COMPUGATES®

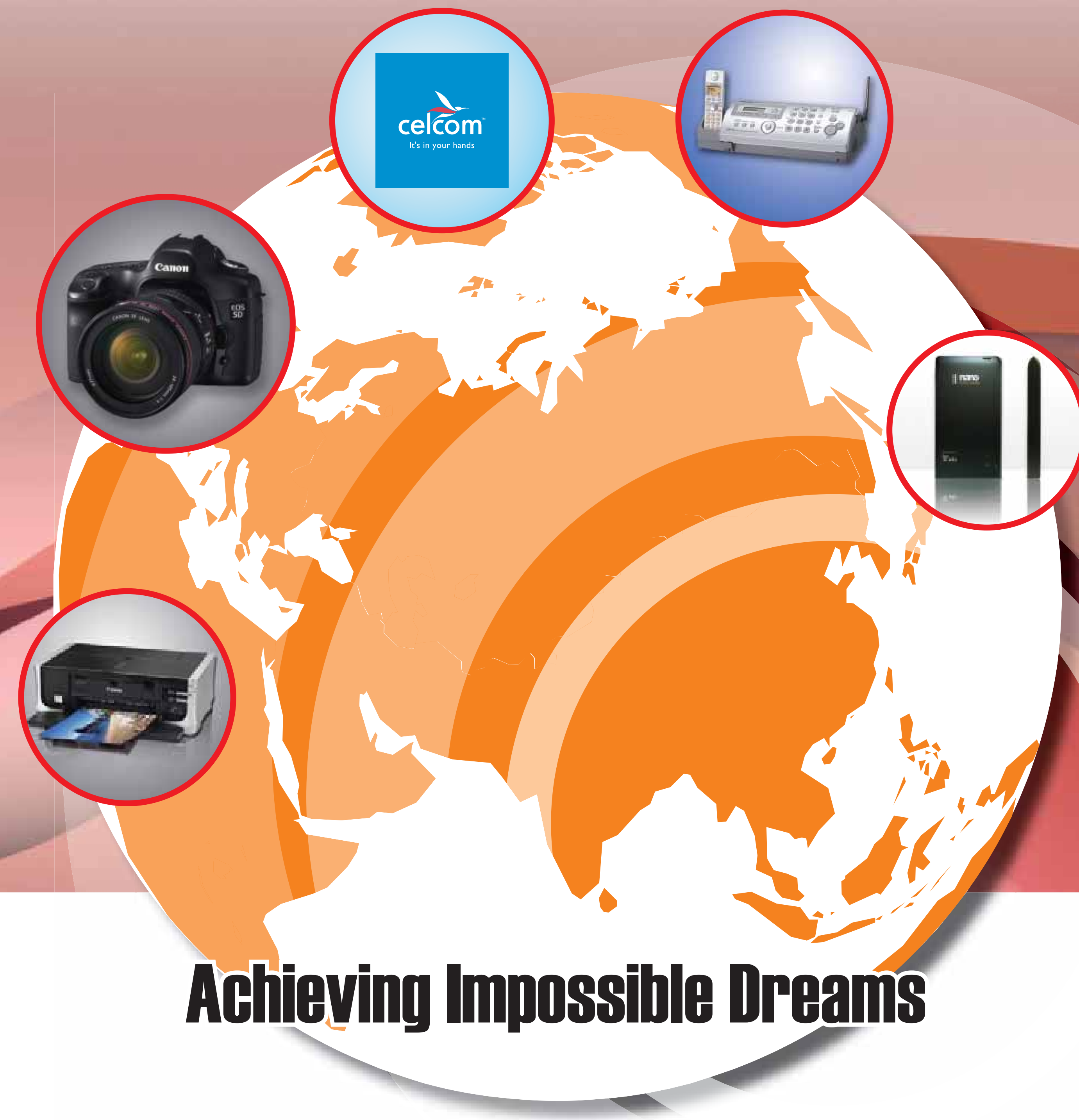
COMPUGATES HOLDINGS BERHAD *(669287-H)*
(Incorporated in Malaysia)

COMPUGATES HOLDINGS BERHAD *(669287-H)*

Annual Report **2008**

COMPUGATES®

Your Nationwide Distribution Partner



Achieving Impossible Dreams

Annual Report **2008**

COMPUGATES®

Your Nationwide Distribution Partner

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BOARD OF DIRECTORS

Tan Sri Datuk Asmat Bin Kamaludin *(Independent Non-Executive Chairman)*

Goh Kheng Peow *(Managing Director)*

Goh Tai Wai *(Non-Independent Non-Executive Director)*

Mohamed Fauzi Bin Omar *(Independent Non-Executive Director)*

Tan Yip Chian *(Independent Non-Executive Director)*

See Thoo Chan *(Non-Independent Non-Executive Director)*

AUDIT COMMITTEE

Tan Sri Datuk Asmat Bin Kamaludin - *Chairman*
Goh Tai Wai
Tan Yip Chian

NOMINATION COMMITTEE

Tan Sri Datuk Asmat Bin Kamaludin - *Chairman*
Mohamed Fauzi Bin Omar
Tan Yip Chian

REMUNERATION COMMITTEE

Tan Sri Datuk Asmat Bin Kamaludin - *Chairman*
Mohamed Fauzi Bin Omar
Goh Kheng Peow

COMPANY SECRETARIES

Mah Li Chen (MAICSA 7022751)
Lee Wai Kim (MAICSA 7036446)

REGISTERED OFFICE

10th Floor Menara Hap Seng
No. 1 & 3 Jalan P. Ramlee
50250 Kuala Lumpur
Tel : 03.2382.4288
Fax : 03.2382.4170/71/72

SHARE REGISTRAR

PFA Registration Services Sdn Bhd (19234-W)
Level 17 The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Wilayah Persekutuan
Tel : 03.2264.3883
Fax : 03.2282.1886

PRINCIPAL BANKERS

Malayan Banking Berhad (3813-K)
Public Bank Berhad (6463-H)

AUDITORS

Horwath (AF1018)
Chartered Accountants
Level 16 Tower C
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Wilayah Persekutuan
Tel : 03.2166.0000
Fax : 03.2166.1000

STOCK EXCHANGE LISTING

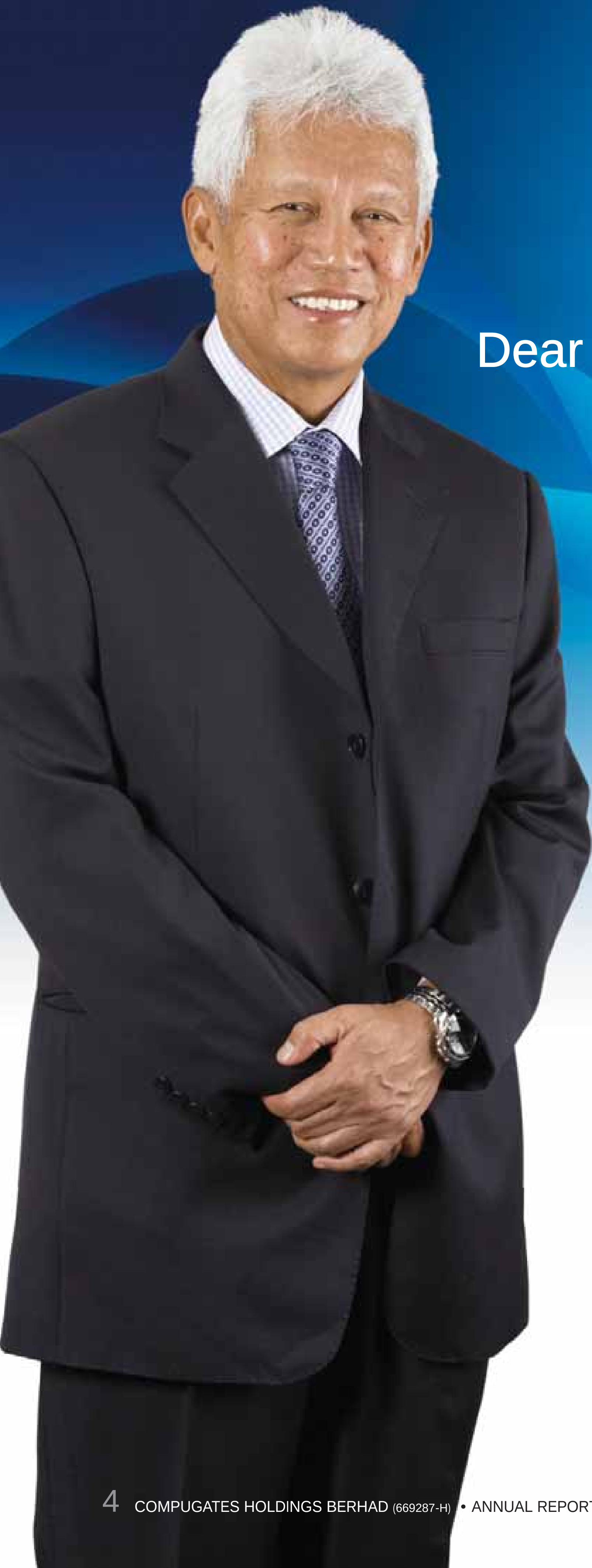
Main Board of Bursa Malaysia Securities Berhad
Stock Short Name : COMPUGT
Stock Code : 5037

Corporate Structure

COMPUGATES®

Compugates Holdings Berhad
(669287-H)
Investment holding and provision of management services

- 100% **COMPUGATES SDN BHD** (431833-W)
  Trading, marketing & distribution of imaging, IT & communication-based products
  - 100% **COMPUGATES MARKETING SDN BHD** (471289-H)
    Trading, marketing & distribution of imaging, IT & communication-based products and skin care products
    - 60% **CLASSIC DISTRIBUTION SDN BHD** (823080-X)
      Supply Samsung products to Government
    - 60% **COMPUGATES DEVELOPMENT AND MINING SDN BHD** (833239-U)
      Investment holding, mining and trading of pharmaceutical products
  - 99.99% **COMPUGATES (S) PTE LTD** (200300859-G)
    Dormant
- 100% **COMPUGATES INTERNATIONAL SDN BHD** (721627-P)
  Investment holding and provision of management services
  - 51% **COMPUGATES INTERNATIONAL LTD** (1045449)
    Acting as an agents by way of commission for the distribution of telecommunication products and management agent of franchises
    - 80% **COMPUGATES INTERNATIONAL (BD) LTD** (1045450)
      Investment holding, consultancy and project management services
      - 98% **COMPUGATES INTERNATIONAL (BANGLADESH) LTD** (C-65386(2878)/07)
        Exclusive distributor and master franchisee for distribution of telecommunication products and services
    - 80% **COMPUGATES INTERNATIONAL LTD (CAMBODIA)** (4351/07 E)
      Acting as agents by way of commission for the distribution of telecommunication products and management agent of franchises
    - 80% **PT. COMPUGATES INTERNATIONAL** (141/I/PMA/2008)
      Trading as main distributor of communication product such as simcard and voucher card



Dear Valued Investors,

On behalf of the Board of Directors of Compugates Holdings Berhad, I am pleased to present to you the Annual Report and Audited Financial Statements of the Group for the financial year ended 31 December 2008.

Chairman's Statement

Performance Review

For the financial year ended 2008, the Group recorded a revenue of RM688.467 million, with an increase of 17.4% as compared to the previous financial year of RM586.577 million. The profit before taxation of the Company is RM1.624 million for year 2008. As compared to 2007, the variances are mainly due to the one (1) time management fee received by the Group for technical and advisory services in 2007 and the impairment of goodwill of RM1.1 million in 2008, which was the result of the intended closing down of the Singapore subsidiary.

Corporate Development

On 29 May 2008, the Group had established a new Indonesian subsidiary, namely PT. Compugates International, to venture into the business of distribution of telecommunication products, sim cards and voucher cards in Indonesia.

In Malaysia, our portfolio was strengthened when the Group had on 26 June 2008, incorporated a new subsidiary, namely Classic Distribution Sdn Bhd, to supply Samsung products to the Government.

On 19 September 2008, the Group had also ventured into the mining and property development business under its newly incorporated 60% subsidiary, namely Compugates Development and Mining Sdn Bhd ("CDMSB") to enhance the Group's business.

CDMSB had entered into two (2) Sale and Purchase Agreements with Kumpulan Darul Ehsan Berhad to acquire all that piece of land held under H.S(D) 13828, PT 26800, Mukim of Dengkil, District of Sepang, State of Selangor Darul Ehsan, measuring approximately 154,990 square metres, at a purchase consideration of RM4,170,761 (Ringgit Malaysia Four Million One Hundred Seventy Thousand Seven Hundred and Sixty One) only and a portion of the land held under HS (D) 15896 PT 32544, Mukim of Dengkil, District of Sepang, State of Selangor Darul Ehsan, measuring approximately 62.00 acres, at a purchase consideration of RM3,100,000 (Ringgit Malaysia Three Million and One Hundred Thousand) only.

Compugates Sdn Bhd was appointed by ETI Tech (M) Sdn Bhd ("ETI") on 13 January 2009, as its distributor for the promotion and sale of ETI's products, namely Nano Mobile Charger Series, within Malaysia, Bangladesh, Indonesia and Cambodia.

On 11 March 2009, CDMSB had entered into a distribution agreement with Datuk Ibrahim Bin Abdul Ghaffar and was appointed as the sole distributor for Amavita Apotheke Central's Pharmaceutical Products for Malaysia and the ASEAN region.

A proposal has been submitted to the Ministry of Entrepreneur and Co-operative Development to develop Bumiputra entrepreneurs by recruiting MARA pharmacy graduates to start a chain of 3,000 pharmacies throughout Malaysia and the ASEAN region under the COMPUGATES AMAVITA APOTHEKE brand name. The proposal includes MARA providing each qualified bumiputra with a loan of RM300,000, of which RM100,000 is for the setting-up of a pharmacy and the balance of RM200,000 is for procuring supplies from CDMSB.

On 30 March 2009, the Group announced that it had been appointed by Canon Marketing (M) Sdn Bhd as the wholesaler of Canon's image communication products such as digital cameras, digital video cameras, and digital SLR and all the related accessories effective 1 April 2009.

