYABLES

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Trade payables	6,277,018	8,601,142	-	-
Other payables	2,548,950	2,769,631	1,945,498	78,133
Accrued expenses	2,228,112	2,403,561	87,349	225,243
Hire-purchase payables				
- current portion (Note 27)	98,831	127,645	-	-
Amount owing to subsidiary companies (Note 23 (ii))	-	-	6,919,942	6,531,613
	11,152,911	13,901,979	8,952,789	6,834,989

Trade payables consist of amounts outstanding for trade purchases. The credit period granted to the Group for trade purchases ranges from 7 to 90 days (7 to 90 days in 2007).

Included in other payables of the Group and of the Company as of 31 December 2008 is a loan amounting to RM1,802,877 from a major shareholder of the Company. The said amount is interest-free and has no fixed repayment terms.

Included in other payables of the Group in 2007 was dividend payable to minority shareholders of a foreign subsidiary company amounting to THB2,000,000 (equivalent to RM198,696).

30. BORROWINGS

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Secured				
Bank overdrafts	540,807	1,819,317	-	-
Bankers acceptances	2,979,000	2,504,935	-	-
Revolving credits	16,262,001	10,896,575	-	-
Long-term borrowings				
- current portion (Note 28)	3,106,410	3,344,010	-	-
	22,888,218	18,564,837	-	-
Unsecured				
Bank overdrafts	1,940,024	2,067,810	1,940,024	1,960,216
Revolving credits	15,041,589	18,629,645	7,500,000	9,000,000
	16,981,613	20,697,455	9,440,024	10,960,216
Total	39,869,831	39,262,292	9,440,024	10,960,216

The Group and the Company have bank overdrafts, term loans and other credit facilities totalling RM42,100,000 (RM43,800,000 in 2007) and RM9,500,000 (RM11,000,000 in 2007), respectively obtained from various financial institutions. The bank overdrafts, term loans and other credit facilities of the Group and of the Company bear interest at rates ranging from 4.00% to 8.25% (2.25% to 9.25% in 2007) per annum and 5.05% to 8.25% (2.25% to 8.25% in 2007) per annum respectively. The said facilities are unsecured except for an amount of RM30,139,740 (RM28,450,000 in 2007) of the Group, which are secured by:

(a) Freehold land and building of a local and a foreign subsidiary company and, plant and machinery and fixed deposits of a foreign subsidiary company as disclosed in Notes 14 and 24 respectively; and

(b) Investment properties of a subsidiary company as disclosed in Note 16.

(c) A debenture with fixed and floating charges over the assets of a subsidiary company.

Certain credit facilities of the subsidiary companies are guaranteed by the Company.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The operations of the Group are subject to a variety of financial risks, including foreign currency risk, interest rate risk, credit risk, liquidity risk and cash flow risk. The Group has taken measures to minimise its exposure to risks and/or costs associated with the financing, investing and operating activities.

(i) Foreign currency risk

The Group transacts business in various foreign currencies including the United States Dollar and Euro, and therefore is exposed to foreign currency exchange risk. During the financial year, the Group entered into forward foreign currency contracts to hedge its exposure to foreign currency risk for receivables in the local reporting currency. As at balance sheet date, there were no outstanding amounts of the forward foreign exchange contracts.

The Company has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. Currency exposure to the net assets of the Group's subsidiaries is managed primarily through borrowings denominated in the related foreign currencies.

The currency profile of the financial assets and financial liabilities of the Group are as follows:

	The Group	
	2008	**2007**
	RM	**RM**
Trade receivables (Note 23)		
United States Dollar	3,808,782	6,739,895
Thai Baht	2,846,049	2,339,232
Great Britain Pound	2,339,598	4,734,495
Ringgit Malaysia	1,528,335	2,656,335
Chinese Renminbi	288,391	1,180,071
Australian Dollar	259,485	-
Singapore Dollar	74,375	41,217
Euro	17,911	-
Hong Kong Dollar	11,025	-
Taiwan Dollar	3,370	-
	11,177,321	17,691,245
Other receivables (Note 23)		
Ringgit Malaysia	730,386	247,576
Thai Baht	268,398	279,550
Chinese Renminbi	31,129	12,117
United States Dollar	28,452	28,452
Great Britain Pound	6,534	61,472
	1,064,899	629,167
Trade payables (Note 29)		
Thai Baht	3,008,152	3,947,649
Ringgit Malaysia	2,167,160	2,190,646
Great Britain Pound	659,625	1,522,483
United States Dollar	248,285	823,202
Chinese Renminbi	193,796	56,032
Euro	-	61,130
	6,277,018	8,601,142
Other payables (Note 29)		
Ringgit Malaysia	2,301,242	2,154,654
Thai Baht	106,355	278,014
Chinese Renminbi	61,162	62,137
United States Dollar	50,883	106,534
Great Britain Pound	29,308	46,190
Swiss Francs	-	85,046
Singapore Dollar	-	37,056
	2,548,950	2,769,631

