AMTEK

AMTEK HOLDINGS BERHAD

(125863-K) Incorporated in Malaysia

2008 Annual Report

CONTENTS

THE NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 24th Annual General Meeting of the Company will be held at Auditorium Room, Islamic Arts Muzium Malaysia, Jalam Perdana, 50480 Kuala Lumpur on Friday, 28 November 2008 at 10.30 a.m. for the following purpose:-

AGENDA

1.	To receive and adopt the Audited Financial Statements for the financial year ended 30 June 2008 and the Report of the Directors and Auditors thereon.	**(Resolution 1)**
2.	To approve payment of Directors' fees for the financial year ended 30 June 2008	**(Resolution 2)**
3.	To re-elect the retiring Directors, under Article 102 of the Company's Articles of Association: Tuan Syed Azmin bin Syed Nor	**(Resolution 3)**
4.	To re-elect the retiring Directors, under Article 108 of the Company's Articles of Association: Encik Ahmad bin Abu Bakar	**(Resolution 4)**
5.	To re-appoint Messrs Peter Chong & Co. (formerly known as BKR Peter Chong) as Auditors and authorise the Directors to fix their remuneration.	**(Resolution 5)**
6.	To transact any other business for which due notice has been given.	

BY ORDER OF THE BOARD

MUHAMMAD BIN MOHD TAIB (LS 006194)
Company Secretary

Kuala Lumpur
Dated this 31 October 2008

THE NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Notes:

1. A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

2. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorized in writing or if the appointor is a corporation either under common seal or under the hand of an officer or attorney duly authorised.

3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 2A, No. 88 Jalan Perdana, Taman Tasek Perdana, 50480 Kuala Lumpur not less than 48 hours before the time set for holding the meeting or any adjournment thereof.

STATEMENT ACCOMPANYING OF ANNUAL GENERAL MEETING OF THE COMPANY

Pursuant to paragraph 8.28 (2) of the Listing Requirement of Bursa Malaysia Securities Berhad

1. Name of individuals who are standing for re-election

Directors retiring pursuant to Article 102 of the Company's Articles of Association :-
Tuan Syed Azmin bin Syed Nor
(Resolution 3)

Directors retiring pursuant to Article 108 of the Company's Articles of Association :-
Encik Ahmad bin Abu Bakar
(Resolution 4)

2. Date, Time and Place of the Board Meetings

Type Of Meeting	Date	Time	Place
Board of Directors Meeting	Tuesday, 28 August 2007	4.20 p.m.	Administration 3, Islamic Arts Muzium Malaysia, Jalan Perdana, 50480 Kuala Lumpur
Special Board of Directors Meeting	Tuesday, 30 October 2007	10.30 a.m.	Administration 3, Islamic Arts Muzium Malaysia, Jalan Perdana, 50480 Kuala Lumpur
Board of Directors Meeting	Tuesday, 27 November 2007	4.30 p.m.	Administration 3 Islamic Arts Muzium Malaysia, Jalan Perdana, 50480 Kuala Lumpur
Board of Directors Meeting	Tuesday, 26 February 2008	4.15 p.m.	Administration 3, Islamic Arts Muzium Malaysia, Jalan Perdana, 50480 Kuala Lumpur
Board of Directors Meeting	Tuesday, 27 May 2008	3.40 p.m.	Administration 3, Islamic Arts Muzium Malaysia, Jalan Perdana, 50480 Kuala Lumpur

STATEMENT ACCOMPANYING OF ANNUAL GENERAL MEETING OF THE COMPANY (CONT'D)

3. Further details of individuals who are standing for re-election as Directors

(A)	Name	:	Tuan Syed Azmin bin Syed Nor
	Age	:	45
	Nationality	:	Malaysian
	Qualification	:	Bachelor of Science, University Of Berkeley, USA
	Position in the Company	:	Executive Chairman
	Date first appointed on The Board	:	15 August 1987
	Membership of Board Committee	:	Executives' Shares Option Scheme Committee Remuneration Committee Nomination Committee
	Working experience	:	Upon his graduation in 1984, he was involved in several private business ventures which included trading in commodities such as sugar, rice and palm oil. Apart from this, he was also involved in housing development, manufacturing and international trading. In 1990, Tuan Syed Azmin operated his own private company, World Network Sdn Bhd, a company involved in the trading of timber and rubber products. In 1993, he joined Timber Master Industries Berhad, a company listed on the Second Board of the Bursa Malaysia Securities Berhad and he was later appointed as Executive Director in 1994, responsible in corporate affairs and business development, a position he held until 1996. Subsequently, he was appointed as Executive Director of CN Asia Corporation Berhad in 1997 responsible for corporate affairs and business development. In 1999, Syed Azmin incorporated Commerce Dot Com Sdn Bhd, an IT company undertaking Government Electronic Project, the largest E-Commerce project in Malaysia of which he is the Founder/Director. In 2002, he was appointed as Independent Non-Executive Director of

STATEMENT ACCOMPANYING OF ANNUAL GENERAL MEETING OF THE COMPANY (CONT'D)

Engtex Group Berhad. Also in 2006 he was appointed as a Non-Independent Non-Executive director in Tradewinds (Malaysia) Berhad, Tradewinds Corporations Berhad and United Malayan Land Berhad.

Other directorships of Public companies	:	United Malayan Land Berhad Engtex Group Berhad Tradewinds (M) Berhad Tradewinds Corporations Berhad

Securities holdings In the Company and Its subsidiaries :

Securities Holdings	**No. of Shares**	**%**
In the Company		
Amtek Holdings Berhad	12,500	0.025

Family relationship with any Director and /or major shareholder of the Company	:	None
Any conflict of interest that he has with the Company	:	None
List of convictions for offences within the past 10 years other than traffic offences, if any	:	None

(B)	Name	:	Ahmad bin Abu Bakar
	Age	:	53
	Nationality	:	Malaysian
	Qualification	:	Chartered Accountant Malaysian Institute of Accountants
	Position in the Company	:	Independent Non-Executive Director
	Date first appointed on The Board	:	9 April 2008
	Membership of Board Committee	:	Audit Committee

STATEMENT ACCOMPANYING OF ANNUAL GENERAL MEETING OF THE COMPANY (CONT'D)