Outlook and Prospects

The Group will remain cautious on the impact of the economic slowdown. Despite the fact that we are now facing a financial crisis, the outlook for 2009 remains encouraging with the Group's efforts to diversify from its core business of distributing, marketing and trading of imaging, IT, communication-based products into pharmaceutical and sand mining sectors.

We will continue to explore new business opportunities to further enhance our growth.

Appreciation

On behalf of the Board of Directors, I would like to express my appreciation to our valued customers, business associates and suppliers for their continuous support, trust and understanding.

I would also like to take this opportunity to extend my gratitude and appreciation to our fellow Board members, management and staff for their hard work, dedication and commitment to the Group.

Last but not least, to our shareholders, I wish to express my heartfelt appreciation for placing your confidence in Compugates Holdings Berhad.

Tan Sri Datuk Asmat Bin Kamaludin
(Independent Non-Executive Chairman)

Directors' Profile

TAN SRI DATUK ASMAT BIN KAMALUDIN
(Independent Non-Executive Chairman)

Tan Sri Datuk Asmat Bin Kamaludin, a Malaysian, aged 65, is the Independent Non-Executive Chairman of our Company. He was appointed to our Board on 8 November 2005. He is also the Chairman of the Audit Committee, Nomination Committee and Remuneration Committee of our Company.

Tan Sri Datuk Asmat Bin Kamaludin holds a Bachelor of Arts degree in Economics from the University of Malaya and he also holds a Diploma in European Economic Integration from the University of Amsterdam. He has vast experience in various capacities in the public service, his last position being the Secretary General of the Ministry of International Trade and Industry (MITI), a position held from 1992 to 2001. He has served as the Economic Counselor for Malaysia in Brussels and has worked with several international bodies such as the Association of South East Asian Nations (ASEAN), World Trade Organisation (WTO) and Asia-Pacific Economic Cooperation (APEC), representing Malaysia in relevant negotiations and agreements.

Tan Sri Datuk Asmat Bin Kamaludin has also been actively involved in several national organisations such as Permodalan Nasional Berhad, Johor Corporation, Small and Medium Scale Industries Development Corporation (SMIDEC) and Malaysia External Trade Development Corporation (MATRADE) while in the Malaysian government service. Other Malaysian public companies which he is currently involved with are UMW Holdings Berhad (Chairman), YTL Cement Berhad (Vice-Chairman), Panasonic Manufacturing Malaysia Berhad (Chairman), Symphony House Berhad (Chairman), Scomi Group Berhad (Chairman) and Trans-Asia Shipping Corporation Berhad (Chairman) and he is a director of Lion Industries Corporation Berhad, Malaysian Pacific Industries Berhad, Permodalan Nasional Berhad and ABN Amro Bank Berhad. He also serves on the board of the Japan Chamber of Trade and Industry in Malaysia Foundation.

GOH KHENG PEOW
(Managing Director)

Goh Kheng Peow, a Malaysian, aged 49, is the Managing Director of our Company. He was appointed to the Board of Directors on 8 November 2005. He is also a member of the Remuneration Committee of our Company.

He graduated with honours from the University of Malaya with a Bachelor of Economics (Business Administration) in 1983. He has over twenty six (26) years of experience in sales and marketing line specialising in fast moving consumer products, office equipment, consumer electronics, medical equipment and telecommunication products.

In 1999, he decided to venture into the field of entrepreneurship and established Compugates Marketing Sdn Bhd. He is responsible for the strategic planning aspects of the Compugates Group. He also sits on the board of several private limited companies.

GOH TAI WAI
(Non-Independent and Non-Executive Director)

Goh Tai Wai, a Malaysian, aged 36, was appointed as a Non-Independent Non-Executive Director on 8 November 2005. He was re-designated as an Executive Director on 21 April 2006 and assumed his present position as the Non-Independent and Non-Executive Director on 18 August 2008. He is also an Audit Committee member of our Company.

He holds a Bachelor of Commerce in Accounting and Information Systems from Curtin University of Technology, Perth, Australia. He is a member of the Malaysian Institute of Accountants and a member of CPA Australia as well as a Certified Financial Planner.

He is also a Director of Ascend Group of Companies, overseeing the financial management, corporate advisory services, information technology services and other business activities of the Group. He has more than fifteen (15) years experience ranging from corporate advisory and risk management to finance and information technology.

MOHAMED FAUZI BIN OMAR
(Independent Non-Executive Director)

Mohamed Fauzi Bin Omar, a Malaysian, aged 50, is the Independent Non-Executive Director of our Company. He was appointed to the Board on 8 November 2005. He is also a member of the Nomination Committee and Remuneration Committee of our Company.

He holds a Master of Business Administration from Northland Open University Canada and International Management Center of Buckingham from the United Kingdom ("UK"). He is also an Associate of the Chartered Institute of Marketing-UK and holds a Diploma in Science (Biology) with Education from Universiti Pertanian Malaysia.

Prior to joining Compugates, he has held numerous senior management positions in the telecommunications industry, particularly the cellular mobile operations both locally and abroad. A co-founder of Celcom (Malaysia) Berhad ("Celcom"), he served the company from 1988 to 1996 and his last positions in the company were as the Chief Operating Officer of Celcom Technology Sdn Bhd (Celcom's Value added arm) cum Senior Vice President of Celcom, where he oversees a number of new projects including the fixed network services. In 2000, he was engaged by Across Asia Multimedia (a company listed on The Stock Exchange of Hong Kong Limited) as the Director of Marketing & Customer Services as part of a team of Malaysian to establish Lippotel's Cellular service in Indonesia.

In 2002, he joined Time dotCom Berhad as the Director of its mobile operations, namely TimeCel. Upon the disposal of TimeCel, he was later made the Chief Operating Officer of Time dotCom Berhad and its subsidiary, namely Time dotNet Berhad where he served until 2005. With over twenty (20) years in the industry, he has vast experience particularly in the development and marketing of cellular, public switched telephone network, broadband, value-added, satellite, computer-telephony and internet related services.

Prior to joining the telecommunications industry, he started his career with British Petroleum (M) Sdn Bhd, which he served for almost five (5) years since 1983. Today he is actively involved in the aggregation & marketing of mobile and broadband value added applications in the region through his privately owned companies.

TAN YIP CHIAN
(Independent Non-Executive Director)

Tan Yip Chian, a Malaysian, aged 37, was appointed as a Director of our Company on 13 October 2004 and was subsequently designated as an Independent Non-Executive Director on 8 November 2005. He is also a member of the Audit Committee and Nomination Committee.

He obtained his Master in Business Administration from Universiti Putra Malaysia in 2000 and a Bachelor of Science in Engineering from Western Michigan University in 1995. He has more than eleven (11) years of experience in the corporate advisory field. He is currently the General Manager of Corporate Finance in PM Securities Sdn Bhd with responsibility in the origination and execution of corporate finance advisory that includes corporate debt/restructuring, initial public offering, mergers and acquisitions, fund raising, private equity funded transaction and also provide general or specific advice to publicly quoted companies.

SEE THOO CHAN
(Non-Independent Non-Executive Director)

See Thoo Chan, a Malaysian, aged 47, was appointed as a Non-Independent Non-Executive Director of our Company on 21 March 2007.

She obtained her Higher School Certificate in 1980. She is a successful businesswoman having numerous years of experience in trading of telecommunication products. She is also a director of Southall Sdn Bhd and Beausoft Sdn Bhd, which are principally involved in the trading of cellular phones and accessories, mobile phone prepaid cards, telecommunication products and skin care products.

Notes:

1) *Family Relationship with Director and/or Substantial Shareholder*

Goh Kheng Peow is related to two (2) members of the Board of Directors, namely See Thoo Chan (his spouse) who serves as a Non-Independent Non-Executive Director and a substantial shareholder of the Company and Goh Tai Wai (his nephew) who also serves as a Non-Independent Non-Executive Director.

Save as disclosed herein, none of the Directors has any family relationship with any director and/or substantial shareholder of the Company.

2) *Conflict of Interest*

None of the Directors except for Goh Kheng Peow and See Thoo Chan has any conflict of interest with the Group.

Goh Kheng Peow and See Thoo Chan have no direct conflict of interest with the Group other than the recurrent related party transactions of a revenue or trading nature ("RRPTs") which are disclosed in page 65 to 66 of this Annual Report.

3) *Conviction for Offences*

None of the Directors has been convicted for offences within the past ten (10) years, other than traffic offences, if any.

4) *Attendance of Board Meetings*

Details of the Directors' attendance at Board meetings are set out in the Statement on Corporate Governance in page 8 of this Annual Report.

Statement On Corporate Governance

The Board of Directors of Compugates Holdings Berhad ("the Company") ("Board") remains committed to ensuring that the highest standards of corporate governance are practised throughout the Group to protect and enhance shareholders' value and to improve its financial performance. The Board is therefore pleased to provide the following statement, which outlines how the Group has applied the principles laid down in Part 1 of the Malaysian Code on Corporate Governance ("the Code") and the extent of compliance with the best practices set out in Part 2 of the Code during the financial year.

BOARD OF DIRECTORS

Board Composition and Balance

The Board has six (6) members which comprises of one (1) Executive Director, three (3) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors. This composition complies with the Listing Requirements of Bursa Malaysia Securities Berhad that requires at least two (2) directors or one-third (1/3) of the Board, whichever is the higher, to be independent. A brief profile of each Director is presented on pages 6 to 7 of the Annual Report.

The Executive Director is primarily responsible for the implementation of policies and decisions of the Board, overseeing the Group's operations and development of the Group's business strategies.

The Independent Non-Executive Directors provide a broader view and independent assessment to the Board's decision making process.

The Board is satisfied that the current Board composition fairly reflects the investment of the minority shareholders and represents a balanced mixed of skills and experience to discharge the Board's duties and responsibilities.

The Board has appointed Tan Sri Datuk Asmat Bin Kamaludin, the Chairman of the Board as the Senior Independent Non-Executive Director to whom concerns of the shareholders may be conveyed.

Duties and Responsibilities

The Board assumes full responsibility over the overall performance of the Company and the Group by discharging its stewardship responsibilities through providing strategic leadership, overseeing the conduct of the Company's business, identification and management of principal risks, reviewing the adequacy and integrity of the Company's internal control system and developing an investor relations program. The Board has also delegated specific responsibilities to the Board Committees, all of which discharge the duties and responsibilities within their specific terms of reference.

The roles of the Chairman and Managing Director are clearly distinct for effective balance of power and authority. To ensure this balance, both positions are held by separate members of the Board. The Chairman is primarily responsible for the Board's effectiveness and conduct and ensuring timely and necessary information is provided to its' members whilst the Managing Director is responsible for the daily running of the Group's operations and implementation of policies and strategies adopted by the Board.

Board Meetings

During the financial year ended 31 December 2008, the Board met five (5) times to deliberate and consider matters pertaining to the Group's financial performance, significant investments, corporate development, strategic issues and business plan. The attendance records of the Directors who held office during the year are as follows:

Name of Directors	No. of Meetings Attended
Tan Sri Datuk Asmat Bin Kamaludin	5/5
Goh Kheng Peow	5/5
Goh Tai Wai	4/5
Mohamed Fauzi Bin Omar	4/5
Tan Yip Chian	5/5
See Thoo Chan	4/5

Supply of Information

All Board members are supplied with information on a timely manner. The Board meetings are structured with a pre-set agenda which encompasses all aspects of matters under discussion. Board reports are circulated well in advance of the Board meetings for their deliberation. All meetings of the Board are duly recorded in the board minutes by the Company Secretary. Where required, Senior Management may be invited to attend these meetings to explain and clarify on the matters tabled.

In exercising its duties, the Board has unfettered access to all information on the Group, the advice and services of the Company Secretary and independent professional advice where necessary, at the Company's expense.

Directors' Training

All the Directors have attended and successfully completed the Mandatory Accreditation Programme as prescribed by Bursa Securities.

The Board acknowledges that continuous education is essential for the Directors to further enhance their skills and knowledge. During the financial year under review, the Directors attended the following training programs as part of their continuing education to enhance their knowledge and to keep abreast with new developments in the furtherance of their duties:

Training Programs Attended
The Recent Changes in the Corporate Legal Framework towards Better Corporate Governance – its' Implication on Directors' Duties
Compliance & Enforcement of Bursa Securities Listing Requirements: Updates & Case Studies
Effective Chairmanship
Developing Sustainable Futures
Directors' Training – Scomi
C-Suite 2009 Budget Tax Prospective
Risk Management: Challenges & Opportunities
Important of Strategy Execution
Options and Futures I: Principles and Valuations
Economics and Capital Markets I: Forces Shaping Global Capital Markets
Essentials of Fundamental Analytics I: Analysing Company Performance
Total Sales Team - Helping Each Other To Do Well

However, Mr. Goh Tai Wai did not attend any training during the year due to his hectic travelling schedule throughout the year. He has undertaken that he will attend relevant seminars and courses in 2009 to continue enhancing his skills and knowledge for the purpose of disposing his duties and responsibilities.

Appointment and Re-election of Directors

The Nomination Committee, which comprises entirely of independent directors, is responsible for making recommendations for any new appointments to the Board. In making these recommendations, the Nomination Committee considers the required mix of skills and experience which the Directors should bring to the Board. Any new nomination received is assessed by the Nomination Committee prior to recommending to the full Board for assessment and endorsement.

Board members who are appointed by the Board are subject to retirement at the first Annual General Meeting ("AGM") of the Company subsequent to their appointment. The Company's Articles of Association provide that at least one-third (1/3) of the Directors shall retire by rotation at each AGM and all Directors shall retire from office at least once every three (3) years, but shall be eligible for re-election.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

Board Committees

The Board Committees were established to assist the Board in discharging its responsibilities as set out below with their terms of reference approved by the Board. They are as follows:

Audit Committee

The terms of reference, the number of meetings held during the financial year and the attendance of each member is presented under Audit Committee Report on page 12 of this Annual Report.