	The Group	
	2008	2007
	RM	RM
Cash and bank balances (Note 24)		
Ringgit Malaysia	744,888	2,373,649
Thai Baht	372,328	252,870
United States Dollar	301,866	715,472
Great Britain Pound	223,046	315,854
Chinese Renminbi	158,775	419,014
Hong Kong Dollar	56,846	58,968
	1,857,749	4,135,827
Borrowings (Note 30)		
Ringgit Malaysia	26,422,841	25,102,426
Thai Baht	13,446,990	14,159,866
	39,869,831	39,262,292
Long-term borrowings (Note 28)		
Ringgit Malaysia	18,659,818	19,010,181
Thai Baht	-	1,085,639
	18,659,818	20,095,820

(ii) Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on fixed deposits and interest bearing borrowings. The interest rate of the Group's borrowings is disclosed in Note 30, and the interest rate of the Group's fixed deposits is disclosed in Note 24.

Interest rates of hire-purchase payables as disclosed in Note 27 are fixed at the inception of the financing arrangement.

(iii) Credit risk

Concentrations of credit risk exist when changes in economic, industry or geographical factors similarly affect group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure.

Certain subsidiary companies are dependent on a few key customers, the composition of which may vary from year to year. In line with the Group's efforts to enter into transactions with a diversity of credit-worthy parties, the said subsidiary companies continue to diversify their customer base to mitigate the significant concentration of credit risk.

Management believes that the credit risk on bank balances and deposit with licensed banks are limited as they are placed with credit worthy financial institutions.

(iv) Liquidity risk

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

(v) Cash flow risk

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

Financial Assets

The principal financial assets of the Group and of the Company are other investments, cash and bank balances and receivables.

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

Financial Liabilities and Equity Instruments

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

Significant financial liabilities include payables, borrowings, long-term borrowings and hire-purchase payables, which are stated at their nominal values.

Bank borrowings are recorded at the proceeds received. Finance charges are accounted for on an accrual basis.

Equity instruments are recorded at the proceeds received net of direct issue costs.

Fair Values

The carrying amounts and the estimated fair values of financial instruments of the Group and of the Company are as follows:

	2008		2007	
The Group	**Carrying Amount RM**	**Fair Value RM**	**Carrying Amount RM**	**Fair Value RM**
Financial Liabilities				
Hire-purchase payables (Note 27)	152,250	150,667	291,397	269,046
Long-term borrowings (Note 28)	21,766,228	21,244,592	23,439,830	23,020,331

Hire-purchase payables and long-term borrowings

The fair values of hire-purchase payables and long-term borrowings are estimated using discounted cash flow analysis based on current borrowing rates for similar types of borrowing arrangements.

Cash and cash equivalents, receivables, payables and borrowings

The carrying amounts approximate fair values because of the short maturity period of these instruments.

32. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements comprise the following balance sheets amounts:

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Cash on hand and at banks (Note 24)	1,632,038	3,918,022	159,432	121,401

33. RELATED PARTY TRANSACTIONS

The options over ordinary shares of the Company granted to the executive directors of the Company are as follows:

	Unexercised options	
	2008	2007
Dato' Ong Eng Lock	500,000	500,000

Significant transaction, undertaken with related parties in 2008, was as follows:

	The Group	
	2008	2007
	RM	RM
Trade purchases made from My-Turf Sdn. Bhd. (a company connected to Datin Tai Mee Yong, a director of certain subsidiary companies and spouse of Dato' Ong Eng Lock, a director and major shareholder of the Company)	146,557	-

34. CONTINGENT LIABILITIES - UNSECURED

The Company has given unsecured corporate guarantees totalling RM44,700,400 (RM43,500,000 in 2007) to certain financial institutions for term loan, overdraft and other credit facilities granted to certain subsidiary companies. Accordingly, the Company is contingently liable to the financial institutions to the extent of the amount of facilities utilised.