Working experience	:	**September 2000 - present** Director of A.B. Saf Corporation Sdn Bhd **September 1998 - August 2000** Group General Manager, Business Development of Felcra Berhad **August 1994 - December 1996** Chief Executive Officer/Director of Konsortium Johor **March 1991 - August 1994** General Manager of MIDF Consultancy & Corporate Services Sdn Bhd
Other directorships of Public companies	:	Malaysia Land Ventures Berhad Tradewinds (M) Berhad Tradewinds Plantation Berhad
Securities holdings In the Company and Its subsidiaries	:	None
Family relationship with any Director and/or major shareholder of the Company	:	None
Any conflict of interest that he has with the Company	:	None
List of convictions for offences within the past 10 years other than traffic offences, if any	:	None

CORPORATE INFORMATION

EXECUTIVE CHAIRMAN
Syed Azmin bin Syed Nor

NON-EXECUTIVE DIRECTORS
Khalid bin Haji Sufat
Thong Teong Bun
Ahmad bin Abu Bakar

COMPANY SECRETARIES
Muhammad bin Mohd Taib
(LS 006194)

AUDITORS
Peter Chong & Co.
(formerly known as BKR Peter Chong)
Chartered Accountants

PRINCIPAL BANKERS
CIMB Bank Berhad
Bank Pembangunan & Infrstruktur Malaysia Berhad
HSBC Bank Malaysia Berhad
EON Bank Berhad

REGISTERED OFFICE
Level 2A, No. 88 Jalan Perdana
Taman Tasek Perdana
50480 Kuala Lumpur
Tel: 03-20927170
Fax: 03-22732078

PRINCIPAL PLACE OF BUSINESS
No. 15, Jalan Tandang
46050 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-77815000
Fax: 03-77826660

SHARE REGISTRAR
Plantation Agencies Sdn. Bhd.
Standard Chartered Bank Chambers
Lebuh Pantai
10300 Penang
Tel: 04-2625333
Fax: 04-2622018

STOCK EXCHANGE LISTING
Second Board of Bursa Malaysia Securities Berhad

DIRECTORS' PARTICULARS

SYED AZMIN BIN SYED NOR
Executive Chairman

Tuan Syed Azmin bin Syed Nor, a Malaysian, aged 45, has been a Director of Amtek since 15 August 1987. He is an Executive Chairman and also the member of ESOS Committee, Nomination Committee and Remuneration Committee of Amtek. He graduated with a Bachelor of Science, majoring in Business Management from University of Berkeley, United States of America. Upon his graduation in 1984, he was involved in several private business ventures which included trading in commodities such as sugar, rice and palm oil. Apart from this, he was also involved in housing development, manufacturing and international trading.

In 1990, Tuan Syed Azmin operated his own private company, World Network Sdn Bhd, a company involved in the trading of timber and rubber products. In 1993, he joined Timber Master Industries Berhad, a company listed on the Second Board of the KLSE and he was later appointed as Executive Director in 1994, responsible in corporate affairs and business development, a position he held until 1996. Subsequently, he was appointed as Executive Director of CN Asia Corporation Berhad in 1997 responsible for corporate affairs and business development. In 1999, Syed Azmin incorporated Commerce Dot Com Sdn Bhd, an IT company undertaking Government Electronic Project, the largest E-Commerce project in Malaysia of which he is the Founder/Director. In 2002, he was appointed as Independent Non-Executive Director of Engtex Group Berhad. Also in 2006 he was appointed as a Non-Independent Non-Executive director in Tradewinds (Malaysia) Berhad, Tradewinds Corporations Berhad and United Malayan Land Berhad.

Tuan Syed Azmin is a director of Megaplace Sdn. Bhd., which is the substantial shareholder of the Company. He does not have any family relationship with any other Directors and/or a major shareholder of the Company and has no conflict of interest with the Company. He has had no convictions for offences within the past ten years.

Tuan Syed Azmin attended all four Board Meetings and one Special Board Meetings of the Company held during the financial year ended June 2008.

KHALID BIN HAJI SUFAT, CA(M), CPA(M), FCCA
Independent Non-Executive Director

Encik Khalid bin Haji Sufat, Malaysian, aged 53, an accountant by profession was appointed to the Board of Amtek on 26 February 2002. He is an Independent Non Executive Director of Amtek. He is a fellow member of the Chartered Association of Certified Accountant (ACCA, UK), and also member of both the Malaysian Institute of Accountants (MIA) and the Malaysian Institute of Certified Public Accountants (MICPA).

Encik Khalid bin Haji Sufat had more than 16 years experience in the Malaysian Banking industry. He served as the Managing Director of Bank Rakyat from 1998 to 2000. Prior to that, he was the Executive Director of United Merchant Finance Berhad from 1995 to 1998. He was also with the Maybank Group for more than 10 years, his last position being the General Manager, Consumer Banking of Maybank in 1994.

He also sits on the board of 4 other listed companies, namely, Bina Puri Holdings Berhad., Syarikat Kayu Wangi Berhad, Uzma Berhad, and Malaysia Building Society Berhad (MBSB).

Encik Khalid bin Sufat is a member of the Audit Committee, Remuneration Committee, Nomination Committeee and ESOS Committee.

Encik Khalid bin Sufat does not have any family relationship with any other Directors and/or a major shareholder of the Company and has no conflict of interest with the Company. He has had no convictions for offences within the past ten years.

Encik Khalid bin Sufat attended all four Board Meetings and one Special Board Meetings of the Company held during the financial year ended June 2008.

DIRECTORS' PARTICULARS (CONT'D)

MR. THONG TEONG BUN

Independent Non-Executive Director

Mr. Thong Teong Bun, a Malaysian, aged 46, was appointed a Director on 25 April 2006. He is an Independent Non Executive Director and the Chairman of the Audit Committee, Remuneration Committee, Nomination Committee and ESOS Committee of the Company. He also sits on the board of several private companies involved in the international trading and logistic operations.

Mr. Thong Teong Bun graduated with a MBA in Finance from the University of Hull, United Kingdom in 1994 and a Diploma in Banking and Finance awarded by the Institute Bank Bank Malaysia in 1989. He have wide exposures and experiences in business risk evaluations and management gather over the years working in the various senior position in Affin Bank Berhad. Among the posts held by him are as Vice President, Head, Small and Medium Enterprise, Affin Bank Berhad (from September 2003 to September 2004), Head Business Centre Manager, Sea Park Business Centre (from March 2004 to August 2004), Head, Business Center Manager, Port Klang Business Center (from January 2002 to February 2004), Senior Branch Manager, Port Klang Branch (from 1998 to year 2001) , Branch Manager, Pandamaran Branch (from 1994 to Year 1998) and Head Credit and Marketing, Port Klang Branch (from year 1990 to year 1994)

Mr. Thong Teong Bun does not have any family relationship with any other Directors and/or a major shareholders of the Company and has no conflict of interest with the Company. He has had no convictions for offences within the past ten years.