Nomination Committee

The Nomination Committee has three (3) members, all of whom are Independent Non-Executive Directors. They are tasked with the responsibility of proposing new nominees to the Board and assessing the effectiveness of the Board and the contribution of individual directors on an ongoing basis.

For the financial year ended 31 December 2008, the Nomination Committee has met once to review the effectiveness of the Board and the contribution of each Director, including independent non-executive directors and this review had been documented accordingly. The Nomination Committee also reviewed the structure, size and composition of the Board to ensure the effectiveness of the Board in discharging its duties and responsibilities.

The attendance records of the Nomination Committee Members are as follows:

Name of Nomination Committee Members	No. of Meeting Attended
Tan Sri Datuk Asmat Bin Kamaludin (Chairman)	1/1
Mohamed Fauzi Bin Omar	1/1
Tan Yip Chian	1/1

Remuneration Committee

The Remuneration Committee comprises of three (3) members, with a majority being Independent Non-Executive Directors. They recommend to the Board the remuneration packages of the Executive Directors. Such packages are designed to attract, retain and motivate the Directors, and are reflective of their experience and level of responsibilities. The remuneration of the Executive Directors is reviewed annually.

The Board as a whole determines the remuneration of the Non-Executive Directors. None of the individual Directors participate in determining their individual remuneration.

The Remuneration Committee met once during the year under review and the attendance records of the Remuneration Committee Members are as follows:

Name of Remuneration Committee Members	No. of Meeting Attended
Tan Sri Datuk Asmat Bin Kamaludin	1/1
Mohamed Fauzi Bin Omar	1/1
Goh Kheng Peow	1/1

Details of the remuneration of Directors of the Company during the financial year ended 31 December 2008 are as follow:

Aggregate remuneration

	Executive Directors (RM)	Non-Executive Directors (RM)	Total (RM)
Basic Salary	576,000	-	576,000
Bonuses	288,000	-	288,000
Fees	-	372,000	372,000
Attendance fee	-	-	-
Others	-	-	-
Total	864,000	372,000	1,236,000

Number of Directors whose remuneration fall into the following bands:

	No. of Executive Directors	No. of Non- Executive Directors
RM 50,000 and below	-	4
RM150,001 to RM200,000	-	1
RM800,001 – RM850,000	1	-

The details of the individual Director's remuneration are not disclosed in this report as the Board considers the above disclosures satisfy the accountability and transparency aspects of the Code.

SHAREHOLDERS

Shareholders and Investor Relations

The Company acknowledges that an effective investor relationship is essential in enhancing value to its shareholders. To that end, the Board provides the Company's shareholders with timely releases of the financial results on a quarterly basis, press releases and announcements on the Group's performance. Whilst the Company endeavors to provide as much information as possible, it is aware of the legal and regulatory framework governing the release of material and price sensitive information.

Annual General Meeting

The principal forum for dialogue with individual shareholders is at the AGM where shareholders would have direct access to the Directors and are provided with sufficient opportunity and time to participate through questions on the prospects, performance of the Group and other matters of concern. Members of the Board as well as the external auditors will be present to answer and provide the appropriate clarifications at the meeting.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is committed to provide a balanced, clear and comprehensive assessment of the Group's financial position and prospects by making sure that the financial statements and quarterly announcements are prepared in accordance to the provisions of the Companies Act, 1965 and applicable approved accounting standards.

The Statement on Directors' Responsibilities in respect of the preparation of the annual audited financial statements is stated in page 17 of this Annual Report.

Internal Control

The Board acknowledges its responsibility for maintaining a sound system of internal controls in the Company and the Group. These controls provide reasonable but not absolute assurance against material misstatement, loss or fraud. Information on the Group's internal control is disclosed in the Statement on Internal Controls set out in pages 15 to 16 in this Annual Report.

Relationship with External Auditors

The Board maintains a transparent and professional relationship with the Group's external auditors. The role of the Board in relation to the external auditors is further explained in the Audit Committee Report on pages 12 to 14 of this Annual Report.

The Audit Committee had also met the external auditors without the presence of the management at least twice a year and whenever deemed necessary.

This statement was approved by the Board of Directors on 24 April 2009.

Audit Committee Report

The Board is pleased to present the Audit Committee ("AC") Report for the financial year ended 31 December 2008. The AC met five (5) times during the year. Composition of the AC and the details of the attendance of the AC members are set out as follows:

COMPOSITION OF THE AC

Name	Attendance
Chairman	
Tan Sri Datuk Asmat Bin Kamaludin (Independent Non-Executive Chairman)	5/5
Committee Members	
Goh Tai Wai (Non-Independent Non-Executive Director)	4/5
Tan Yip Chian (Independent Non-Executive Director)	5/5

Details of the members of the AC are contained in the "Directors' Profile" as set out on pages 6 to 7 of this Annual Report.

TERMS OF REFERENCE

The AC is governed by the following terms of reference:

1. Composition

   The AC shall be appointed from amongst the Board and shall comprise no fewer than three (3) members. All the AC members must be non-executive directors, with a majority of whom shall be independent directors and at least one (1) member must be a member of the Malaysian Institute of Accountants or possess such other qualifications and/or experience as approved by the Bursa Securities.

   In the event of any vacancy resulting in the number of members is reduced to below three (3), the vacancy shall be filled within two (2) months but in any case not later than three (3) months. Therefore a member of the AC who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he leaves.

2. Chairman

   The Chairman, who shall be elected by the AC, shall be an independent director.

3. Secretary

   The Company Secretary shall be the Secretary of the AC and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting.

   The Secretary shall also be responsible for keeping the minutes of meetings of the AC and circulating them to the AC Members. The AC Members may inspect the minutes of the AC at the Registered Office or such other place as may be determined by the AC.

4. Meetings

   The AC shall meet at least four (4) times in each financial year. The quorum for a meeting shall be two (2) members, provided that the majority of members present at the meeting shall be independent.

   The AC may call for a meeting as and when required with reasonable notice as the AC Members deem fit. The AC Members may participate in a meeting by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.

   All decisions at such meeting shall be decided on a show of hands based on a majority of votes.

   The internal auditors and external auditors may appear at any meeting at the invitation of the AC and shall appear before the AC when required to do so by the AC. The internal auditors and external auditors may also request a meeting if they consider it necessary.

5. Rights

The AC shall:

(a) have authority to investigate any matter within its terms of reference;
(b) have the resources which are required to perform its duties;
(c) have full and unrestricted access to any information pertaining to the Group;
(d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
(e) have the right to obtain independent professional or other advice at the Company's expense;
(f) have the right to convene meetings with the internal auditors and external auditors, excluding the attendance of other directors and employees of the Group, whenever deemed necessary;
(g) promptly report to the Bursa Securities, or such other name(s) as may be adopted by Bursa Securities, matters which have not been satisfactorily resolved by the Board of Directors resulting in a breach of the listing requirements;
(h) have the right to pass resolutions by a simple majority vote from the AC and that the Chairman shall have the casting vote should a tie arise;
(i) meet as and when required on a reasonable notice; and
(j) the Chairman shall call for a meeting upon the request of the internal auditors and external auditors.

6. Duties

(a) To review with the external auditors on:
- the audit plan, its scope and nature;
- the audit report;
- the results of their evaluation of the accounting policies and systems of internal accounting controls within the Group; and
- the assistance given by the officers of the Company to external auditors, including any difficulties or disputes with Management encountered during the audit.

(b) To review the adequacy of the scope, functions, competency, resources and set the standards of the internal audit function.
(c) To provide assurance to the Board of Directors on the effectiveness of the system of internal control and risk management practices of the Group.
(d) To review 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.
(e) To review with management:
- audit reports and management letter issued by the external auditors and the implementation of audit recommendations;
- interim financial information; and
- the assistance given by the officers of the Company to external auditors.

(f) To monitor related party transactions entered into by the Company or the Group and to determine if such transactions are undertaken on an arm's length basis and normal commercial terms and on terms not more favourable to the related parties than those generally available to the public, and to ensure that the Directors report such transactions annually to shareholders via the annual report, and to review conflicts of interest that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
(g) To review the quarterly reports on consolidated results and annual financial statements prior to submission to the Board of Directors, focusing particularly on:
- changes in or implementation of major accounting policy and practices;
- significant and / or unusual matters arising from the audit;
- the going concern assumption;
- compliance with accounting standards and other legal requirements; and
- major areas.

(h) To consider the appointment and / or re-appointment of internal and external auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of person or persons as auditors.
(i) To verify the allocation of options in accordance with any employees' share scheme of the Company, at the end of each the financial year.

SUMMARY OF ACTIVITIES OF THE COMMITTEE

During the financial year under review, the AC has met five (5) times and the activities undertaken by the AC includes:

(a) Reviewing and recommending the unaudited quarterly and annual audited consolidated results of the Group to the Board of Directors for approval prior to release to the Bursa Securities;
(b) Reviewing with external auditors on their audit planning memorandum of the Group for the financial year ended 31 December 2008;
(c) Reviewing the external auditors' report and their audit findings;
(d) Reviewing the key risk profile identified and ensuring that these are updated by Management in the process and where appropriate new risks are identified and incorporated for deliberation;
(e) Reviewing and ensuring the adequacy of the scope and coverage of the audit plan proposed by the Internal Auditors and approved the audit plan for audit execution;
(f) Reviewing the internal audit reports and the results and recommendations arising from the reviews conducted by the outsourced internal audit function;
(g) Reviewing related party transactions and considered conflict of interest situations that may arise within the Group; and
(h) Met two (2) times with the External Auditors without the presence of the executive director and the Management.

INTERNAL AUDIT FUNCTION

During the financial year, the outsourced internal audit function assisted the AC in discharging its duties and responsibilities by executing independent reviews to ensure the adequacy and effectiveness of the internal control system of the Group.

The activities of the internal audit function for the year include:

(a) Conducting internal audit reviews in accordance with the internal audit plan approved by the AC;
(b) Reporting the results of internal audits and making recommendations for improvements to the AC on a periodic basis; and
(c) Following-up on the implementation of audit recommendations and agreed upon Management action plans.

The internal audits conducted did not reveal any weaknesses which would result in material losses, contingencies or uncertainties requiring separate disclosure in the annual report.

Further details on internal audit function are set out in the Statement on Internal Controls on pages 15 to 16 of this Annual Report.

Statement On Internal Controls

INTRODUCTION

Pursuant to paragraph 15.27 (b) of the Listing Requirements (“LR”) of Bursa Securities and as guided by the Bursa Malaysia’s Statement on Internal Control: Guidance for Directors of Public Listed Companies (”the Guidance”), the Board of Directors of Compugates Holdings Berhad (“Board”) is pleased to include a statement on the state of the Group’s internal controls in the annual report.

BOARD’S RESPONSIBILITIES

The Board acknowledges its responsibility and re-affirms its commitment in maintaining a sound system of internal controls to safeguard shareholders’ investments and the Group’s assets as well as reviewing the adequacy and integrity of the system of internal controls.

However, as there are inherent limitations in any system of internal controls, such system put into effect by Management is only to reduce but cannot eliminate all risks that may impede the achievement of the Group’s business objectives. Therefore, the internal control system can only provide reasonable and not absolute assurance against material misstatement or loss.

KEY FEATURES OF THE GROUP’S INTERNAL CONTROL SYSTEM

1. CONTROL ENVIRONMENT

- Organisation Structure & Authorisation Procedures

  The Group maintains a formal organisation structure that includes clear delegation of responsibilities and accountability. It sets out the roles and responsibilities, appropriate authority limits, review and approval procedures to enhance the internal control system of the Group’s various business units.

- Periodical and / or Annual Budget

  An annual budget is prepared by management and tabled to the Board for approval. Periodic monitoring is carried out to measure the actual performance against budget to identify significant variances and devise remedial action plans.

- Group Policies and Procedures

  Documented policies and procedures are in place and are regularly reviewed and updated to ensure that it maintains its effectiveness and continues to support the Group’s business activities at all times as the Group continues to grow.

- Human Resource Policy

  Comprehensive guidelines on employment and retention of employees are in place, to ensure that the Group has a team of employees who are well trained and equipped with all the necessary knowledge, skills and abilities to carry out their responsibilities effectively.

2. RISK MANAGEMENT FRAMEWORK

Risk Management is regarded by the Board to be an integral part of the business operations. Key management staff and Heads of Department are delegated with the responsibility to manage identified risks within defined parameters and standards.

Periodic management meetings were held to discuss key risks and the appropriate mitigating controls. Significant risks affecting the Group’s strategic and business plans are escalated to the Board at their scheduled meetings.

The abovementioned risk management practices of the Group serve as the on-going process used to identify, evaluate and manage significant risks.

3. INTERNAL AUDIT FUNCTION

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

During the financial year ended 31 December 2008, the internal audit function carried out audits in accordance with the internal audit plan approved by the Audit Committee. The results of the internal audit reviews and the recommendations for improvement were presented to the Audit Committee at their quarterly meetings.

In addition, follow up visits were also conducted to ensure that corrective actions have been implemented on a timely manner. Based on the internal audit reviews conducted, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this annual report.

4. INFORMATION AND COMMUNICATION

Information critical to the achievement of the Group's business objectives is communicated through established reporting lines across the Group. This is to ensure that matters that require the Board and Senior Management's attention are highlighted for review, deliberation and decision on a timely basis.

5. MONITORING AND REVIEW

Scheduled operational and management meetings are held to discuss and review the business plans, budgets, financial and operational performances of the Group. The quarterly financial statements containing key financial results and comparisons are presented to the Board for their review, consideration and approval.

6. RISK MANAGEMENT FRAMEWORK

The Board recognizes that risk management is an integral part of the Group's business operations and that the identification and management of risks will assist the Group in achieving its business objectives. During the financial year under review, the Group has implemented an ongoing process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives.

CONCLUSION

The Board is of the view that the Group's system of internal controls is adequate to safeguard shareholders' investments and the Group's assets. However, the Board is also cognizant of the fact that the Group's system of internal controls and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the system of internal controls.

This statement was approved by the Board of Directors on 24 April 2009.

Statement On Directors' Responsibilities

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

In preparing the financial statements, the Directors have selected suitable accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent.