35. SIGNIFICANT CORPORATE EVENTS

(i) On 7 May 2008, a wholly-owned subsidiary of the Company, Abric Properties Sdn. Bhd. (formerly known as Abric Integrated Sdn. Bhd.) entered into a Sale and Purchase Agreement with third parties for the acquisition of three (3) office units located at J-8-6, J-8-7 and J-8-8 Solaris Mont' Kiara, Jalan Solaris, Off Jalan Duta Kiara, Mont' Kiara, 50480 Kuala Lumpur for a total cash consideration of RM2,180,000.

(ii) On 28 October 2008, Abric One Sdn. Bhd. ("AOSB") (formerly known as Abric PSP Sdn. Bhd.) a wholly-owned subsidiary of the Company, transferred all its business to Abric Worldwide Sdn. Bhd. ("AWSB"), another wholly-owned subsidiary of the Company and consequently, AOSB will over time became dormant. This Internal Reorganisation will enable the Group to streamline its manufacturing business to improve business efficiency and create a more effective structure to maximise on combined management and cost saving in the overall Group administration.

On the same date, the Company disposed of its entire interest in AOSB to AWSB for a cash consideration of RM4,575,000.

(iii) On 30 October 2008, Cabrict Energy Sdn. Bhd. a subsidiary of the Company disposed of its entire 49% of equity interest in Pro-Active MH Resources Sdn. Bhd. to third parties for a total cash consideration of RM155,040.

36. COMMITMENTS

(i) As of 31 December 2008, the Group has lease commitments in respect of rental of premises as follows:

	Future Minimum Lease Payments			
	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Within 1 year	134,970	631,848	-	456,348
Within 2 - 5 years	269,941	564,529	-	38,029
	404,911	1,196,377	-	494,377

(ii) As of 31 December 2008, the Group has the following capital commitment in respect of the purchase of property, plant and equipment:

	The Group	
	2008	2007
	RM	RM
Approved and contracted for	228,803	-

STATEMENT BY DIRECTORS

The directors of **ABRIC BERHAD** state that, in their opinion, the accompanying balance sheets and the income statements, statements of changes in equity and cash flow statements are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable Malaysian Accounting Standards Board approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as of 31 December 2008 and of the results of their businesses and the cash flows of the Group and of the Company for the year ended on that date.

Signed in accordance with
a resolution of the Directors,

DATO' ONG ENG LOCK, DIMP, JP

ONG YING HWEY, ADELINE

Kuala Lumpur,
20 April 2009

DECLARATION BY THE DIRECTOR

PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **DATO' ONG ENG LOCK**, the director primarily responsible for the financial management of **ABRIC BERHAD**, do solemnly and sincerely declare that the accompanying balance sheets and the income statements, statements of changes in equity and cash flow statements, 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.

DATO' ONG ENG LOCK

Subscribed and solemnly declared by the
abovenamed **DATO' ONG ENG LOCK**
at **KUALA LUMPUR** this 20th day of
April 2009.

Before me,

COMMISSIONER FOR OATHS

LIST OF PROPERTIES

Location	Description	Tenure	Land Area/ Build-Up Area (sq. ft.)	Expiry Date	Age of Property (Years)	Date of Last Valuation	Net Book Value as at 31.12.2008 (RM)
17 Jalan Tandang 46050 Petaling Jaya Selangor Malaysia	Office cum warehouse	Leasehold	108,639 / 86,000	01.02.2058	50	31.12.2008 **	25,000,000
3A-1 Jalan Kajang Perdana 9 Kajang Perdana Selangor Malaysia	An intermediate townhouse	Leasehold	1,191*	24.03.2101	7	31.12.2008 ***	125,000
Lot 196803 Hala Jati 12 Kawasan Perindustrian Taman Meru Off Jalan Jelapang 30020 Ipoh, Perak Malaysia	Office cum warehouse/ Factory	Leasehold	145,643 / 142,000	21.06.2052	18	N/A	7,508,279
J-8-6, J-8-7, J-8-8, 2 Jalan Solaris, Solaris Mont' Kiara, 50480 Kuala Lumpur Malaysia	Office	Freehold	3,748*	N/A	1	N/A	2,622,162
111/5 Moo2 Makamku District Amphur Nikom Pattana Rayong 21180 Thailand	Office cum warehouse/ Factory	Freehold	148,540 / 103,000	N/A	7	N/A	7,491,201

* Built-up area

** Directors' valuation based, among others, on a valuation carried out in 2007 by Konsortium Perunding Hartanah Sdn. Bhd.