Mr. Thong Teong Bun attended all four Board Meetings of the Company held during the financial year ended June 2008. He had extended his apologies for not attending Special Board Meetings of the Company.

AHMAD BIN ABU BAKAR

Independent Non-Executive Director

Encik Ahmad bin Abu Bakar, age 53, a Malaysian, is an independent non-executive Director of the Company. He was appointed to the Board on 9 April 2008. He is a member of the Audit Committee.

Encik Ahmad is an Accountant by profession. He is a member of the Malaysian Institute of Accountants. Currently, he is also a Director of Malaysia Land Ventures Berhad, Tradewinds (M) Berhad, Tradewinds Plantation Berhad and several private limited companies.

Encik Ahmad does not have any family relationship with any other Directors and/or a major shareholder of the Company and has no conflict of interest with the Company. He has had no convictions for offences within the past ten years.

Encik Ahmad attended one Board Meeting of the Company held during the financial year ended June 2008.

AUDIT COMMITTEE REPORT

Audit Committee Members

Mr. Thong Teong Bun	-	Chairman, Independent Non-Executive Director
Tuan Syed Azmin bin Syed Nor *(Resigned on 9 April 2008)*	-	Executive Chairman
Encik Khalid Bin Haji Sufat	-	Independent Non-Executive Director
Encik Ahmad bin Abu Bakar *(Appointed on 9 April 2008)*	-	Independent Non-Executive Director

Composition

The Audit Committee is appointed by the Board of Directors from amongst their members and shall comprise of not less than three (3) members of whom a majority shall be Independent Non-Executive Directors of the Company. The members of the Audit Committee shall elect a Chairman from among their number who is not an Executive Director or employee of the Company or any related corporation. The election of Chairman is subject to endorsement by the Board of Directors.

If a member of Audit Committee resigns, dies or for any other reason ceases to be a member resulting in the number of members to be reduced to below three (3), the Board of Directors shall, within three (3) months of that event, appoint such members as may be required to make up the minimum number of three (3) members.

Terms of Reference

The Audit Committee will have explicit authority to investigate any activities of the Company and of the Group within its terms of reference. All employees shall be directed to co-operate with any requests made by the Committee. The Committee shall be empowered to retain persons having special competence necessary to assist the Committee in fulfilling its responsibilities. The Committee shall also have the required resources to carry out its duties and also complete and unrestricted access to any information of the Company. It shall be able to convene meetings with external auditors, excluding the attendance of the executive members of the Committee, and also obtain independent professional advice.

The Primary Objectives of the Audit Committee are:

i. To provide assistance to the Board in fulfilling its fiduciary responsibilities with emphasis on best practice, policies and procedure and financial management and control, and corporate governance.

ii. To provide guidance and scope to the audit function by increasing the objectivity and independence of external and internal auditors, and providing a forum for discussion that is independent of the Management.

iii. To maintain a direct line of communication between the Board with the external and internal auditors and the Management.

AUDIT COMMITTEE REPORT (CONT'D)

The Board of Directors shall review the term of office and performance of the Audit Committee and each of its members at least once every three years to ensure that the Audit Committee and its members have carried out its duties in accordance with the terms of reference.

Function And Duties

The duties of the Audit Committee include:

a. Reviewing the quarterly announcements to the Bursa Malaysia Securities Berhad and / or reports before submission to the Board, focusing particularly on:
   i) Changes in accounting standards, policies and practices.
   ii) Compliance with regulatory requirements.
   iii) Significant adjustments resulting from the audit.

b. Reviewing disposal and acquisition of assets;

c. Reviewing the scope and result of the internal audit procedures;

d. Monitoring and reviewing the effectiveness of internal control system, and in particular the external auditors' Management Letter and Management's response;

e. Reviewing with the auditors;
   i) The audit plan.
   ii) The evaluation of the internal control system.
   iii) The audit report on the financial statements.
   iv) The renewal of external audit service.

And together with such other functions as may be agreed to by the Audit Committee and the Board.

Summary of Activities

For the financial year in review, the Audit Committee met for Four (4) Meetings and One (1) Special Meeting and all Members of the Committee were present. The external auditors were also invited to attend all four of these meetings. The activities of the Committee were summarized below : -

a. Reviewed and approved the unaudited quarterly financial results of the Group
b. Reviewed, commented and approved the Internal Audit Plan presented by the Internal Audit consultant.
c. Reviewed, commented and approved the Internal Audit Report presented by the Internal Audit on the weaknesses observed and reported in the audit report.
d. Reviewed and considered the acquisition and disposal of assets, businesses and subsidiaries as recommended by Management.

AUDIT COMMITTEE REPORT (CONT'D)

Details of the Attendance of the Audit Committee Members

Attendance	Total Number Of Meetings	Number Of Meetings Attended
Mr. Thong Teong Bun (Chairman, Independent Non-Executive Director)	4	4
Tuan Syed Azmin bin Syed Nor (Executive Chairman) (Resigned on 9 April 2008)	3	3
Encik Khalid Bin Haji Sufat (Independent Non-Executive Director)	4	4
Encik Ahmad bin Abu Bakar (Independent Non-Executive Director) (Appointed on 9 April 2008)	1	1

Date, Time and Place of The Meetings

Date	Time	Place
Tuesday, 28 August 2007	2.40 p.m	Administration 3, Islamic Arts Muzium Malaysia, Jalan Perdana, 50480 Kuala Lumpur
Tuesday, 27 November 2007	3.30 p.m	Administration 3, Islamic Arts Muzium Malaysia, Jalan Perdana, 50480 Kuala Lumpur
Tuesday, 26 February 2008	3.00 a.m	Administration 3, Islamic Arts Muzium Malaysia, Jalan Perdana, 50480 Kuala Lumpur
Tuesday, 27 May 2008	3.05 p.m.	Administration 3, Islamic Arts Muzium Malaysia, Jalan Perdana, 50480 Kuala Lumpur

AUDIT COMMITTEE REPORT (CONT'D)

Notice Of Meeting And Attendance

The agenda for the Audit Committee meetings have been circulated before each meeting to the members of the Committee. The external auditors and senior management of the Company also attend the meeting by invitation.

The Company Secretary of the Company has been the Secretary of the Committee, and the Secretary would circulate the minutes of the Audit Committee to all the members of the Audit Committee.

The quorum for a meeting is two (2) independent members.