The Board has an overall responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Company to prevent and detect fraud and other irregularities.

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Financial Statements Contents

DIRECTORS' REPORT

The directors 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 Company is principally engaged in the businesses of investment holding and the provision of management services whilst the principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	THE GROUP RM'000	THE COMPANY RM'000
(Loss)/Profit attributable to equity holders of the Company	(240)	161

DIVIDENDS

No dividend was paid since the end of the previous financial year and the directors do not recommend the payment of any dividend for the current financial year.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) there were no changes in the authorised and issued and paid-up share capital of the Company; and

(b) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would further require the writing off of bad debts, or the additional allowance for doubtful debts in the financial statements of the Group and of the Company.

DIRECTORS' REPORT (cont'd)

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

The contingent liabilities of the Company are disclosed in Note 33 to the financial statements. At the date of this report, there does not exist:-

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

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

No contingent or other liability of the Group and of the Company 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 when they fall due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS' REPORT (cont'd)

DIRECTORS

The directors who served since the date of the last report are as follows:-

TAN SRI DATUK ASMAT BIN KAMALUDIN
GOH KHENG PEOW
SEE THOO CHAN
MOHAMED FAUZI BIN OMAR
GOH TAI WAI
TAN YIP CHIAN

DIRECTORS' INTERESTS

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

	NUMBER OF ORDINARY SHARES OF RM0.10 EACH			
THE COMPANY	**AT 1.1.2008**	**BOUGHT**	**SOLD**	**AT 31.12.2008**
DIRECT INTERESTS				
TAN SRI DATUK ASMAT BIN KAMALUDIN	25,000,000	-	(25,000,000)	-
GOH KHENG PEOW	1,091,493,010	36,728,300	(30,300,000)	1,097,921,310
SEE THOO CHAN	310,015,000	31,164,000	-	341,179,000
TAN YIP CHIAN	10	-	-	10
DEEMED INTERESTS				
TAN SRI DATUK ASMAT BIN KAMALUDIN ^	30,000	-	-	30,000
GOH KHENG PEOW ^	310,015,000	31,872,000	-	341,887,000
GOH TAI WAI ^	200,000	-	-	200,000
SEE THOO CHAN ^	1,091,493,010	37,436,300	(30,300,000)	1,098,629,310

^ *Deemed interest through spouse's and/or children's shareholdings by virtue of Section 134(12)(C) of the Companies (Amendment) Act 2007.*

By virtue of their shareholdings in the Company, Goh Kheng Peow and See Thoo Chan are deemed to have interests in the shares in the subsidiaries to the extent of the Company's interest, in accordance with Section 6A of the Companies Act, 1965.

The other director holding office at the end of the financial year did not have any interest in shares in the Company during the financial year.

DIRECTORS' REPORT (cont'd)

DIRECTORS BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Group and by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 32 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 36 to the financial statements.

AUDITORS

The auditors, Messrs. Horwath, have expressed their willingness to continue in office.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 28 APRIL 2009

Goh Kheng Peow

See Thoo Chan

STATEMENT BY DIRECTORS/ STATUTORY DECLARATION

STATEMENT BY DIRECTORS

We, Goh Kheng Peow and See Thoo Chan, being two of the directors of Compugates Holdings Berhad, state that, in the opinion of the directors, the financial statements set out on pages 25 to 59 are drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2008 and of their results and cash flows for the financial year ended on that date.

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 28 APRIL 2009**

Goh Kheng Peow

See Thoo Chan

STATUTORY DECLARATION

I, Fong Yin Sien, I/C No. 730111-14-5400, being the officer primarily responsible for the financial management of Compugates Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 25 to 59 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
Fong Yin Sien, I/C No. 730111-14-5400,
at Kuala Lumpur in the Federal Territory
on this 28 April 2009

Fong Yin Sien

Before me
Mohd Radzi Bin Yasin (W-327)
No: 86, Tingkat Bawah
Jalan Putra
50350 Kuala Lumpur

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF COMPUGATES HOLDINGS BERHAD

Report on the Financial Statements

We have audited the financial statements of Compugates Holdings Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 25 to 59.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

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

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

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.

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

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act other than as disclosed in Note 6 to the financial statements.

Other Matters

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

Horwath
Firm No: AF 1018
Chartered Accountants

Lee Kok Wai
Approval No: 2760/06/10 (J)
Partner

Kuala Lumpur

28 April 2009

BALANCE SHEETS AT 31 DECEMBER 2008

		THE GROUP		THE COMPANY	
		2008	2007	2008	2007
	NOTE	RM'000	RM'000	RM'000	RM'000
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	6	-	-	162,100	162,100
Property and equipment	7	9,157	9,382	165	248
Prepaid land lease payments	8	9,322	-	-	-
Goodwill on consolidation	9	114,558	115,684	-	-
Deferred tax asset	10	18	-	-	-
		133,055	125,066	162,265	162,348
CURRENT ASSETS					
Inventories	11	17,924	16,056	-	-
Trade receivables	12	23,535	43,095	-	-
Other receivables, deposits and prepayments	13	47,207	28,874	12	16
Amount owing by subsidiaries	14	-	-	24,520	24,073
Tax refundable		1,628	3,611	218	173
Short-term deposits with a licensed bank	15	-	1,150	-	300
Fixed deposits with licensed banks	16	9,372	16,783	-	-
Cash and bank balances		6,695	4,571	22	51
		106,361	114,140	24,772	24,613
TOTAL ASSETS		239,416	239,206	187,037	186,961
EQUITY AND LIABILITIES					
EQUITY					
Share capital	17	213,429	213,429	213,429	213,429
Exchange fluctuation reserve	18	186	(765)	-	-
Accumulated losses		(13,497)	(13,257)	(26,627)	(26,788)
SHAREHOLDERS' EQUITY		200,118	199,407	186,802	186,641
MINORITY INTERESTS		11,132	10,595	-	-
TOTAL EQUITY		211,250	210,002	186,802	186,641

The annexed notes form an integral part of these financial statements.

BALANCE SHEETS AT 31 DECEMBER 2008 (cont'd)

		THE GROUP		THE COMPANY	
		2008	2007	2008	2007
	NOTE	RM'000	RM'000	RM'000	RM'000
NON-CURRENT LIABILITIES					
Hire purchase payables	19	86	157	77	140
Deferred taxation	20	412	420	-	-
		498	577	77	140
CURRENT LIABILITIES					
Trade payables	21	18,561	24,500	-	-
Other payables and accruals	22	5,858	3,507	85	110
Amount owing to a shareholder of a subsidiary	23	38	-	-	-
Hire purchase payables	19	112	78	73	70
Bankers' acceptance	24	2,074	-	-	-
Provision for taxation		1,025	542	-	-
		27,668	28,627	158	180
TOTAL LIABILITIES		28,166	29,204	235	320
TOTAL EQUITY AND LIABILITIES		239,416	239,206	187,037	186,961
NET ASSETS PER SHARE (RM)	25	0.09	0.09		

The annexed notes form an integral part of these financial statements.

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

		THE GROUP		THE COMPANY	
		2008	2007	2008	2007
	NOTE	RM'000	RM'000	RM'000	RM'000
REVENUE	26	686,974	586,577	980	910
COST OF SALES		(677,674)	(574,791)	-	-
GROSS PROFIT		9,300	11,786	980	910
OTHER INCOME		9,153	27,990	1	46
		18,453	39,776	981	956
ADMINISTRATIVE EXPENSES		(11,453)	(11,584)	(575)	(754)
SALES AND MARKETING EXPENSES		(3,084)	(1,535)	-	-
OTHER EXPENSES		(2,127)	(843)	(83)	(83)
FINANCE COSTS		(181)	(12)	(19)	(9)
PROFIT BEFORE TAXATION	27	1,608	25,802	304	110
INCOME TAX EXPENSE	28	(1,375)	(2,363)	(143)	(143)
PROFIT/(LOSS) AFTER TAXATION		233	23,439	161	(33)
ATTRIBUTABLE TO:					
Equity holders of the Company		(240)	12,943	161	(33)
Minority interests		473	10,496	-	-
		233	23,439	161	(33)
(LOSS)/EARNINGS PER SHARE (SEN)					
Basic	29	(0.01)	0.61		
Diluted	29	Not applicable	Not applicable		

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT					
	SHARE CAPITAL RM'000	EXCHANGE FLUCTUATION RESERVE RM'000	ACCUMULATED LOSSES RM'000	TOTAL RM'000	MINORITY INTERESTS RM'000	TOTAL EQUITY RM'000
THE GROUP						
Balance at 1.1.2007	213,429	6	(26,200)	187,235	77	187,312
Profit after taxation	-	-	12,943	12,943	10,496	23,439
Exchange difference	-	(771)*	-	(771)	-	(771)
Total recognised income and expense for the financial year	-	(771)	12,943	12,172	10,496	22,668
Subscription of shares in subsidiaries	-	-	-	-	22	22
Balance at 31.12.2007/1.1.2008	213,429	(765)	(13,257)	199,407	10,595	210,002
Profit after taxation	-	-	(240)	(240)	473	233
Exchange difference	-	951*	-	951*	-	951
Total recognised income and expense for the financial year	-	951	(240)	711	473	1,184
Subscription of shares in subsidiaries	-	-	-	-	64	64
Balance at 31.12.2008	213,429	186	(13,497)	200,118	11,132	211,250

* *Not recognised in the income statements.*

	SHARE CAPITAL RM'000	ACCUMULATED LOSSES RM'000	TOTAL RM'000
THE COMPANY			
Balance at 1.1.2007	213,429	(26,755)	186,674
Loss for the financial year	-	(33)	(33)
Balance at 31.12.2007/1.1.2008	213,429	(26,788)	186,641
Profit for the financial year	-	161	161
Balance at 31.12.2008	213,429	(26,627)	186,802

The annexed notes form an integral part of these financial statements.

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

		THE GROUP		THE COMPANY	
		2008	2007	2008	2007
	NOTE	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FOR OPERATING ACTIVITIES					
Profit before taxation		1,608	25,802	304	110
Adjustments for:-					
Allowance for doubtful debts		38	172	-	-
Bad debts written off		1	12	-	-
Depreciation of property and equipment		615	657	83	83
Impairment of equipment		20	-	-	-
Impairment of goodwill		1,126	-	-	-
Interest expense		176	11	19	9
Provision for inventory obsolescence		18	-	-	-
Dividend income		-	-	(980)	(910)
(Gain)/Loss on disposal of equipment		(24)	1	-	-
Interest income		(580)	(606)	(1)	(46)
Unrealised gain on foreign exchange		-	(57)	-	-
Writeback of provision for inventory obsolescence		-	(35)	-	-
Writeback of allowance for doubtful debts		(6)	-	-	-
Operating profit/(loss) before working capital changes		2,992	25,957	(575)	(754)
Increase in inventories		(1,886)	(3,768)	-	-
Decrease/(Increase) in trade and other receivables		1,194	(33,977)	4	2
(Decrease)/Increase in trade and other payables		(3,588)	11,123	(25)	36
CASH FOR OPERATIONS		(1,288)	(665)	(596)	(716)
Income tax refunded/ (paid)		1,065	(1,789)	67	-
Interest paid		(176)	(11)	(19)	(9)
NET CASH FOR OPERATING ACTIVITIES/ BALANCE CARRIED FORWARD		(399)	(2,465)	(548)	(725)

The annexed notes form an integral part of these financial statements.

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (cont'd)

		THE GROUP		THE COMPANY	
		2008	2007	2008	2007
	NOTE	RM'000	RM'000	RM'000	RM'000
BALANCE BROUGHT FORWARD		(399)	(2,465)	(548)	(725)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Purchase of property and equipment		(417)	(779)	-	-
Prepaid land lease payments		(9,322)	-	-	-
Proceeds from disposal of equipment		49	1	-	-
Interest received		580	606	1	46
Dividend received		-	-	725	664
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(9,110)	(172)	726	710
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Proceeds from issuance of shares to minority shareholders		64	22	-	-
Increase in bankers' acceptance		2,074	-	-	-
Repayment of hire purchase obligations		(37)	(82)	(60)	(70)
Net advances to subsidiaries		-	-	(447)	(3,890)
Advance from a shareholder of a subsidiary		38	-	-	-
NET CASH FROM/(FOR) FINANCING ACTIVITIES		2,139	(60)	(507)	(3,960)
Effects of foreign exchange rate changes on cash and cash equivalents		933	(771)	-	-
NET DECREASE IN CASH AND CASH EQUIVALENTS		(6,437)	(3,468)	(329)	(3,975)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		22,504	25,972	351	4,326
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	30	16,067	22,504	22	351

The annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur.
Principal place of business	:	No. 3, Jalan PJU 1/41, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 28 April 2009.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the businesses of investment holding and provision of management services whilst the principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. FINANCIAL RISK MANAGEMENT POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its market, credit, liquidity and cash flow risks. The policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign exchange risk on sales and purchases that are denominated in foreign currencies. It manages its foreign exchange exposure by a policy of matching as far as possible receipts and payments in each individual currency.

Surpluses of convertible currencies are either retained in foreign currency or sold for Ringgit Malaysia. The Group's foreign currency transactions and balances are substantially denominated in United States Dollar, Singapore Dollar and Bangladesh Taka.

Foreign currency risk is monitored closely and managed to an acceptable level.

(ii) Interest Rate Risk

The Group obtains financing through bank borrowings and hire purchase facilities. Its policy is to obtain the most favourable interest rates available.

Surplus funds are placed with licensed financial institutions at the most favourable interest rates.

(iii) Price Risk

The Group does not have any quoted investment and hence is not exposed to price risk.

3. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from receivables. The maximum exposure to credit risk is represented by the total carrying amount of this financial asset in the balance sheet reduced by the effects of any netting arrangements with counterparties.

The Group's major concentration of credit risks relates to the amounts owing by a major customer and a third party which constituted 22% of trade receivables as at the balance sheet date.

The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

(c) Liquidity and Cash Flow Risks

The Group's exposure to liquidity and cash flow risks arises mainly from general funding and business activities.