*** Directors' valuation based, among others, on a valuation carried out in 2006 by Rahim & Co.

ANALYSIS OF SHAREHOLDINGS
AS AT 4 MAY 2009

Authorised Share Capital	:	RM500,000,000
Paid-up Share Capital	:	RM99,052,500
Class of Shares	:	Ordinary Shares of RM1.00 each
No. of Shareholders	:	3,726
Voting Rights	:	1 vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDERS AS AT 4 MAY 2009

No. of Shareholders	Size of Shareholdings	No. of Shares	%
12	Less than 100 shares	293	0.000
758	100 – 1,000 shares	722,671	0.729
2,261	1,001 – 10,000 shares	9,752,270	9.845
632	10,001 – 100,000 shares	17,340,150	17.506
60	100,001 – 4,952,624 shares	25,676,048	25.921
3	4,952,625 and above of issued shares	45,561,068	45.996
3,726		**99,052,500**	**100.000**

30 LARGEST SHAREHOLDERS
(Without aggregating securities accounts belonging to the same person)

No.	Name	No. of Shares	%
1.	Abric Capital Sdn Bhd	25,208,852	25.449
2.	Alliancegroup Nominees (Tempatan) Sdn Bhd	12,352,216	
	Alliance Investment Bank Berhad		12.470
3.	Ong Eng Lock	8,000,000	8.076
4.	Chew Weng Yew	4,593,900	4.637
5.	Ong Boon Cheow	2,253,100	2.274
6.	Tham Wai Cheng @ Tham Kwee Cheng	2,179,700	2.200
7.	HSBC Nominees (Tempatan) Sdn Bhd		
	HSBC (Malaysia) Trustee Berhad for Amanah Saham Sarawak	1,200,000	1.211
8.	Ee Wee Lee	1,144,500	1.155
9.	Ong Ying Hwey, Adeline	800,000	0.807
10.	Alliancegroup Nominees (Tempatan) Sdn Bhd		
	Alliance Investment Management Berhad for Tan Han Chong	700,000	0.706
11.	Yeo Peng Huat	621,500	0.627
12.	Tai Mee Yong	600,000	0.605
13.	Chin Lin Thai	530,000	0.535
14.	Jeswant A/L Natarajan	528,500	0.533
15.	Yeunh Kwai Foong	500,000	0.504
16.	Leong Poh Hoong	488,000	0.492
17.	Tasec Nominees (Tempatan) Sdn Bhd		
	TA Securities (HK) Limited for TA First Credit Sdn Bhd		
	(A/C Venture Capital)	471,600	0.476
18.	Wong Siew Len	458,000	0.462
19.	Heng Aik Koon	398,500	0.402
20.	Tan Pak Nang	373,000	0.376
21.	Chia Tee Peng	326,600	0.329
22.	Tan Eng Huat	317,800	0.320
23.	EB Nominees (Tempatan) Sendirian Berhad		
	Pledged Securities Account for Lee Yu Yong @ Lee Yuen Ying	309,600	0.312

No.	Name	No. of Shares	%
24.	Ong Zhong Hwey, Brian	300,000	0.302
25.	Yeoh Kean Hua	300,000	0.302
26.	AIBB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Han Chong	287,500	0.290
27.	Lim Boon Liat	280,000	0.282
28.	Teoh Hunt Thuim	242,800	0.245
29.	Toh Hee Chooy	240,000	0.242
30.	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Suzanne Tan Su San	235,000	0.237
	Total	**66,240,668**	**66.874**

LIST OF SUBSTANTIAL SHAREHOLDERS (EXCLUDING BARE TRUSTEES)

Name	Direct		Indirect	
	No. of Ordinary Shares	%	No. of Ordinary Shares	%
Abric Capital Sdn. Bhd.	25,363,600	25.606	-	-
Alliancegroup Nominees (Tempatan) Sdn. Bhd. Alliance Investment Bank Berhad	12,352,216	12.470	-	-
Dato' Ong Eng Lock	8,000,000	8.076	26,263,600 (1)	26.515
Datin Tai Mee Yong	600,000	0.606	25,363,600 (2)	25.606
Syabas Sutra Sdn. Bhd.	-	-	12,352,216 (3)	12.470
Malaysian Plantations Berhad	-	-	12,352,216 (4)	12.470
Vertical Theme Sdn. Bhd.	-	-	12,352,216 (5)	12.470
Duxton Investments Pte Ltd	-	-	12,352,216 (6)	12.470
Asia Financial Holdings Pte Ltd	-	-	12,352,216 (7)	12.470
Fullerton Management Pte Ltd	-	-	12,352,216 (8)	12.470
Temasek Holdings (Private) Limited	-	-	12,352,216 (9)	12.470