Internal Audit Function

An external professional firm was appointed on 19 April 2007 as internal auditor for the Group to assist the Audit Committee to establish its Internal Audit function in discharging its duties in regards to the adequacy and integrity of the system of internal control.

Functions of the Internal Audit include the following major areas:

- Perform regular audit activities in accordance to the annual audit plan
- Review the adequacy and integrity of the internal control system
- Review the business units' compliance to internal control procedures; and
- Issue reports on the shortcomings and appropriate recommendations are made to the business unit and management for improvement.

Audit plan for the Group was presented to the Audit Committee for approval. All adverse findings and weaknesses noted during the audit visits are forwarded to the management for its attention and remedial action. The reports on the audit findings together with management comments are reported to the Audit Committee on a quarterly basis. In this regard, the Board is pleased to report that there were no significant adverse findings during the financial year ended 30 June 2008 that adversely affected the Group's reputation or financial position.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of Amtek Holdings Berhad, I would like to present the 2008 Annual Report, incorporating the financial statements of the Group and its companies for the financial year ended 30 June 2008.

INDUSTRY TREND AND DEVELOPMENT

The retail industry is expected to get more competitive with the arrival of international brands and the softening of consumer spending that will exert downward pressure on the retail margin. The rising oil price is reshaping the cost structure of the retailers and manufacturers. During the financial period under review, we have witnessed a sharp increase in the materials, production, transportation and distribution costs. These have prompted retailers and manufacturers to rethink their existing work practices and business strategies to improve efficiency and to protect their competitive edges.

In short, business conditions in the retail and manufacturing sector will be less forgiving and more challenging. Complacency and inability to reshape the old business strategies may result in severe market repercussion.

FINANCIAL REVIEW

The current year under review marked the final phase of our three year master restructuring plan. During the period, we were able to push through the final and most difficult stage of the restructuring. Drastic decisions have to be taken to ensure on time completion of the restructuring plan. Key exercises carried out in this period include: relocation of Amtek Garment Sdn Bhd from Prai to Port Klang, re-strategising the business direction of Power Wave Sdn Bhd, streamlining operations of Amtek Shoes Sdn Bhd, disposal of Uniwash Industries Sdn Bhd's leasehold land and clearing off all the obsolete apparels. The result of these exercises were reflected in the current year account; leading financial indicators such as group debts excluding the mortgage were down from RM3 million in 06/07 to RM1 million in 07/08 and liquidity were reduced from RM4 million in 06/07 to RM1.8 million in 07/08 while RM2 million free cash reserve in the Group have been pledged to a bank as security for credit facility granted to subsidiaries within the Group as working capital.

OPERATIONS REVIEW

On the operation level, the period under review proved to be a challenging one. External developments such as the softening of the retail market, inflationary pressure, and the unexpected general election results are affecting the overall performance of the Company. Detailed operation review for each of the core business is depicted as follows:-

FOOTWEAR MANUFACTURING

Amtek Shoes Sdn Bhd suffered an unexpected drop in its performance in 2008 when sales fell from RM10.8 million in 06/07 to RM7.4 million and from a profit of RM0.78 million to a loss of RM1.29 million.

The sluggish performance is mainly due to the unexpected General Election results in March 08 whereby the governing party lost its two third majority in the parliament and the governance in five key states. The unprecedented political changes caused some disruptions in the administration of the government tenders as new tenders are being held back while tenders

CHAIRMAN'S STATEMENT(CONT'D)

participated earlier on were not awarded accordingly. All these situations have taken a toll on the Amtek Shoes operations that relied heavily on Government jobs.

In response to these unfavourable developments, the Management embarked on two pronged strategies by downsizing the current operation and reinforcing the frontline by bringing in experienced sales staff to head and revamp the sales team. These changes are producing positive results in the new financial year. We are confident that Amtek Shoes will be able to secure more orders once the political scenario settled.

RETAIL

Amtek International Sdn Bhd, holder of the "Harrods" franchise, managed to stage a remarkable turnaround in the 07/08 registering a revenue of RM5.1 million with profit of RM706,000 compared to RM4.0 million and loss of RM564,000 in 06/07. The performance is plausible as the average monthly sales since the closure of the restaurant and the food hall at Satellite Building in Kuala Lumpur International Airport ("KLIA"), is touching a minimum of RM350,000 per month which is almost as high as before. The good result was due to the buoyant arrival of inbound tourists and better merchandise mix at the outlet.

Despite the sterling performance, the overall operations are of little synergistic value to the Amtek Group's core competencies which lie in apparel and footwear manufacturing. To make the matter worse, the operations are constraint by the lack of funding. The Management is finding it difficult to secure new banking facilities to fund its expansion program to open a new outlet at Suria KLCC. The shortage of funds not only affects the progress of the renovation at the new outlet, it also impairs the existing operations at the KLIA outlet. To avoid the cash flow situation from worsening and its affect onto the entire Group, the management took a painful decision to dispose off the entire business to Tradewinds Corporation Berhad and concentrate all its resources for the developments and growth of the manufacturing business of apparel and footwear.

GARMENT & APPAREL

The Garment and Apparel Division restructuring is at its leg end. On the apparel manufacturing side, Amtek Garment has already been fully transformed into a uniform manufacturer and has relocated its operation from Prai to Port Klang. Sales have started to pick up as orders from PLUS, DRB-HICOM, AMDB are coming through.

On the apparel retailing front, the Management decided to discontinue the "Lee Cooper" business as the brand failed to command market premium. Intensified effort has been taken to clear all the Lee Cooper merchandises. A total of RM826,000, representing the entire Lee Cooper merchandises have been disposed off during the period under review. At this juncture, the Management decided not to venture into any apparel retailing business as previously proposed. Instead the Management will combine its resources to put Amtek Garment and Amtek Shoes on a stronger footing.

CORPORATE DEVELOPMENTS

The disposal of Uniwash's land was completed in June 2008.

The company is planning to dispose off 2 units of shop lots at Prai to reduce the principal mortgage of Wisma Amtek. In addition, the company also in negotiation with Tradewinds Corporation Berhad to firm up the disposal of Amtek International Sdn. Bhd.

CHAIRMAN'S STATEMENT(CONT'D)

FUTURE OUTLOOK

The new financial year 08/09 will be a challenging year as we expect the Malaysian economy growth will become slower in line with the world economy. A drop in disposable income brought by the inflationary threats will exert a downward pressure on our retail margin. The unstable political scenario will continue to hamper the business dealing with both the State and the Federal government, which make it unfavourable to Amtek Shoes. In the new financial year, the Management will be focusing to revive the garment and shoes divisions.