It practises prudent liquidity risk management by maintaining sufficient cash balances and adequate working capital to meet its obligations as and when they fall due.

4. BASIS OF PREPARATION

The financial statements of the Group and of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with applicable approved Financial Reporting Standards ("FRS") and the Companies Act 1965 in Malaysia.

(a) During the current financial year, the Group has adopted the following:

(i) FRSs issued and effective for financial periods beginning on or after 1 July 2007:-

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

FRS 111 and FRS 120 are not relevant to the Group's operations. The adoption of the other standards will only impact the form and content of disclosures presented in the financial statements.

(ii) Amendment to FRS 121 - The Effects of Changes in Foreign Exchange Rates *Net Investment in a Foreign Operation* issued and effective for financial periods beginning on or after 1 July 2007.

The adoption of this amendment did not have any material impact on the financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (cont'd)

4. BASIS OF PREPARATION (cont'd)

(a) During the current financial year, the Group has adopted the following: (cont'd)

(iii) IC Interpretation issued and are effective for financial periods beginning on or after 1 July 2007:

IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under FRS 129_{2004} Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	Scope of FRS 2

The above IC interpretations are not relevant to the Group's operations.

(b) The Group has not adopted the following FRSs and IC Interpretations that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group.

(i) FRSs issued and effective for financial periods beginning on or after 1 July 2009:-

FRS 8	Operating Segments

FRS 8 replaces FRS 114_{2004} Segment Reporting and requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The adoption of this standard only impacts the form and content of disclosures presented in the financial statements of the Group. This FRS is expected to have no material impact on the financial statements of the Group upon its initial application.

(ii) FRSs issued and effective for financial periods beginning on or after 1 January 2010:-

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosure
FRS 139	Financial Instruments: Recognition and Measurement

The Group considers financial guarantee contracts entered to be insurance arrangements and accounts for them under FRS 4. In this respect, the Group treats the guarantee contract as a contingent liability until such a time as it becomes probable that the Group will be required to make a payment under the guarantee. The adoption of FRS 4 is expected to have no material impact on the financial statements of the Group.

The possible impacts of FRS 7 and FRS 139 on the financial statements upon their initial applications are not disclosed by virtue of the exemptions given in these standards.

(iii) IC Interpretation issued and are effective for financial periods beginning on or after 1 January 2010:

IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment

IC Interpretation 9 is not relevant to the Group's operations. IC Interpretation 10 prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. This interpretation is expected to have no material impact on the financial statements of the Group upon its initial application.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below.

(i) Depreciation of Property and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property and equipment are based on commercial and usage factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipates that the residual values of its property and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological factors could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(iii) Impairment of Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(iv) Allowance for Doubtful Debts of Receivables

The Group makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful debts of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

(v) Allowance for Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Critical Accounting Estimates and Judgements (cont'd)

(vi) Revaluation of Properties

The Group's properties which are reported at valuation are based on valuations performed by independent professional valuers.

The independent professional valuers have exercised judgement in determining discount rates, estimates of future cash flows, capitalisation rate, terminal year value, market freehold rental and other factors used in the valuation process. Also, judgement has been applied in estimating prices for less readily observable external parameters. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuation estimates.

(vii) Fair Value Estimates for Certain Financial Assets and Liabilities

The Group carries certain financial assets and liabilities at fair value, which require extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and equity.

(b) Financial Instruments

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

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to financial instruments classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Financial instruments recognised in the balance sheet are disclosed in the individual policy statement associated with each item.

(c) Functional and Foreign Currency

(i) Functional and Presentation Currency

The functional currency of the Group and each of the Group's entity is measured using the currency of the primary economic environment in which the Company or that entity operates.

The consolidated financial statements are presented in Ringgit Malaysia ("RM") which is the Company's functional and presentation currency.

(ii) Transactions and Balances

Transactions in foreign currency are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the balance sheet date are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are taken to the income statement.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Functional and Foreign Currency (cont'd)

(iii) Foreign Operations

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:-

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- income and expenses for income statement are translated at the average exchange rates for the year; and
- all resulting exchange differences are recognised as a separate component of equity, as a foreign currency translation reserve. On disposal, accumulated translation differences are recognised in the consolidated income statements as part of the gain or loss on sale.

(d) Basis Of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December 2008.

A subsidiary is defined as a company in which the parent company has the power, directly or indirectly, to exercise control over its financial and operating policies so as to obtain benefits from its activities.

All subsidiaries are consolidated using the purchase method. Under the purchase method, the results of the subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Minority interests in the consolidated balance sheet consist of the minorities' share of fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition and the minorities' share of movements in the acquiree's equity.

Minority interests are presented in the consolidated balance sheet of the Group within equity, separately from the Company's equity holders, and are separately disclosed in the consolidated income statement of the Group.

(e) Goodwill on Consolidation

Goodwill on consolidation represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable net assets of the subsidiaries at the date of acquisition.

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in a subsequent period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Goodwill on Consolidation (cont'd)

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combinations, the excess is recognised immediately in the consolidated income statement.

(f) Investments in Subsidiaries

Investments in subsidiaries are stated at cost in the balance sheet of the Company, and are reviewed for impairment at the end of the financial year if events or changes in circumstances indicate that their carrying values may not be recoverable.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is taken to the income statement.

(g) Property and Equipment

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

Freehold land is stated at cost or revalued amount less impairment losses, if any, and is not depreciated.

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Buildings	2%
Motor vehicles	20%
Office equipment, furniture and fittings	15% to 33 1/3%
Renovation	10% to 50%
Signboard	20%

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at each balance sheet date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property and equipment.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is included in the income statement in the year the asset is derecognised.

(h) Impairment of Assets

The carrying values of assets, other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at each balance sheet date for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' net selling price and its value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is charged to the income statement immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Impairment of Assets (cont'd)

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to the revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

(i) Prepaid Lease Payments

Leases of land under which the lessor has not transferred all the risks and benefits of ownership are classified as operating leases. Lease prepayment for land use rights is stated at cost less accumulated amortisation and impairment losses, if any. Amortisation is charged to the income statement on a straight-line basis over the term of the leases of 99 years.

(j) Assets under Hire Purchase

Equipment acquired under hire purchase are capitalised in the financial statements.

Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding outstanding obligations due under the hire purchase after deducting finance charges are included as liabilities in the financial statements.

Finance charges are allocated to the income statement over the period of the respective hire purchase agreements.

Equipment acquired under hire purchase is depreciated over the useful lives of the assets. If there is no reasonable certainty that the ownership will be transferred to the Group, the assets are depreciated over the shorter of the lease terms and their useful lives.

(k) Interest-bearing Borrowings

Interest-bearing borrowings are recorded at the amount of proceeds received, net of transaction costs.

All borrowing costs are charged to the income statement as expenses in the period in which they are incurred.

(l) Revaluation Reserve

Freehold land and buildings classified under property and equipment are appraised periodically, at least once in every five years.

Surpluses arising from the revaluation of properties are credited to the revaluation reserve account. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are charged to the income statement.

In the year of disposal of the revalued asset, the attributable remaining revaluation surplus is transferred from the revaluation reserve account to retained profits.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Inventories

Inventories comprise goods held for trading and are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs necessary to make the sale.

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items.

(n) Receivables

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

(o) Payables

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

(p) Income Taxes

Income taxes for the year comprise current and deferred tax.

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

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax 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 profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax 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 profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the balance sheet date.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Income Taxes (cont'd)

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

(q) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(r) Cash and Cash Equivalents

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

(s) Employee Benefits

(i) Short-term Benefits

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

(ii) Defined Contribution Plans

The Company's contributions to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(t) Segmental Information

Segment revenue and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of property and equipment (net of accumulated depreciation, where applicable), inventories, receivables and cash and cash equivalents.

Most segment assets can be directly attributed to the segments on a reasonable basis. Segment assets do not include income tax assets, whilst segment liabilities do not include income tax liabilities.

Segment revenue, expenses and results include transfers between segments. The prices charged on intersegment transactions are based on normal commercial terms. These transfers are eliminated on consolidation.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(u) Related Parties

A party is related to an entity if:-

(i) directly, or indirectly through one or more intermediaries the party:-
- controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- has an interest in the entity that gives it significant influence over the entity; or
- has joints control over the entity;

(ii) the party is an associate of the entity;
(iii) the party is a joint venture in which the entity is a venturer;
(iv) the party is a member of the key management personnel of the entity or its parent;
(v) the party is a close member of the family of any individual referred to in (i) or (iv);
(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(v) Revenue Recognition

(i) Sale of Goods

Revenue is recognised upon delivery of goods and customers' acceptance and where applicable, net of sales returns and trade discounts.

(ii) Interest Income

Interest income is recognised on an accrual basis.

(iii) Rental Income

Rental income is recognised on an accrual basis.

(iv) Dividend Income

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

6. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2008 RM'000	**2007 RM'000**
Unquoted shares, at cost	162,100	162,100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (cont'd)

6. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest 2008 %	Effective Equity Interest 2007 %	Principal Activities
Compugates Sdn. Bhd. ("CSB")	Malaysia	100%	100%	Trading, marketing and distribution of imaging, information technology and communication-based products.
Compugates (S) Pte. Ltd. #* ("CSPL")	Republic of Singapore	99.99%	99.99%	Distribution of digital cameras, related accessories and consumer electronic products.
Compugates Marketing Sdn. Bhd. # ("CMSB")	Malaysia	100%	100%	Trading, marketing and distribution of imaging, information technology and communication-based products.
Classic Distribution Sdn. Bhd. # ("CDSB")	Malaysia	60%	-	Trading, marketing and distribution of information technology products.
Compugates Development and Mining Sdn. Bhd. # ("CDMSB")	Malaysia	60%	-	Dormant.
Compugates International Sdn. Bhd. ("CISB")	Malaysia	100%	100%	Investment holding and provision of management services.
Compugates International Limited ^* ("CIL")	The British Virgin Islands	51%	51%	Acting as agents by way of commission for distribution of telecommunication products and management agent of franchises.
Compugates International (BD) Limited ^* ("CIBDL")	The British Virgin Islands	80%	80%	Investment holding, consultancy and project management services.
Compugates International (Bangladesh) Limited ^* ("CIBL")	Bangladesh	98%	98%	Exclusive distributor and master franchisee for distribution of telecommunication products and services.
Compugates International Limited (Cambodia) ^* ("CILC")	Cambodia	80%	80%	Acting as agents by way of commission for the distribution of telecommunication products and management agent of franchises.
PT Compugates International ^* ("PTCI")	Indonesia	80%	-	Trading as main distributor of communication products such as simcards and voucher cards.

\# Held through CSB.
^ Held through CISB.
* Not audited by Horwath.

6. INVESTMENTS IN SUBSIDIARIES (cont'd)

During the financial year,

a) CMSB subscribed for 6 ordinary shares of RM1.00 each in CDSB, representing 60% of the total issued and paid-up capital of CDSB for a consideration of RM6;
b) CMSB subscribed for 60 ordinary shares of RM1.00 each in CDMSB, representing 60% of the total issued and paid-up capital of CDMSB for a consideration of RM60; and
c) CIL subscribed for 80,000 ordinary shares of USD1.00 each in PTCI, representing 80% of the total issued and paid-up capital of PTCI for a consideration of USD80,000.

CSPL ceased operations as at 31 March 2009 and accordingly, the going concern assumption in the preparation of the financial statements of CSPL is inappropriate and adjustments have been made to reflect the realisable value of the assets of CSPL. The subsidiary has provided for further liabilities that will arise from the cessation of its operations and the non-current assets and liabilities have been reclassified to current assets and liabilities.

The auditors' report of CIL and CIBDL contained an emphasis of matter on the recoverability of a trade debt. The directors, based on the recent development and past and present experience of transacting with the customer, are of the opinion that the trade debt will be settled in full.

7. PROPERTY AND EQUIPMENT

THE GROUP	AT 1.1.2008 RM'000	ADDITIONS RM'000	DISPOSAL RM'000	IMPAIRMENT LOSS RM'000	FLUCTUATION ON FOREIGN EXCHANGE RM'000	DEPRECIATION CHARGE RM'000	AT 31.12.2008 RM'000
NET BOOK VALUE							
Freehold land	1,563	-	-	-	-	-	1,563
Buildings	6,532	-	-	-	-	(143)	6,389
Motor vehicles	445	106	(25)	-	5	(144)	387
Office equipment, furniture and fittings	617	278	-	(20)	7	(278)	604
Renovation	206	33	-	-	6	(44)	201
Signboard	19	-	-	-	-	(6)	13
	9,382	417	(25)	(20)	18	(615)	9,157

	AT 1.1.2007 RM'000	ADDITIONS RM'000	DISPOSAL RM'000	DEPRECIATION CHARGE RM'000	AT 31.12.2007 RM'000
NET BOOK VALUE					
Freehold land	1,563	-	-	-	1,563
Buildings	6,675	-	-	(143)	6,532
Motor vehicles	431	140	-	(126)	445
Office equipment, furniture and fittings	379	443	(2)	(203)	617
Renovation	190	196	-	(180)	206
Signboard	24	-	-	(5)	19
	9,262	779	(2)	(657)	9,382

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (cont'd)

7. PROPERTY AND EQUIPMENT (cont'd)

THE GROUP	AT COST RM'000	AT VALUATION RM'000	ACCUMULATED DEPRECIATION RM'000	NET BOOK VALUE RM'000
AT 31.12.2008				
Freehold land	574	989	-	1,563
Buildings	2,689	4,121	(421)	6,389
Motor vehicles	849	-	(462)	387
Office equipment, furniture and fittings	1,922	-	(1,318)	604
Renovation	1,011	-	(810)	201
Signboard	60	-	(47)	13
	7,105	5,110	(3,058)	9,157
AT 31.12.2007				
Freehold land	574	989	-	1,563
Buildings	2,689	4,121	(278)	6,532
Motor vehicles	798	-	(353)	445
Office equipment, furniture and fittings	1,678	-	(1,061)	617
Renovation	970	-	(764)	206
Signboard	60	-	(41)	19
	6,769	5,110	(2,497)	9,382

THE COMPANY	AT 1.1.2008 RM'000	DEPRECIATION CHARGE RM'000	AT 31.12.2008 RM'000
NET BOOK VALUE			
Motor vehicle	248	(83)	165

	AT 1.1.2007 RM'000	DEPRECIATION CHARGE RM'000	AT 31.12.2007 RM'000
NET BOOK VALUE			
Motor vehicle	331	(83)	248

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (cont'd)

7. PROPERTY AND EQUIPMENT (cont'd)

THE COMPANY	AT COST RM'000	ACCUMULATED DEPRECIATION RM'000	NET BOOK VALUE RM'000
AT 31.12.2008			
Motor vehicle	414	(249)	165
AT 31.12.2007			
Motor vehicle	414	(166)	248

	THE GROUP 2008 RM'000	THE GROUP 2007 RM'000
Net book value of properties, had the assets been stated at cost less accumulated depreciation, are as follows:-		
Freehold land	692	692
Buildings	2,700	2,754
	3,392	3,446

The freehold land and buildings were stated at valuation at the balance sheet date and were revalued by an independent professional valuer, Paul Khong, a registered valuer of Regroup Associates Sdn. Bhd., an independent firm of valuers, using the open market value based on the comparison method of valuation supported by the investment method during the financial year ended 2004.