LIST OF DIRECTORS' SHAREHOLDINGS (EXCLUDING BARE TRUSTEES)

Name	Direct		Indirect	
	No. of Ordinary Shares	%	No. of Ordinary Shares	%
Dato' Ong Eng Lock	8,000,000	8.076	26,263,600 (1)	26.515
Ong Ying Hwey, Adeline	800,000	0.807	-	-
Dato' Abu Bakar Bin Abdul Hamid	-	-	-	-
Ir. Hon Hin See	-	-	-	-
Soong Chee Keong	-	-	-	-

Notes:-

(1) Deemed interested by virtue of Section 6A of the Companies Act, 1965 held through Abric Capital Sdn. Bhd., Datin Tai Mee Yong and Ong Zhong Hwey, Brian.

(2) Deemed interested by virtue of Section 6A of the Companies Act, 1965 held through Abric Capital Sdn. Bhd.

(3) Deemed interested by virtue of Section 6A of the Companies Act, 1965 held through Alliance Investment Bank Berhad.

(4) Deemed interested by virtue of Section 6A of the Companies Act, 1965 held through Syabas Sutra Sdn. Bhd., which in turn is holding company of Alliance Investment Bank Berhad.

(5) By virtue of Vertical Theme Sdn. Bhd.'s (Vertical) shareholding of more than 30% of the issued share capital of Malaysian Plantations Berhad (MPlant), Vertical is deemed to be interest in these shares. MPlant is deemed interested by virtue of Section 6A of the Companies Act, 1965 held through Syabas Sutra Sdn. Bhd., which in turn is the holding company of Alliance Investment Bank Berhad.

(6) By virtue of Duxton Investments Pte. Ltd.'s (Duxton) indirect shareholding, through Vertical Theme Sdn. Bhd., of more than 30% of the issued share capital of Malaysian Plantations Berhad (MPlant), Duxton is deemed to be interest in these shares. MPlant is deemed interested by virtue of Section 6A of the Companies Act, 1965 held through Syabas Sutra Sdn. Bhd., which in turn is the holding company of Alliance Investment Bank Berhad.

(7) By virtue of Asia Financial Holdings Pte. Ltd.'s (AFH) indirect shareholding, through Duxton Investments Pte. Ltd. and Vertical Theme Sdn. Bhd., of more than 30% of the issued share capital of Malaysian Plantations Berhad (MPlant), AFH is deemed to be interest in these shares. MPlant is deemed interested by virtue of Section 6A of the Companies Act, 1965 held through Syabas Sutra Sdn. Bhd., which in turn is the holding company of Alliance Investment Bank Berhad.

(8) By virtue of Fullerton Management Pte. Ltd.'s (FMPL) indirect shareholding, through Asia Financial Holdings Pte. Ltd., Duxton Investmens Pte. Ltd. and Vertical Theme Sdn. Bhd., of more than 30% of the issued share capital of Malaysian Plantations Berhad (MPlant), FMPL is deemed to be interest in these shares. MPlant is deemed interested by virtue of Section 6A of the Companies Act, 1965 held through Syabas Sutra Sdn. Bhd., which in turn is the holding company of Alliance Investment Bank Berhad.

(9) By virtue of Temasek Holdings (Private) Limited's (Temasek) indirect shareholding, through Fullerton Management Pte. Ltd., Asia Financial Holdings Pte. Ltd., Duxton Investments Pte. Ltd. and Vertical Theme Sdn. Bhd. of more than 30% of the issued share capital of Malaysian Plantations Berhad (MPlant), Temasek is deemed to be interest in these shares. MPlant is deemed interested by virtue of Section 6A of the Companies Act, 1965 held through Syabas Sutra Sdn. Bhd., which in turn is the holding company of Alliance Investment Bank Berhad.