The Management is confident that the restructured Amtek Group is in a better position to capture various business opportunities. Thus, it shall be able to deliver added value to its shareholders.

DIVIDENDS

The Board of Directors did not recommend any dividends for the financial year ended 30 June 2008.

IN APPRECIATION

On behalf of the Board, I would like to thank all shareholders for their patience and confidence in the company.

I would also like to thank valued customers, bankers and business partners for their continued support.

My appreciation also goes to our management and employees for their hard work, dedication and performance in the financial year 2008.

I would also like to express my heartfelt thanks to my fellow Board members for their support and valuable advice.

Syed Azmin bin Syed Nor
Chairman

STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors ("the Board") of Amtek Holdings Berhad ("Amtek") believes that good corporate governance is fundamental to the Group's continued success. Therefore, the Board is committed to ensuring the highest standards of Corporate Governance are practiced throughout Amtek, as a fundamental part of discharging its responsibilities to protect and enhance the shareholders' value and financial performance of the organization.

In line with the Listing Requirements of Bursa Malaysia Securities Berhad, the Board wishes to report on the manner the Group has maintained the standards of corporate governance by supporting and implementing the prescriptions of the principles and best practices set out in the Malaysian Code of Corporate Governance ("Code").

DIRECTORS

The Board

Amtek is led and managed by an experienced Board, comprising members with wide range of experience in relevant fields such as commerce, accounting and management. Together, the Directors bring a broad range of skills, experiences, and knowledge required to direct and supervise the company's business activities.

The Board currently has four (4) members comprising three (3) Independent Non-Executive and one (1) Executive Director. This is in compliance with paragraph 15.02 of the Bursa Malaysia Listing Requirement on board composition, which requires that one third or two; whichever is higher, of the total number of directors to be independent. Together, the Board has a balanced composition of Executive and Non-Executive Directors so that no individuals or small group of individuals can dominate the Board's decision making.

The Profile of the Directors is set out in page 9 to 10 of this annual report.

Tuan Syed Azmin bin Syed Nor is the Executive Chairman of the Company.

Two Third of the Board comprises Non-Executive Directors since the Company recognizes the contribution of Non-Executive Directors as equal Board members to the development of the Company's strategies, the importance of representing the interest of public shareholders and providing a balanced and independent view to the Board. All Non-Executive Directors are independent of management and free from any relationship, which could interfere with their independent judgment.

Board Meetings

Four (4) Board Meetings and One (1) Special Board Meeting were held during the financial year from 1 July 2007 till 30 June 2008. The attendance of Directors at the Board Meetings is as follows:

STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

Name	Attendance
Tuan Syed Azmin Bin Syed Nor	5/5
Encik Khalid Bin Haji Sufat	5/5
Mr. Thong Teong Bun	4/5
Encik Ahmad bin Abu Bakar *(Appointed on 9 April 2008)*	1/1

Board Responsibilities

The Board retains full and effective control of the Company and the Group. This includes responsibility for determining the Company's overall strategic direction as well as, development and control of the Group. Key matters, such as annual and interim results, acquisitions and disposals, as well as material agreements, major capital expenditures, budgets, and long range plans are approved by the Board.

The Board has regularly scheduled meetings, at least four (4) times a year. Special Board Meeting for particular matters such as mergers, major acquisitions or disposals can be held and when necessary. For the financial year ended 30 June 2008, the Board held Four (4) Meetings and One (1) Special Meeting. At each regularly scheduled meeting, there were full financial and business review and discussion, including updating of the performance against the annual budgets and financial plans previously approved by the Board.

Appointments to the Board Committees

The Board has delegated specific responsibilities to four (4) Board committees namely, Audit, Nomination, Remuneration and ESOS Committees. The Committees are authorized to examine particular issues and report back to the Board with their recommendation. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

The four principal Board Committees are:

1. Audit Committee

Refer to the Report of the Audit Committee on page 11 to 14.

2. Nomination Committee

In compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("the Listing Requirements"), a Nomination Committee was established by the Board on 26 February 2002. The Committee comprises two Independent Non-Executive Director and one Executive Director. The members are:

Chairman Mr. Thong Teong Bun
(Independent Non-Executive Director)

STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

Members Encik Khalid bin Haji Sufat
(Independent Non-Executive Director)

Tuan Syed Azmin bin Syed Nor
(Executive Chairman)

The Committee's key functions are to nominate and recommend candidates to the Board, to consider candidates for directorship proposed by the Directors or Shareholders and recommend membership of the Board Committees. Its other responsibilities include the review of the structure, size and composition of the Board, including on the on-going effectiveness of the Board as a whole and the Board Committees and the contributions of each director towards the effective functioning of the Board.

3. Remuneration Committee

In compliance with the Listing Requirements, a Remuneration Committee was established by the Board on 26 February 2002. The Committee comprises two Independent Non-Executive Director and one Executive Director. The Committee's primary responsibility is to recommend to the Board, the remuneration of Directors (executive and non-executive) in all its forms, drawing from outside advice if necessary. Nevertheless, the determination of remuneration packages of the Directors is a matter for the Board as a whole and individuals are required to abstain from discussions on their own remuneration. The members are:

Chairman Mr. Thong Teong Bun
(Independent Non-Executive Director)

Members Encik Khalid bin Haji Sufat
(Independent Non-Executive Director)

Tuan Syed Azmin bin Syed Nor
(Executive Chairman)

The details of remuneration for the Directors of the Company for the financial year ended 30 June 2008 is presented in Note 21 of the Financial Statement.

4. ESOS Committee

The ESOS Committee was established by the Board on 24 June 2003. The Committee comprises two independent Non-Executive Directors and one Executive Director. The members are:

Chairman Mr. Thong Teong Bun
(Independent Non-Executive Director)

STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

Members	Encik Khalid bin Haji Sufat *(Independent Non-Executive Director)* Tuan Syed Azmin bin Syed Nor *(Executive Chairman)*

The ESOS Committee shall be vested with such powers and duties as are conferred upon it by the Board including the powers:

a. to administer the ESOS and grant Option in accordance with Bye-Laws;
b. to recommend to the Board to establish, amend and revoke Bye-Laws, rules and regulation to facilitate the implementation of the scheme;
c. to construe and interpret the provisions hereof in the best interest of the company; and
d. generally, to exercise such power and perform such acts as are deemed necessary or expedient to promote the best interest of the company.