The motor vehicles of the Group and of the Company with a net book value of approximately RM223,000 (2007 - RM284,000) and RM165,000 (2007 - RM248,000) respectively were acquired under hire purchase terms.

8. PREPAID LAND LEASE PAYMENTS

	THE GROUP 2008 RM'000	THE GROUP 2007 RM'000
At 1 January	-	-
Addition during the financial year	9,322	-
At 31 December	9,322	-

9. GOODWILL ON CONSOLIDATION

	THE GROUP	
	2008	2007
	RM'000	RM'000
Goodwill on consolidation	115,684	115,684
Less: Impairment loss	(1,126)	-
	114,558	115,684

Goodwill on consolidation arose from the acquisition of CSB, CMSB and CSPL during the financial year ended 31 December 2005.

Goodwill on consolidation is stated at cost and is reviewed for impairment annually.

Goodwill on consolidation has been allocated for impairment testing to the Group's cash-generating unit ("CGU") in Malaysia and Republic of Singapore.

(a) Impairment loss recognised

During the financial year, the Group assessed the recoverable amount of the goodwill on consolidation of CSPL and determined that the goodwill on consolidation allocated to CSPL was impaired as it ceased operations as at 31 March 2009, as explained in Note 6 to the financial statements. An impairment loss of RM1,126,000 has been provided on the goodwill on consolidation allocated to CSPL.

(b) Impairment test for goodwill

During the financial year, the Group assessed the recoverable amount of the goodwill on consolidation of CSB and CMSB, and determined that the goodwill on consolidation of CSB and CMSB is not impaired.

The recoverable amount of a CGU is determined based on the value-in-use calculations. These calculations use post-tax cash flow projections based on financial budgets approved by management covering a period of five years.

The key assumptions underpinning the value-in-use calculations are as follows:

Gross margin	1% to 54%
Growth rate	5%
Discount rate	6%

Management determined the budgeted gross margin based on the past performance and its expectations of market development. The growth rate used is based on the past years achievement and the expected projects/contracts to be secured. The discount rate used is based on the borrowing rates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (cont'd)

10. DEFERRED TAX ASSET

	THE GROUP 2008 RM'000	THE GROUP 2007 RM'000
At 1 January	-	-
Addition during the financial year (Note 28)	18	-
At 31 December	18	-

The deferred tax asset relates to a subsidiary's unutilised tax losses carried forward.

11. INVENTORIES

	THE GROUP 2008 RM'000	THE GROUP 2007 RM'000
Inventories held for trading	18,001	16,114
Provision for inventory obsolescence:		
At 1 January	(58)	(95)
Addition during the financial year	(18)	-
Write-back during the financial year	-	35
Fluctuation on foreign exchange	(1)	2
At 31 December	(77)	(58)
	17,924	16,056
Inventories held for trading:		
- at cost	17,439	16,056
- at net realisable value	485	-
	17,924	16,056

The foreign currency exposure profile of the inventories at the balance sheet date was as follows:-

	THE GROUP 2008 RM'000	THE GROUP 2007 RM'000
Bangladesh Taka	2,285	35
Singapore Dollar	485	570
United States Dollar	107	28
Indonesian Rupiah	94	-

12. TRADE RECEIVABLES

	THE GROUP 2008 RM'000	2007 RM'000
Trade receivables	23,644	43,356
Allowance for doubtful debts:		
At 1 January	(261)	(201)
Addition during the financial year	(38)	(172)
Write-off during the financial year	186	111
Write-back during the financial year	6	-
Fluctuation on foreign exchange	(2)	1
At 31 December	(109)	(261)
	23,535	43,095

The Group's normal trade credit terms range from 1 to 60 days.

Included in trade receivables as at the balance sheet date is an amount of RM1,838,957 (2007 - Nil) owing by a related party, Beausoft Sdn. Bhd. The amount was fully settled in cash subsequent to the balance sheet date.

The foreign currency exposure profile of the trade receivables at the balance sheet date was as follows:-

	THE GROUP 2008 RM'000	2007 RM'000
Bangladesh Taka	7,595	7,433
Singapore Dollar	709	1,736
United States Dollar	695	-

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in other receivables, deposits and prepayments at the balance sheet date were the following:-

(i) RM6,000,000 (2007 - RM6,000,000) being a deposit payment to a third party for the tender of a project;

(ii) RM5,000,000 (2007 - Nil) being trade deposits made to Beausoft Sdn. Bhd., a related party for the purchase of trade products; and

(iii) RM8,000,000 (2007 - Nil) being advances made to a third party to assist in the collection of a trade debt.

All the above amounts have been fully settled in cash subsequent to the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (cont'd)

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (cont'd)

The foreign currency exposure profile of the other receivables, deposits and prepayments at the balance sheet date was as follows:-

	THE GROUP	
	2008	**2007**
	RM'000	**RM'000**
Bangladesh Taka	491	96
Singapore Dollar	85	160
United States Dollar	23,232	20,445
Indonesian Rupiah	17	-

14. AMOUNT OWING BY SUBSIDIARIES

The amount owing is non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

15. SHORT-TERM DEPOSITS WITH A LICENSED BANK

The weighted average effective interest rate of the short-term deposits at the end of the previous financial year was 2.3% per annum. The short-term deposits had maturity periods ranging from 2 days to 7 days.

16. FIXED DEPOSITS WITH LICENSED BANKS

Fixed deposits of the Group amounting to RM7,628,894 (2007 - RM7,393,362) have been pledged as collateral to licensed banks to secure banking facilities granted to certain subsidiaries.

The weighted average effective interest rate of the fixed deposits at the balance sheet date was 3.31% (2007 - 2.87%) per annum. The fixed deposits have maturity periods ranging from 1 month to 12 months (2007 - 1 month to 12 months).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (cont'd)

17. SHARE CAPITAL

The movements in the share capital are as follows:-

	THE GROUP/THE COMPANY					
	2008			2007		
	Par Value RM	NUMBER OF SHARES '000	RM'000	Par Value RM	NUMBER OF SHARES '000	RM'000
AUTHORISED						
ORDINARY SHARES						
At 1 January	0.10	3,500,000	350,000	1.00	340,000	340,000
Reclassification from Irredeemable Convertible Preference Shares ("ICPS")	0.10	-	-	1.00	10,000	10,000
	0.10	3,500,000	350,000	1.00	350,000	350,000
Sub-division of the par value of ordinary shares of RM1.00 each into RM0.10 each	0.10	-	-	0.10	3,500,000	-
At 31 December	0.10	3,500,000	350,000	0.10	3,500,000	350,000
AUTHORISED						
ICPS						
At 1 January	0.10	-	-	0.10	100,000	10,000
Reclassification to ordinary shares	0.10	-	-	0.10	(100,000)	(10,000)
At 31 December		-	-		-	-
ISSUED AND FULLY PAID-UP						
ORDINARY SHARES						
At 1 January	0.10	2,134,289	213,429	1.00	213,429	213,429
Sub-division of the par value of ordinary shares of RM1.00 each into RM0.10 each	0.10	-	-	0.10	2,134,289	-
At 31 December	0.10	2,134,289	213,429	0.10	2,134,289	213,429

18. EXCHANGE FLUCTUATION RESERVE

The exchange fluctuation reserve arose from the translation of the financial statements of the foreign subsidiaries and is not distributable by way of cash dividends.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (cont'd)

19. HIRE PURCHASE PAYABLES

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Future minimum hire purchase payments:				
- not later than one year	121	88	79	79
- later than one year and not later than five years	88	176	79	158
	209	264	158	237
Future finance charges	(11)	(29)	(8)	(27)
Present value of hire purchase payables	198	235	150	210
The net hire purchase payables are repayable as follows:-				
Current:				
- not later than one year	112	78	73	70
Non-current:				
- later than one year and not later than five years	86	157	77	140
	198	235	150	210

The hire purchase payables of the Group and of the Company bore a weighted average effective interest rate of 5.25% (2007 - 4.82%) per annum at the balance sheet date.

20. DEFERRED TAXATION

	THE GROUP	
	2008 RM'000	2007 RM'000
At 1 January	420	428
Transfer to income statements (Note 28)	(8)	(8)
At 31 December	412	420

The deferred taxation arose from the revaluation of the properties held by the Group.

21. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 1 to 90 days.

Included in trade payables as at the balance sheet date was an amount of approximately RM7,629,000 (2007 - RM4,812,000) owing to related parties.

The foreign currency exposure profile of the trade payables at the balance sheet date was as follows:-

	THE GROUP	
	2008 RM'000	2007 RM'000
Bangladesh Taka	9,000	6,357
Singapore Dollar	367	879
United States Dollar	643	41

22. OTHER PAYABLES AND ACCRUALS

Included in other payables and accruals as at the balance sheet date was an amount of approximately RM371,000 (2007 - RM53,000) owing to related parties.

The foreign currency exposure profile of the other payables and accruals at the balance sheet date was as follows:-

	THE GROUP	
	2008 RM'000	2007 RM'000
Bangladesh Taka	1,742	312
Singapore Dollar	261	41
United States Dollar	1,397	708
Indonesian Rupiah	18	-

23. AMOUNT OWING TO A SHAREHOLDER OF A SUBSIDIARY

The amount owing is unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

24. BANKERS' ACCEPTANCE

The bankers' acceptance of the Group bore an effective interest rate of 3.45% per annum (2007 - Nil) at the balance sheet date and is secured by way of:-

(i) a pledge of certain fixed deposits of the Group; and

(ii) a corporate guarantee of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (cont'd)

25. NET ASSETS PER SHARE

The net assets per share is calculated based on the net assets value at the balance sheet date of RM200,118,000 (2007 - RM199,407,000) divided by the number of ordinary shares in issue at the balance sheet date of 2,134,289,020 (2007 - 2,134,289,020).

26. REVENUE

Details of the revenue are as follows:-

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Trading	686,974	586,577	-	-
Dividend income	-	-	980	910
	686,974	586,577	980	910

27. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):-

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Allowance for doubtful debts	38	172	-	-
Audit fee				
- current year	100	73	17	15
- (over)/underprovision in the previous financial year	(2)	7	2	5
Bad debts written off	1	12	-	-
Depreciation of property and equipment	615	657	83	83
Directors' fee	372	361	372	361
Directors' non-fee emoluments	994	806	-	-
Impairment of goodwill	1,126	-	-	-
Impairment of equipment	20	-	-	-
Interest expense:				
- hire purchase	21	11	19	9
- bankers' acceptance	39	-	-	-
- others	116	-	-	-
Office rental	541	478	-	-
Provision for inventory obsolescence	18	-	-	-
Staff costs	7,078	6,225	-	-
Staff retrenchment costs	143	-	-	-
Warehouse rental	135	12	-	-
Dividend income	-	-	(980)	(910)
(Gain)/Loss on disposal of equipment	(24)	1	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (cont'd)

27. PROFIT BEFORE TAXATION (cont'd)

Profit before taxation is arrived at after charging/(crediting):- (cont'd)

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Gain on foreign exchange:	-	-	-	-
- realised	(1,201)	(900)	-	-
- unrealised	-	(57)	-	-
Interest income	(580)	(606)	(1)	(46)
Rental income	(335)	(261)	-	-
Sale incentives	(6,961)	(7,742)	-	-
Writeback of allowance for doubtful debts	(6)	-	-	-
Writeback of provision for inventory obsolescence	-	(35)	-	-

28. INCOME TAX EXPENSE

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Current tax expense:				
- for the financial year	1,331	2,400	143	142
- under/(over)provision in the previous financial year	70	(29)	-	1
	1,401	2,371	143	143
Deferred taxation:				
- Deferred tax asset (Note 10)	(18)	-	-	-
- Deferred tax liability (Note 20)	(8)	(8)	-	-
	(26)	(8)	143	143
	1,375	2,363	143	143

During the current financial year, the statutory tax rate was reduced from 27% to 26%, as announced in the Malaysian Budget 2007.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (cont'd)

28. INCOME TAX EXPENSE (cont'd)

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

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Profit before taxation	1,608	25,802	304	110
Tax at the statutory tax rate of 26% (2007 - 27%)	418	6,966	79	30
Tax effects of:				
Non-deductible expenses	715	632	45	89
Non-taxable gain	-	(5,483)	-	-
Deferred tax assets not recognised during the financial year	137	119	19	23
Tax exemption	(81)	(9)	-	-
Under/(Over)provision in the previous financial year	70	(29)	-	1
Differential in tax rates	94	175	-	-
Others	22	(8)	-	-
Tax for the financial year	1,375	2,363	143	143

29. (LOSS)/EARNINGS PER SHARE

The basic (loss)/earnings per share is arrived at by dividing the loss attributable to equity holders of the Company of RM240,000 (2007 - profit of RM12,943,000) by the number of ordinary shares in issue during the financial year of 2,134,289,020 (2007 - 2,134,289,020).