ANALYSIS OF WARRANT HOLDINGS
AS AT 4 MAY 2009

DISTRIBUTION OF WARRANT HOLDERS

No. of Warrant Holders	Size of Warrant Holdings	No. of Warrants	%
7	Less than 100 shares	286	0.000
198	100 – 1,000 shares	161,700	0.489
411	1,001 – 10,000 shares	2,118,150	6.415
252	10,001 – 100,000 shares	8,418,048	25.495
39	100,001 – 1,650,874 shares	9,967,100	30.187
1	1,650,875 and above of issued warrants	12,352,216	37.411
908		**33,017,500**	**100.000**

LIST OF 30 LARGEST WARRANT HOLDERS
(Without aggregating securities accounts belonging to the same person)

No.	Name	No. of Warrants	%
1.	Alliancegroup Nominees (Tempatan) Sdn Bhd Alliance Investment Bank Berhad	12,352,216	37.411
2.	Chin Sooth Chain	611,000	1.850
3.	Yong Chee Foong	600,000	1.817
4.	Rosli bin Mohamad	595,400	1.803
5.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Sing Bon (E-KPT)	500,200	1.514
6.	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kong Tong Lin (M09)	461,200	1.396
7.	Chia Chu Foo	450,000	1.362
8.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chin Chee Keong (AC0089)	440,300	1.333
9.	Chia Tee Peng	400,000	1.211
10.	Teng Hock Heng	377,900	1.144
11.	SJ Sec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Siew Mooi (SMT)	338,600	1.025
12.	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Foo Sang @ Wong Chin Lim	325,100	0.984
13.	Teoh Ah Bee	320,000	0.969
14.	Norazam binti Idris	300,000	0.908
15.	Chan Kum Thong	250,000	0.757
16.	CIMSEC Nominees (Asing) Sdn Bhd Exempt An for CIMB-GK Securities Pte Ltd (Retail Clients)	249,800	0.756
17.	Wong Kok Meng	237,300	0.718
18.	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sia Teng Tho	223,600	0.677
19.	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Louis Tay Chee Siong	200,000	0.605
20.	Ng Lay Leng	200,000	0.605
21.	Shun Kek Lim	200,000	0.605
22.	Tan Chia Heng	200,000	0.605
23.	Gan Boon Kim	198,100	0.599

No.	Name	No. of Warrants	%
24.	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Md Dan bin Sapuan	190,000	0.575
25.	Yeow Boon Leong	180,000	0.545
26.	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kong Tet Choy	179,500	0.543
27.	Lee Kim Hoi	170,000	0.514
28.	Teong Choo Yoong	144,000	0.436
29.	Low Chung Shen	140,700	0.426
30.	Lim Bian Huat	130,000	0.393
	Total	**21,164,916**	**64.102**

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Nineteenth Annual General Meeting of Abric Berhad will be held at Dewan Tan Sri Hamzah, Royal Selangor Club, Kiara Sports Annex, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, on Friday, 26 June 2009 at 10.00 a.m. to transact the following business:-

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2008 together with the Directors' and Auditors' Reports thereon. [Please refer to Explanatory Note 1]
2. To approve the payment of Directors' fees for the financial year ended 31 December 2008. [Resolution 1]
3. To re-elect Dato' Ong Eng Lock who retires under Article 99 of the Company's Articles of Association. [Resolution 2]
4. To re-elect Soong Chee Keong who retires under Article 99 of the Company's Articles of Association. [Resolution 3]
5. To re-appoint Messrs Deloitte & Touche as Auditors of the Company and to authorise the Directors to fix their remuneration. [Resolution 4]

SPECIAL BUSINESS

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

6. **ORDINARY RESOLUTION I** [Resolution 5]
AUTHORITY UNDER SECTION 132D OF THE COMPANIES ACT, 1965 FOR THE DIRECTORS TO ISSUE SHARES

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors of the Company be and are hereby empowered to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company unless revoked or varied by the Company at a general meeting."

By Order of the Board
NG YEN HOONG (LS 008016)
KUAN HUI FANG (MIA 16876)
Company Secretaries
Kuala Lumpur
Dated 4 June 2009

i. NOTES ON APPOINTMENT OF PROXY:

A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy/proxies to attend and vote in his stead. A proxy need not be a member of the Company and Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A member who appoints more than one proxy shall specify the proportion of his shareholdings to be represented by each proxy.

The instrument appointing a proxy shall be in writing and in the case of an individual shall be signed by the appointor or by his attorney and in the case of a corporation shall be either under the Common Seal or signed by its attorney or by an officer on behalf of the corporation.