Subject for the foregoing, The ESOS Committee shall exercise its discretion in such manner as it deems fit.

Supply of Information

Each Board member receives regular reports, including a comprehensive review and analysis of the Group's performance. Prior to each Board meeting, Directors are sent an agenda and a full set of Board papers for each agenda to be discussed at the meeting.

They are issued in sufficient time to enable the Directors to obtain further explanations, where necessary, in order to be briefed properly before the meeting. Guidelines are in place concerning the content, presentation and delivery of papers to the Directors for each Board meeting, so that the Directors have enough information to be properly briefed. Directors have access to all information within the Company whether as a full Board or in their individual capacity, in furtherance of their duties.

The Directors also have direct access to the advice and the services of the Group's Company Secretary who is responsible for ensuring the Board procedures are followed.

Appointment of the Board

There is a formal and transparent procedure for the appointment of new Directors to the Board, with the Nomination Committee making recommendations to the Board. Please refer to page 19 for the details of the Nomination Committee.

Following the appointment of new Directors to the Board, the Nomination Committee will ensure that induction programme is arranged, to enable them to get a full understanding of the nature of the businesses, current issues within the Group and the corporate strategies as well as the structure and management of the Group.

STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

Directors' Training

All Directors appointed to the Board, apart from attending the MAP by Bursa Malaysia Securities Berhad, complete other relevant training programmes to further enhance their business acumen and professionalism in discharging their duties to the Group.

During the year, the Directors have pursued relevant courses and seminars to keep abreast with industry, regulatory and compliance issues trends and best practices.

All the Directors have attended at least one seminar or course during the year.

Re-Election

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to re-election by shareholders at the first Annual General Meeting after their appointment.

The Articles also provide that all Directors shall retire from office once in every three years but shall be eligible for re-election. At each Annual General Meeting, one third of the remaining Directors are to offer themselves for re-election. In practice, over a number of years, this has meant that every Director has stood for re-election at least once every three years.

SHAREHOLDERS

Dialogue between the Company and Investors

The Board believes that having an open, honest and on-going dialogue with investors will promote a better appreciation of the Company's competitive strengths and allow the Company's business and prospects to be evaluated properly, thereby enabling it to benefit from a lower cost of capital through access to the capital markets.

The Board also believes that communication must be a continual process to be accomplished in good times as well as bad times in order to be credible. Regular updates on the Company's performance and corporate development are disseminated through media releases, press conference, and announcement of the quarterly results and through the Annual Report.

The Company also maintains strict confidentiality and due care to ensure that no disclosure of material information is made to an individual or selective basis to any persons unless such information has previously been fully disclosed in an announcement to the relevant regulatory authorities.

STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

Annual General Meeting

The Annual General Meeting is the principal forum for dialogue with shareholders. The Notice of the Annual General Meeting and the Annual Report are sent out to shareholders at least twenty-one (21) days before the date of the meeting.

Besides the usual agenda for the Annual General Meeting, the Board presents the progress and performance of the business as contained in the annual report and provides opportunities for shareholders to raise questions pertaining to the business activities of the Group. All Directors are available to provide responses to questions from the shareholders during the meetings.

Additionally, a press conference is held immediately after the Annual General Meeting whereat the Chairman advises members of the media on the resolutions passed, and answer questions on the Group's operations fielded by the reporters. The senior management is also present at the press conference to clarify and explain any issue.

CORPORATE SOCIAL RESPONSIBILITY

Mindful of the need to be a corporately responsible organization, the Group undertook various steps to play its part in contributing to the welfare of the society and communities in the environment it operates. The Group recognises that for long term sustainability, its strategic orientation will need to look beyond the financial parameters.

Hence, during the year under review the Group supports and participates in several CSR related project such as donation to schools, volunteer bodies and associations and community services. Apart from financial reward, we also send our employees to attend various training programs to ensure they are equipped with appropriate skills and knowledge to grow and prosper together with the Company they work for. The Group endeavours to broaden its scope of CSR initiatives over time and will plan accordingly.

ACCOUNTABILITY AND AUDIT

Financial Report

The Directors have a responsibility to present a true and fair assessment of the Group's position and prospects in the quarterly reports to Bursa Malaysia Securities Berhad and the Annual Report to the shareholders. The Audit Committee assists the Board in scrutinizing information for disclosure to ensure accuracy, adequacy and completeness.

Internal Control

Information on the Group's Internal Control is presented in the Internal Control Statement at page 25 to 26.

STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

Relationship with the Auditors

The external auditors, has continued to report to members of the Company on their findings which are included as part of the Company's financial reports with respect to each year's audit on the statutory financial statements. In doing so, the Company has established a transparent arrangement with the auditors to meet their professional requirements. From time to time, the auditors highlight to the Audit Committee and Board of Directors on matters that require the Board's attention. Annual appointment or re-appointment of the external auditors is via shareholders' resolution at the Annual General Meeting on the recommendation of the Board.

Directors' responsibilities in respect of audited financial statement

The Board of Directors under paragraph 15.27(a) of the Listing Requirements is required to issue a statement explaining their responsibility in preparing the annual audited accounts.

Under the Companies Act 1965, the Directors are required to prepare financial statements for each financial year which give a true and fair view of affairs of the Group and of the Company of the financial year end and of the results and cash flows of the Group and of the Company for the financial year then ended.

In preparing the financial statements of Amtek Holdings Berhad for the financial year ended 30th June 2008 vis-à-vis Financial Reporting Standard (FRS), the Directors have considered and followed the applicable approved Malaysian Accounting Standards, made judgments and estimates that are prudent and reasonable and adopted appropriate accounting policies.

The Directors are also responsible in ensuring that the Group and Company keep accounting records which disclose with reasonable accuracy at any time the financial position of the Company, and which enables them to ensure the financial statements comply with the Companies Act, 1965. They are also responsible for taking such steps as reasonably open to them to ensure the safeguarding of the assets of the Group and of the Company and to prevent and detect fraud and other such irregularities.

Statement of Compliance with the Best Practices of the Code

The Company is committed to achieving high standards of corporate governance throughout the Group and to a high level of integrity and ethical standards in all its business dealings. The Board considers that it has complied throughout the financial year with the Best Practices as set out in the Code.

INTERNAL CONTROL STATEMENT

INTRODUCTION

The Malaysian Code on Corporate Governance stipulates that the Board of Directors of listed companies maintains a sound system of internal control to safeguard shareholders' investment and Group's assets. The Listing Requirements of Bursa Malaysia Securities Berhad pursuant to paragraph 15.27(b) requires the Directors of listed companies to include a statement in annual reports on the state of their internal control.