The diluted earnings per share were not applicable as there were no dilutive potential ordinary shares outstanding at the balance sheet date.

30. CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statements, cash and cash equivalents comprise the following:-

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Short-term deposits with a licensed bank	-	1,150	-	300
Fixed deposits with licensed banks	9,372	16,783	-	-
Cash and bank balances	6,695	4,571	22	51
	16,067	22,504	22	351

30. CASH AND CASH EQUIVALENTS (cont'd)

The foreign currency exposure profile of the cash and cash equivalents at the balance sheet date was as follows:-

	THE GROUP	
	2008 RM'000	2007 RM'000
Bangladesh Taka	2,151	47
Singapore Dollar	2,650	2,005
United States Dollar	10	109
Indonesian Rupiah	89	-

31. DIRECTORS' REMUNERATION

The aggregate amount of emoluments received and receivable by Directors of the Group and of the Company during the financial year are as follows:-

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Executive directors:-				
- basic salaries, incentives, allowances, bonus and EPF	994	806	-	-
- fee	-	48	-	48
	994	854	-	48
Non-executive directors:-				
- fee	372	313	372	313

The details of emoluments for the directors of the Group and of the Company received/receivable for the financial year in bands of RM50,000 are as follows:-

	THE GROUP/THE COMPANY			
	2008		2007	
	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
Below RM50,000	-	4	1	3
RM150,001 - RM200,000	-	1	-	1
RM800,001 - RM850,000	1	-	1	-

32. RELATED PARTY DISCLOSURES

For the purpose of these financial statements, the Group and the Company have related party relationships with its directors, key management personnel, entities of which the directors and/or key management have significant financial interests and entities within the same group of companies.

The balances of the related parties are disclosed in Note 14 and Note 23 to the financial statements. The Group carried out the following transactions with related parties during the financial year:

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Sale of goods	15,151	38,066	-	-
Purchase of goods	184	-	-	-
Commission paid/payable	2,739	4,771	-	-
Key management personnel compensation:				
- short-term employee benefits	1,942	1,803	372	361

33. CONTINGENT LIABILITIES

	THE COMPANY	
	2008 RM'000	2007 RM'000
Unsecured:		
Corporate guarantees given to secure banking facilities granted to certain subsidiaries	27,000	27,000
Corporate guarantees given to secure credit facility granted by suppliers	23,460	26,123
	50,460	53,123

34. FOREIGN EXCHANGE RATES

The principal closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to RM equivalent) for the translation of foreign currency balances at the balance sheet date are as follows:-

	THE GROUP/THE COMPANY	
	2008 RM	2007 RM
Bangladesh Taka	0.05	0.05
Singapore Dollar	2.41	2.30
United States Dollar	3.46	3.31
Indonesian Rupiah	*	N/A

* - Amount equals RM0.0003

35. SEGMENTAL REPORTING

2008	Malaysia RM'000	Singapore RM'000	Bangladesh RM'000	The British Virgin Islands RM'000	Cambodia RM'000	Indonesia RM'000	Total RM'000
REVENUE							
External sales	459,213	6,194	232,368	1,808	7,508	1,299	708,390
Inter-segment sales	(21,416)	-	-	-	-	-	(21,416)
TOTAL	437,797	6,194	232,368	1,808	7,508	1,299	686,974
RESULT							
Segment profit/(loss)	2,231	(1,608)	856	432	(35)	(87)	1,789
Finance cost							(181)
Profit before taxation							1,608
Income tax expense							(1,375)
Profit after taxation							233
OTHER INFORMATION							
Segment assets #	196,380	3,928	13,106	23,250	850	256	237,770
Segment liabilities *	13,234	627	10,742	1,366	712	48	26,729
Capital expenditure	9,461	-	155	13	50	60	9,739
Depreciation	472	29	87	5	18	4	615

2007	Malaysia RM'000	Singapore RM'000	Bangladesh RM'000	Others RM'000	Total RM'000
REVENUE					
External sales	396,718	12,382	175,148	3,005	587,253
Inter-segment sales	(659)	(17)	-	-	(676)
TOTAL	396,059	12,365	175,148	3,005	586,577
RESULT					
Segment profit	4,365	44	1,349	20,056	25,814
Finance cost					(12)
Profit before taxation					25,802
Income tax expense					(2,363)
Profit after taxation					23,439
OTHER INFORMATION					
Segment assets #	202,360	4,543	8,111	20,581	235,595
Segment liabilities *	19,903	920	6,669	750	28,242
Capital expenditure	212	11	536	20	779
Depreciation	573	38	36	10	657

- Segment assets comprise total current and non-current assets, excluding income tax assets.

* - Segment liabilities comprise total current and non-current liabilities, excluding income tax liabilities.

No segmental analysis by business segment is prepared as the Group operates predominantly in one industry.

36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

During the financial year,

(a) CMSB subscribed for 6 ordinary shares of RM 1.00 each in CDSB, as explained in Note 6 to the financial statements;

(b) CMSB subscribed for 60 ordinary shares of RM 1.00 each in CDMSB, as explained in Note 6 to the financial statements; and

(c) CIL subscribed for 80,000 ordinary shares of USD1.00 each in PTCI, as explained in Note 6 to the financial statements.

37. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced sale or liquidation.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

(a) Hire Purchase Obligations

The fair values of the hire purchase payables are determined by discounting the relevant cash flows using current interest rates for similar types of instruments.

(b) Short-Term Borrowings

The carrying amounts approximated their fair values because of the short period to maturity of these instruments.

(c) Cash And Cash Equivalents And Short-Term Receivables/Payables

The carrying amounts approximated their fair values due to the relatively short-term maturity of these investments.

(d) Contingent Liability

The nominal amount and net fair value of financial instruments not recognised in the balance sheets of the Group and of the Company are as follows:

		THE GROUP		THE COMPANY	
At 31 December 2008	**Note**	**Nominal Amount RM'000**	**Net Fair Value RM'000**	**Nominal Amount RM'000**	**Net Fair Value RM'000**
Contingent liability	33	-	-	50,460	*
At 31 December 2007					
Contingent liability	33	-	-	53,123	*

* The net fair value of the contingent liability is estimated to be minimal as the subsidiaries are expected to fulfill their obligations to repay their borrowings.

LIST OF PROPERTIES

Location	Description	Date of Acquisition / Date of Valuation	Gross Floor Area (square feet)	Tenure	Age of Buildings (years)	Net Book Value (RM)
Nos. 3-1 to 3-5 Jalan PJU 1/ 41 Dataran Prima Petaling Jaya Selangor Darul Ehsan	Five (5) Strata shop/office	30 Dec 1999 7 Oct 2004	No. 3-1: 1,542 No. 3-2: 1,735 No. 3-3: 1,735 No. 3-4: 1,735 No. 3-5: 1,735 ------------------ 8,482 ------------------	Freehold	9	1,949,750
No. 31-2 Jalan PJU 1/ 39 Dataran Prima Petaling Jaya Selangor Darul Ehsan	One (1) Strata shop/office	9 Aug 2002 7 Oct 2004	No. 31-2: 1,735	Freehold	9	327,174
No. 46 Jalan PJU 1/ 43 Aman Suria Damansara Petaling Jaya Selangor Darul Ehsan	1 unit of 3-storey end terrace shop/office	23 Aug 2002 7 Oct 2004	PT 832: 4,950	Freehold	5	1,330,201
No. 42 A Jalan PJU 1/ 43 Aman Suria Damansara Petaling Jaya Selangor Darul Ehsan	1 unit of 3-storey intermediate terrace shop/office	23 Aug 2002 7 Oct 2004	PT 833: 4,950	Freehold	5	1,235,180
C-G-03, C-1-03, C-2-03 Jalan SS6/5B Dataran Glomac Pusat Kelana Jaya Selangor Darul Ehsan	3-storey shop office	30 Sep 2004	Land Area (square meter) 186	Freehold	3	1,408,960
F-G-05, F-1-05, F-2-05 Jalan SS6/5B Dataran Glomac Pusat Kelana Jaya Selangor Darul Ehsan	3-storey shop office	17 Sep 2004	Land Area (square meter) 186	Freehold	3	1,323,280
Level No. 07 101-07-09 Menara PERDANA Jalan Gurdwara Penang	1 storey in a 14-storey light industrial building	26 Sep 2006	2,034	Freehold	9	377,478
H.S(D) 15896 PT 32544 (Plot A) Mukim of Dengkil District of Sepang State of Selangor Darul Ehsan	A parcel of vacant agricultural land	25 Sep 2008	62 acres	Leasehold for a term of 99 years expiring on 1 February 2104	-	3,975,627
H.S(D) 13828 PT 26800 (Block D-Studio) Mukim of Dengkil District of Sepang State of Selangor Darul Ehsan	A parcel of commercial development land	25 Sep 2008	1,668,297	Leasehold for a term of 99 years expiring on 21 May 2103	-	5,346,198

ANALYSIS OF SHAREHOLDINGS

AS AT 30 APRIL 2009

SHAREHOLDINGS STRUCTURE

Authorised Capital	:	RM350,000,000.00 divided into 3,500,000,000 Ordinary Shares of RM0.10 each
Issued and fully paid up capital	:	RM213,428,902.00 divided into 2,134,289,020 Ordinary Shares of RM0.10 each
Class of shares	:	Ordinary Shares of RM0.10 each
Voting Rights	:	Every member of the Company, present in person or by proxy or attorney or authorised representative, shall have on a show of hands, one (1) vote or on a poll, one (1) vote for each share held

Size of shareholdings	No. of shareholders	%	No. of shareholdings	%
1 - 99	30	0.513	1,283	0.000
100 -1,000	2,170	37.132	1,525,827	0.071
1,001 -10,000	1,963	33.590	9,086,950	0.426
10,001 - 100,000	1,306	22.348	55,381,180	2.595
100,001 - 106,714,450 (less than 5% of issued shares)	374	6.399	1,897,552,380	88.908
106,714,451 (5% and above of issued shares)	1	0.017	170,741,400	8.000
	5,844	100.000	2,134,289,020	100.000

THIRTY LARGEST SHAREHOLDERS FOR ORDINARY SHARES OF RM0.10 EACH

No.	Name	No. of Shares Held	%
1	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Kheng Peow	170,741,400	7.999
2	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Kheng Peow	103,682,000	4.857
3	Koperasi Permodalan Felda Berhad	100,000,000	4.685
4	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for See Thoo Chan	94,575,000	4.431
5	M.I.T Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Kheng Peow (MG0050-325)	89,836,000	4.209
6	M.I.T Nominees (Tempatan) Sdn Bhd Pledged Securities Account for See Thoo Chan (MG0058-325)	88,740,000	4.157
7	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Kheng Peow (CEB)	76,000,000	3.560
8	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for See Thoo Chan (CEB)	76,000,000	3.560
9	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Kheng Peow (514011598188)	75,000,000	3.514
10	A.A. Anthony Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Kheng Peow	63,719,900	2.985
11	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Kheng Peow (REM868-MARGIN)	57,000,000	2.670

ANALYSIS OF SHAREHOLDINGS

AS AT 30 APRIL 2009 (cont'd)

THIRTY LARGEST SHAREHOLDERS FOR ORDINARY SHARES OF RM0.10 EACH (cont'd)

No.	Name	No. of Shares Held	%
12	KAF Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Kheng Peow (GO638)	51,000,000	2.389
13	OSK Nominees (Tempatan) Sdn Berhad Pledged Securities Account for Goh Kheng Peow	50,375,000	2.360
14	Goh Kheng Peow	50,000,000	2.342
15	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Kheng Peow	47,500,000	2.225
16	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for See Thoo Chan	36,864,000	1.727
17	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Kheng Peow (8026769)	35,000,000	1.639
18	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Goh Kheng Peow (SFC)	33,910,000	1.588
19	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Tian Chuan (8026702)	33,035,000	1.547
20	Malacca Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Kheng Peow	32,324,000	1.514
21	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Azam Nusa Sdn Bhd	31,541,200	1.477
22	Amsec Nominees (Tempatan) Sdn Bhd AmBank (M) Berhad for Goh Kheng Peow (SMART)	31,360,000	1.469
23	Kumpulan Wang Simpanan Guru-Guru	30,000,000	1.405
24	OSK Nominees (Tempatan) Sdn Berhad Pledged Securities Account for Goh Kheng Peow	30,000,000	1.405
25	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Tian Chuan	26,925,600	1.261
26	M & A Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Goh Kheng Peow (M&A)	26,835,000	1.257
27	Innosabah Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Antara Reka Sdn Bhd	24,130,600	1.130
28	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Juddy Chu Yen Tien	22,500,000	1.054
29	AIBB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Tian Chuan	21,377,000	1.001
30	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for See Thoo Chan (REM-868-Margin)	20,000,000	0.937
	Total	1,629,971,700	76.370

ANALYSIS OF SHAREHOLDINGS
AS AT 30 APRIL 2009 (cont'd)

LIST OF SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of the ordinary shares of RM0.10 each as per the Register of Substantial Shareholders:

		Direct		Indirect	
No.	Name	No. of Shares Held	%	No. of Shares Held	%
1	Goh Kheng Peow	1,075,883,310	50.41	*341,887,000	16.02
2	See Thoo Chan	341,179,000	15.99	**1,076,591,310	50.44
3	Datuk Goh Tian Chuan	109,064,600	5.11	&14,000,000	0.66

Notes:

* Deemed interest by virtue of his relationship with Ms See Thoo Chan, his spouse.
** Deemed interest by virtue of her relationship with Mr Goh Kheng Peow, her spouse.
& Deemed interest via Cara Kaya Sdn Bhd's shareholdings by virtue of Section 6A of the Companies Act, 1965.