The instrument appointing a proxy must be deposited at the Registered Office of the Company situated at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for the meeting or any adjournment thereof, and in default, the instrument of proxy shall not be treated as valid.

ii. EXPLANATORY NOTES

Item 1 of Agenda
This item is meant for discussion only as the provision of Section 169(1) of the Companies Act, does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda is not put forward for voting.

Item 6 of Agenda-Special Business
Ordinary Resolution I
Resolution Pursuant To Section 132D Of The Companies Act, 1965

The Ordinary Resolution proposed under Resolution 5, if passed, will empower the Directors of the Company to allot and issue not more than 10% of the issued share capital of the Company at any time upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deed fit. This authority will expire at the conclusion of the next Annual General Meeting.

STATEMENT ACCOMPANYING NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

Details of Directors who are standing for re-election under Agenda 3 and 4 of the Notice of the Nineteenth Annual General Meeting are set out in the Board of Directors appearing on pages 3 to 4 of this Annual Report.

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ABRIC BERHAD (187259-W)
(Incorporated in Malaysia)

Number of shares held:
If more than 1 proxy, please specify number of shares represented by each proxy
Name of Proxy 1:
Name of Proxy 2:

FORM OF PROXY

(Before completing the form please refer to notes below)

I/We _____ NRIC/Company No. _____
(PLEASE USE BLOCK CAPITAL)

of _____
(FULL ADDRESS)

a member/members of ABRIC BERHAD hereby appoint _____

of _____

or failing whom, _____ of _____

_____ or failing him, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf, at the Nineteenth Annual General Meeting of the Company to be held at Dewan Tan Sri Hamzah, Royal Selangor Club, Kiara Sports Annex, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Friday, 26 June 2009 at 10.00 a.m. and at any adjournment thereof, on the following resolutions referred to in the Notice of the Nineteenth Annual General Meeting.

Item	**Agenda**		
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2008 together with the Directors' and Auditors' Report thereon.		
		***For**	***Against**
2.	**ORDINARY BUSINESS** To approve the payment of Directors' fees for the financial year ended 31 December 2008. **(Resolution1)**		
3.	To re-elect Dato' Ong Eng Lock who retires under Article 99 of the Company's Articles of Association. **(Resolution 2)**		
4.	To re-elect Soong Chee Keong who retires under Article 99 of the Company's Articles of Association. **(Resolution 3)**		
5.	To re-appoint Messrs Deloitte & Touche as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 4)**		
6.	**AS SPECIAL BUSINESS** To authorise Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965. **(Resolution 5)**		

(*Please indicate with an "X" in the space provided above how you wish your vote to be cast. If no instruction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.)

Dated this _____ day of _____ 2009.

_____
Signature of Shareholder or Common Seal

Notes:-

1. *A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy/proxies to attend and vote in his stead. A proxy need not be a member of the Company and Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A member who appoints more than one proxy shall specify the proportion of his shareholdings to be represented by each proxy.*
2. *The instrument appointing a proxy shall be in writing and in the case of an individual shall be signed by the appointor or by his attorney and in the case of a corporation shall be either under the Common Seal or signed by its attorney or by an officer on behalf of the corporation.*
3. *The instrument appointing a proxy must be deposited at the Registered Office of the Company situated at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for the meeting or any adjournment thereof, and in default, the instrument of proxy shall not be treated as valid.*

Affix
Stamp
Here

Registered Office
Abric Berhad (187259-W)
Level 17,
The Gardens North Tower,
Mid Valley city,
Lingkaran Syed Putra,
59200 Kuala Lumpur

Sealing assets globally with quality & integrity

OUR GLOBAL PRESENCE

Sales & Marketing Offices

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J-8-8, 2 Jalan Solaris,
Solaris Mont' Kiara,
50480 Kuala Lumpur,
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Hawks Green, Cannock,
Staffordshire, WS11 7FB,
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F : +44 1543 500 252

ABRIC NORTH AMERICA INC
220 Barren Springs Dr#11,
Houston,
Texas 77090,
United States of America.
T : +1 281 569 7100
F : +1 281 569 7101

Manufacturing Facilities

ABRIC INTERNATIONAL SDN BHD
(Formerly known as Abric Micromechanics Sdn Bhd)
Lot 196803 Hala Jati 12,
Kawasan Perindustrian Taman Meru,
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