In compliance with the aforementioned obligation, the Board is pleased to report to the shareholders on the state of internal control of the Group during the year under review.

BOARD RESPONSIBILITY

The Board recognises the importance of sound internal controls and risk management practices towards implementation of good corporate governance. The Board affirms its overall responsibilities for maintaining a sound system of internal control, risk management practices and for reviewing the reliability of these systems. The principal function of the internal control system is to identify and to manage significant risks faced by the Group's business operations, which may impede the achievement of the Group's objectives.

INTERNAL AUDIT

An external professional firm is appointed as internal auditor for the Group to assist the Audit Committee to establish its Internal Audit function in discharging its duties in regards to the adequacy and integrity of the system of internal control.

RISK MANAGEMENT

The Board is dedicated to strengthening the Group's risk management processes for identifying, evaluating and managing significant risks faced by the Group. Risk management is emphasized by the Board to ensure that the Group's key risk areas are periodically reviewed and significant risks that may affect the Group's business objectives are continually monitored and any new significant risk is identified and managed effectively.

Whilst the Board is ultimately responsible for identifying the Group's risks, the implementation and improvement of the Group's risk management systems and the establishment of the Group's internal control framework are delegated to the newly appointed external consultant.

CONTROL ENVIRONMENT

The Board is committed in maintaining a sound internal control structure to govern the manner in which the Group and its employees conduct themselves. The key elements of controls are:

- The responsibilities of the Board and the Management are clearly defined in the organization structure to ensure the effective discharge of the roles and responsibilities of the parties in overseeing the conduct of the Group's business.

INTERNAL CONTROL STATEMENT (CONT'D)

CONTROL ENVIRONMENT (continued)

- The Company has since its incorporation, embarked on an on-going exercise to review and adopt the Limits of Authority of the Group, which specifies the Lines of Authority to the Board and the Management.

- Policies and procedures are in place for major operating units within the Group. The Group is continuing reviewing the policies and procedures with a view of establishing Group wide standards. For accounting systems and financial processes, efforts are being taken to ensure consistency in the Group as a whole. In respect of operational procedures, focus has been placed to align the internal processes of the significant subsidiaries.

- There is an annual budgeting process for each area of business and approval of the budget by the Board. A reporting system which highlights significant variances against budgets and plans are in place to monitor performance, with key variances investigated and followed up by the Management.

- The Board receives and reviews quarterly reports on key financial and operating statistics and monitor the achievement of the Group's performance.

BOARD CONCLUSION

There were no material losses incurred during the current financial year as a result of weaknesses in internal control. Management continues to take measures to strengthen the control environment. The Directors are of the opinion that the existing system of Internal Control is adequate to achieve the objectives set down by the Board.

ADDITIONAL DISCLOSURES

STOCK EXCHANGE LISTING

Second Board of Bursa Malaysia Securities Berhad

1. There has been no share buy-backs or shares cancelled in the financial year.

2. There are no share options, warrants or convertibles securities exercised in the financial year.

3. There is no American Depository Receipt or Global Depository Receipt Programmes sponsored by the Company.

4. The results for the financial year do not differ by 10% or more from the unaudited results previously released.

5. The Company has no policy on the revaluation on landed properties for the financial year.

6. None of the Directors and major shareholders has any material contract with the Company and/or its subsidiaries during the financial year under review except for the Sale and Purchase Agreement entered with Creative Franchise Concepts Sdn. Bhd. ("CFC"), to dispose off the entire equity interest in subsidiary company, Amtek International Sdn. Bhd and its subsidiary company, Amtek Duty Free Sdn. Bhd., for a total cash consideration of RM3 million on 28 August 2008. Syed Azmin bin Mohd Nursin @ Syed Nor who is a director and major shareholder of the Company is deemed interested in the proposed disposal as his brother Tan Sri Syed Mokhtar bin Mohd Nursin @ Syed Nor is a major shareholder in Tradewinds Corporation Berhad, the ultimate holding company of CFC.

7. There were no sanction and/or penalties imposed on the Company or its Subsidiaries, Directors or Management by the relevant regulatory bodies.

DIRECTORS' REPORT

The Directors have pleasure in presenting their report and the audited financial statements of the Group and the Company for the financial year ended 30 June 2008.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provisions of management services.

The principal activities of the subsidiary companies are as disclosed in Note 6 to the financial statements.

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

FINANCIAL RESULTS

	Group RM	Company RM
Loss for the financial year attributable to:		
Equity holders of the Company	(3,574,115)	(1,214,185)
Minority interests	(159,642)	-
	(3,733,757)	(1,214,185)

DIVIDENDS

No dividend has been paid, declared or proposed since the previous financial year. The Directors also do not recommend any dividend payment in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

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

SHARE OPTIONS

The Company's Executives' Share Option Scheme ("ESOS") became effective from 1 July 2003 for a period of ten (10) years and the salient terms are disclosed in Note 14 to the financial statements.

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

DIRECTORS' REPORT (CONT'D)

DIRECTORS IN OFFICE

The Directors who served on the Board of the Company since the date of the last report are:

Syed Azmin bin Mohd Nursin @ Syed Nor
Khalid bin Haji Sufat
Thong Teong Bun
Ahmad bin Abu Bakar (Appointed on 9.4.2008)

In accordance with the Company's Articles of Association, Syed Azmin bin Mohd Nursin @ Syed Nor retires by rotation, and being eligible, offers himself for re-election.

Encik Ahmad bin Abu Bakar who was appointed to the Board since the last Annual General Meeting, retires under the Articles of Association and being eligible, offers himself for re-election.

DIRECTORS' INTEREST

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

	Number of ordinary shares of RM1.00 each			
	Balance at 1.7.2007	**Bought**	**Sold**	**Balance at 30.6.2008**
Direct interest in shares of the Company				
Syed Azmin bin Mohd Nursin @ Syed Nor	12,500	-	-	12,500
Indirect interest by virtue of shares held by Megaplace Sdn. Bhd. in which the Director has Interests				
Syed Azmin bin Mohd Nursin @ Syed Nor	11,783,750	-	-	11,783,750

By virtue of his interest in shares of the Company, Tuan Syed Azmin bin Mohd Nursin @ Syed Nor is deemed to be interested in all subsidiary companies to the extent the Company has an interest.

None of the other Directors in office at the end of the financial year held or dealt in shares of the Company or its related corporations during the financial year.