LIST OF DIRECTORS' SHAREHOLDINGS

The Directors' shareholdings of the ordinary shares of RM0.10 each as per the Register of Directors' Shareholdings:

	Direct		Indirect	
Name	No. of Shares Held	%	No. of Shares Held	%
Tan Sri Datuk Asmat bin Kamaludin	0	*	**30,000	*
Goh Kheng Peow	1,075,883,310	50.41	&341,887,000	16.02
Goh Tai Wai	-	-	-	-
Mohamed Fauzi bin Omar	-	-	-	-
Tan Yip Chian	10	*	-	-
See Thoo Chan	341,179,000	15.99	#1,076,591,310	50.44

Notes:

* Negligible
** Deemed interest by virtue of his relationship with Atasha Binti Asmat, his daughter, pursuant to Section 134(12)(C) of the Companies (Amendment) Act 2007.
& Deemed interest by virtue of his relationship with Ms See Thoo Chan, his spouse.
# Deemed interest by virtue of her relationship with Mr Goh Kheng Peow, her spouse.

ADDITIONAL COMPLIANCE INFORMATION

The following is presented in compliance with the Listing Requirements of Bursa Securities:

1) Utilisation of Proceeds raised from Corporate Proposal

There were no corporate proposals during the financial year under review.

2) Shares Buy-back

There were no shares buy-back or cancellation or resale of treasury shares during the financial year under review.

3) Options, Warrants or Convertible Securities

There were no options, warrants and other convertible securities exercised during the financial year under review.

4) American Depository Receipt ("ADR") or Global Depository Receipt ("GDR")

The Company did not sponsor any ADR or GDR programme during the financial year under review.

5) Sanctions and/or Penalties Imposed

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory authorities during the financial year under review.

6) Variation in Results

There were no significant variances in the Company's audited financial results for the financial year ended 31 December 2008 from the unaudited results as previously announced.

7) Non-audit Fees

The non-audit fees paid to the external auditors or a firm or company affiliated to the auditors' firm by the Group during the financial year under review were RM13,200.00.

8) Profit Guarantee

There were no profit guarantees given by the Company or its subsidiaries during the financial year under review.

9) Material Contract involving Directors and Substantial Shareholders entered during the financial year ended 31 December 2008

Save as disclosed below, there were no material contracts involving Directors and Substantial Shareholders entered into by the Company and its subsidiaries involving Directors and Substantial Shareholders' interests during the financial year under review:

(i) Sale and Purchase Agreement dated 25 September 2008 entered into between Compugates Development and Mining Sdn Bhd ("CDMSB") (Company No. 833239-U) and Kumpulan Darul Ehsan Berhad (Company No. 148040-T) to acquire all that piece of land held under H.S(D) 13828, PT 26800, Mukim of Dengkil, District of Sepang, State of Selangor Darul Ehsan, measuring approximately 154,990 square metres, at a purchase consideration of RM4,170,761.00 (Ringgit Malaysia Four Million One Hundred Seventy Thousand Seven Hundred and Sixty One) only; and

ADDITIONAL COMPLIANCE INFORMATION (cont'd)

9) Material Contract involving Directors and Substantial Shareholders entered during the financial year ended 31 December 2008 (cont'd)

(ii) Sale and Purchase Agreement dated 25 September 2008 entered into between CDMSB and Kumpulan Darul Ehsan Berhad (148040-T) to acquire a portion of the land held under HS (D) 15896 PT 32544, Mukim of Dengkil, District of Sepang, State of Selangor Darul Ehsan, measuring approximately 62.00 acres, at a purchase consideration of RM3,100,000.00 (Ringgit Malaysia Three Million and One Hundred Thousand) only.

(Collectively referred to as "the Proposed Acquisitions")

Datuk Ibrahim Bin Abdul Ghaffar ("Datuk Ibrahim"), now the Chief Executive Officer of CDMSB, was a party involved in the Proposed Acquisitions.

Accordingly, Datin Sabariah Binti Dahlan, who was the Director and major shareholder of CDMSB and spouse of Datuk Ibrahim Bin Abdul Ghaffar, was deemed interested in the Proposed Acquisitions.

10) Revaluation of Landed Properties

The Group has a revaluation policy to appraise the freehold land and buildings, which are classified as property periodically, at least once in every five (5) years. The net increase arising from revaluation of the property, if adjusted, is credited to a revaluation reserve. On the other hand, a net decrease, to the extent that it is not supported by any previous revaluation is charged to income statements. Revaluation surplus relating to disposed property during the year is transferred from the revaluation reserve to the retained earnings.

11) Corporate Responsibility

Compugates realizes that it can Go Green and helps its consumers to conserve more resources by encouraging them to opt for more environmentally sound habits through the products it distributes.

Within the organisation, Compugates is implementing a Compugates Go Green initiative which will be reflected through distributing its line up of products that are more environmental friendly.

12) Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs")

At the Third Annual General Meeting held on 9 June 2008, the Company had obtained a mandate from its shareholders to allow the Compugates Group to enter into RRPTs. The aggregate value of the RRPTs conducted for the year under review between the Company and/or its subsidiary companies with the related parties are set out below:

Name of Related Party	Nature of Transaction	Aggregate Value As At 31.12.08 (RM'000)	Relationship
Southall Sdn Bhd ("SSB")	- Purchases of cellular phones and accessories, mobile phone prepaid cards and telecommunication products; and - Sales of cellular phones and accessories, mobile phone prepaid cards and telecommunication products.	184 960	- Related to Goh Kheng Peow by virtue of his relationship with See Thoo Chan, his spouse, who is a Director and Major Shareholder of SSB. - Related to See Thoo Chan, the Director and Major Shareholder of the Company, who is also a Director and Major Shareholder of SSB.

ADDITIONAL COMPLIANCE INFORMATION (cont'd)

12) Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs") (cont'd)

Name of Related Party	Nature of Transaction	Aggregate Value As At 31.12.08 (RM'000)	Relationship
Beausoft Sdn Bhd ("BSB")	- Purchases of cellular phones and accessories, mobile phone prepaid cards and telecommunication products; - Sales of cellular phones and accessories, mobile phone prepaid cards and telecommunication products; and - Master Distributor of BSB's skin care products, namely p.r.e. (Pure Radiant Energy) and any other skin care products.	– 3 (1,839)	- Related to Goh Kheng Peow by virtue of his relationship with See Thoo Chan, his spouse, who is a Director and Major Shareholder of BSB. - Related to See Thoo Chan, the Director and Major Shareholder of the Company, who is also a Director and Major Shareholder of BSB.
Integra Communications Ltd ("ICL")	- Commission payable arising from the distribution of sim packs, voucher reload, electronic reload and other communication based products.	1,414	- Related to Dr Shirazuddin Bin Badruddin, the Director and Major Shareholder of Compugates International (BD) Limited ("CIBDL") and Compugates International (Bangladesh) Limited ("CIBDL Bangladesh"), who is also a Director and Major Shareholder of ICL.
Deens Telecom Ltd ("DTL")	- Commission payable arising from the provision of Back End Services such as collation and reconciliation of registration forms and preparation and management of complete data base of customers.	1,307	- Related to Dr Shirazuddin Bin Badruddin, the Director and Major Shareholder of CIBDL and CIBDL Bangladesh, who is also a Director and Major Shareholder of DTL.

The Company will be seeking renewal of the mandate from its shareholders to enter into proposed RRPTs with the aforesaid related parties at the forthcoming Annual General Meeting of the Company. Details of the RRPTs are set out in the Circular to Shareholders dated 28 May 2009, which is dispatched together with this Annual Report.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fourth Annual General Meeting of **Compugates Holdings Berhad** will be held at Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Friday, 19 June 2009 at 10.00 a.m., for the purpose of considering the following businesses:

A G E N D A

Ordinary Business

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

2. To approve the payment of Directors' fees of RM372,000 for the financial year ended 31 December 2008.
Ordinary Resolution 1

3. To re-elect the following Directors who are retiring pursuant to the Company's Articles of Association, and being eligible, offering themselves for re-election:

   (i) Tan Sri Datuk Asmat Bin Kamaludin, retiring pursuant to Article 125 of the Articles of Association; and
   Ordinary Resolution 2

   (ii) See Thoo Chan, retiring pursuant to Article 125 of the Articles of Association. **Ordinary Resolution 3**

4. To re-appoint Messrs Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration.
Ordinary Resolution 4

Special Business

To consider and if thought fit, pass the following resolutions:

5. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs") with Deens Telecom Ltd, Integra Communications Ltd, Southall Sdn Bhd and Beausoft Sdn Bhd ("Proposed Renewal of Shareholders' Mandate")**

   "THAT, subject always to the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), approval be and is hereby given to the Company and/or its subsidiaries to enter into RRPTs with Deens Telecom Ltd, Integra Communications Ltd, Southall Sdn Bhd and Beausoft Sdn Bhd as detailed in Section 2.4 of the Circular to Shareholders dated 28 May 2009, subject to the following:

   (i) The RRPTs are in the ordinary course of business which are necessary for the day to day operations which are not more favourable than those general available to the public and are made on arm's length basis and on normal commercial terms not to the detriment of shareholders;

   (ii) Disclosure is made in the annual report on the RRPTs conducted to the shareholders' mandate during the year, in the manner required under the Listing Requirements of Bursa Securities and based on the type of RRPTs made and the related parties involved;

   (iii) THAT the authority conferred by this resolution shall commence immediately upon the passing of this resolution and shall continue to be in force until:

      (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the AGM at which the Proposed Renewal of Shareholders' Mandate for RRPTs is approved, at which time it will lapse, unless by a resolution passed at the AGM, the mandate is again renewed;

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

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

NOTICE OF ANNUAL GENERAL MEETING
(cont'd)

5. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs") with Deens Telecom Ltd, Integra Communications Ltd, Southall Sdn Bhd and Beausoft Sdn Bhd ("Proposed Renewal of Shareholders' Mandate") (cont'd)**

   whichever is the earlier.

   THAT the aggregate value of the transactions conducted pursuant to the Proposed Renewal of Shareholders' Mandate during a financial year will be disclosed in accordance with the Listing Requirements of Bursa Securities in the annual report of the Company for the said financial year;

   AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things necessary (including such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Resolution." **Ordinary Resolution 5**

6. **Authority to Issue and Allot Shares Pursuant to Section 132D of the Companies Act, 1965**

   "THAT pursuant to Section 132D of the Act, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time until the conclusion of the next AGM 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 does not exceed ten percent (10%) of the issued capital of the Company at the time of issue and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued, subject to the Act, the Articles of Association of the Company and approval from Bursa Securities and other relevant bodies where such approval is necessary." **Ordinary Resolution 6**

BY ORDER OF THE BOARD

MAH LI CHEN (MAICSA 7022751)
LEE WAI KIM (MAICSA 7036446)
Company Secretaries

Kuala Lumpur
Dated this 28th day of May 2009

Notes:

1. Every member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote for him/her but his/her attendance will automatically revoke the proxy's authority. A proxy may but need not be a member of the Company. If the proxy is not a member, the proxy need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.

2. A member may appoint up to two (2) proxies to attend and vote at the meeting. If a member appoints more than one (1) proxy, the appointments shall be invalid unless he/she specifies the proportions of his holding to be represented by each proxy.

3. The instrument appointing a proxy shall be in writing, executed by or on behalf of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.

4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 10th Floor Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur at least forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

5. Explanatory Notes on Special Business

   (a) *Proposed Renewal of Shareholders' Mandate*

   The proposed Ordinary Resolution 5 if passed, will empower the Compugates Group to enter into RRPTs which are necessary for the Compugates Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

   Detailed information on the Proposed Renewal of Shareholders' Mandate is set out in the Circular to Shareholders dated 28 May 2009 which is dispatched together with this Annual Report.

   (b) *Authority to Issue and Allot Shares pursuant to Section 132D of the Act*

   The proposed Ordinary Resolution 6, if passed, will give flexibility to the Directors of the Company to issue shares and allot up to a maximum of ten percent (10%) of the issued share capital of the Company at the time of such allotment and issuance of shares and for such purposes as they consider would be in the best interest of the Company without having to convene separate general meetings. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. Further details of the Directors standing for re-election are set out in the Directors' Profile appearing on pages 6 to 7 of this Annual Report.

COMPUGATES®

COMPUGATES HOLDINGS BERHAD (669287-H)
(Incorporated in Malaysia)

Form of Proxy

I/We ………..……

of ………..................…………....…………

being a member(s) of **COMPUGATES HOLDINGS BERHAD** (669287-H) hereby appoints

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)
***And/or (delete as appropriate)**			

Or failing him/her, *THE CHAIRMAN OF THE MEETING, as my/our proxy/proxies, to vote for me/us on my/our behalf at the Fourth Annual General Meeting of the Company to be held on Friday, 19 June 2009 at 10.00 a.m. at Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan and at any adjournment thereof.

* *If you wish to appoint other person/persons to be your proxy/proxies, kindly delete the words "or failing him/her, *THE CHAIRMAN OF THE MEETING" and insert the name/names of the person/persons desired.*

Mark either box if you wish to direct the proxy how to vote. If no mark is made the proxy may vote on the resolution or abstain from voting as the proxy thinks fit. If you appoint two (2) proxies and wish them to vote differently this should be specified.

My/our proxy/proxies is/are to vote as indicated below:

	Ordinary Resolutions	For	Against
1.	Approval of Directors' Fees		
2.	Re-election of Tan Sri Datuk Asmat Bin Kamaludin as Director		
3.	Re-election of See Thoo Chan as Director		
4.	Re-appointment of Messrs Horwath as Auditors		
5.	Special Business 1 Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
6.	Special Business 2 Authority to Issue and Allot Shares Pursuant to Section 132D of the Companies Act, 1965		

* *Delete if not applicable.*

……….……….……….………...........…….
Signature/Common Seal of Shareholder

Signed this ………….. day of ……………………….. 2009

Notes:

1. Every member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote for him/her but his/her attendance will automatically revoke the proxy's authority. A proxy may but need not be a member of the Company. If the proxy is not a member, the proxy need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.

2. A member may appoint up to two (2) proxies to attend and vote at the meeting. If a member appoints more than one (1) proxy, the appointments shall be invalid unless he/she specifies the proportions of his holding to be represented by each proxy.

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FOLD THIS FLAP FOR SEALING

FOLD HERE

Affix
stamp

The Company Secretary

COMPUGATES HOLDINGS BERHAD (669287-H)
10th Floor Menara Hap Seng
No. 1 & 3, Jalan P.Ramlee
50250 Kuala Lumpur

FOLD HERE