DIRECTORS' REPORT (C0NT'D)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than Directors' remuneration as disclosed in Note 21 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any deemed benefits which may arise from the related party transactions as disclosed in Note 25 to the financial statements.

Neither during nor at the end of the financial year, was 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.

OTHER STATUTORY INFORMATION

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

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

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

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

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

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

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

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

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

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

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

DIRECTORS' REPORT (CONT'D)

OTHER STATUTORY INFORMATION (continued)

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

In the opinion of the Directors,

a) the results of the Group's and the Company's operations during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature; and

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

AUDITORS

The auditors, Messrs. Peter Chong & Co. (formerly known as BKR Peter Chong), Chartered Accountants, have indicated their willingness to accept re-appointment.

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

…………………………………………………..

SYED AZMIN BIN MOHD NURSIN @ SYED NOR
Director

…………………………………………………….

THONG TEONG BUN
Director

Date : 21 October 2008

Kuala Lumpur

STATEMENT BY DIRECTORS

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

We, **SYED AZMIN BIN MOHD NURSIN @ SYED NOR** and **THONG TEONG BUN**, two of the Directors of **AMTEK HOLDINGS BERHAD** state that, in the opinion of the Directors, the financial statements set out on pages 35 to 111 are drawn up in accordance with the Financial Reporting Standards and the provisions of the Companies Act 1965, so as to give a true and fair view of the state of affairs of the Group and the Company at 30 June 2008 and of the results and cash flow of the Group and the Company for the financial year ended on that date.

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

……………………………………………………..
SYED AZMIN BIN MOHD NURSIN @ SYED NOR
Director

……………………………………………………….
THONG TEONG BUN
Director

Date : 21 October 2008
Kuala Lumpur

STATUTORY DECLARATION

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

I, **TAN HUEY HUEY**, being the officer primarily responsible for the financial management of **AMTEK HOLDINGS BERHAD**, do solemnly and sincerely declare that, to the best of my knowledge and belief, the financial statements set out on pages 35 to 111 are correct.

And I make this solemn declaration, conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed **TAN HUEY HUEY** at **KUALA LUMPUR** in the **FEDERAL TERRITORY** this 21 day of October 2008.

Before me

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AMTEK HOLDINGS BERHAD

Company No : 125863-K

Report on the financial statements

We have audited the financial statements of **AMTEK HOLDINGS BERHAD**, which comprise the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 35 to 111.

Directors' responsibilities for the financial statements

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the 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 Company as of 30 June 2008 and of its financial performance and cash flows for the year then ended.

INDEPENDENT AUDITORS' REPORT (CONT'D)

TO THE MEMBERS OF AMTEK HOLDINGS BERHAD

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 subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiary companies 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 subsidiary companies 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 subsidiary companies did not contain any qualification or any adverse comment made under Section 174(3) of the Act, except for the reports of certain subsidiary companies which have been modified to include an emphasis of matter 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.

Peter Chong & Co.
(formerly known as BKR Peter Chong)
No. AF 0165
Chartered Accountants

Peter Chong Ton Nen
No. 394/03/10 (J/PH)
Partner of the Firm

Date : 21 October 2008

Kuala Lumpur

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2008

	Note	2008 RM	As restated 2007 RM
ASSETS			
Non-current assets			
Property, plant and equipment	4	6,985,130	8,783,873
Investment properties	5	17,833,723	18,229,221
Investment	7	18,740	18,740
Prepaid land lease payments	8	533,096	868,963
Deferred tax assets	9	-	227,638
Total non-current assets		25,370,689	28,128,435
Current assets			
Inventories	10	7,705,064	8,273,815
Receivables	11	9,131,552	12,710,081
Tax assets	12	1,158,204	1,654,084
Deposits, cash and bank balances	13	3,814,395	4,266,582
Total current assets		21,809,215	26,904,562
TOTAL ASSETS		47,179,904	55,032,997
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	14	49,998,750	49,998,750
Reserves	15	(29,414,852)	(26,113,469)
		20,583,898	23,885,281
Minority interests		1,210,973	1,370,615
Total equity		21,794,871	25,255,896

The attached notes from an integral part of the financial statements.

CONSOLIDATED BALANCE SHEET (CONT'D)
AS AT 30 JUNE 2008

	Note	2008 RM	As restated 2007 RM
LIABILITIES			
Non-current liabilities			
Borrowings	16	11,696,490	12,833,226
Deferred income	17	-	163,648
Deferred tax liabilities	9	-	47,990
Total non-current liabilities		11,696,490	13,044,864
Current liabilities			
Payables	18	10,004,414	11,331,135
Borrowings	16	2,157,553	3,822,008
Tax liabilities	12	1,526,576	1,579,094
Total current liabilities		13,688,543	16,732,237
Total liabilities		25,385,033	29,777,101
TOTAL EQUITY AND LIABILITIES		47,179,904	55,032,997

CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

	Note	2008 RM	2007 RM
Continuing operations			
Revenue	19	17,782,395	29,121,864
Cost of sales		(13,153,908)	(22,144,793)
Gross profit		4,628,487	6,977,071
Other operating income		1,711,169	5,207,797
Selling and distribution costs		(3,964,218)	(5,938,792)
Administration expenses		(4,594,415)	(8,105,006)
Loss from operations	20	(2,218,977)	(1,858,930)
Finance cost	22	(1,308,570)	(1,628,908)
Loss before taxation		(3,527,547)	(3,487,838)
Taxation	12	(206,210)	(211,555)
Loss for the financial year from continuing operations		(3,733,757)	(3,699,393)
Discontinued operations			
Loss for the financial year from discontinued operations	26	-	(68,933)
Loss for the financial year		(3,733,757)	(3,768,326)
Attributable to :			
Equity holders of the Company		(3,574,115)	(3,625,100)
Minority interests		(159,642)	(143,226)
		(3,733,757)	(3,768,326)
Loss per share attributable to equity holders of the Company (sen)	23		
- Continuing operations		(7.15)	(7.11)
- Discontinued operations		-	(0.14)
		(7.15)	(7.25)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

	Attributable to equity holders of the Company						
	Share capital RM	Share premium RM	Currency translation reserve RM	Accumulated losses RM	Total RM	Minority interests RM	Total equity RM
At 1 July 2006	49,998,750	19,129,850	(135,127)	(41,255,079)	27,738,394	1,513,841	29,252,235
Realisation upon disposal of subsidiary company	-	-	(66,511)	-	(66,511)	-	(66,511)
Currency translation differences	-	-	(161,502)	-	(161,502)	-	(161,502)
Net expense recognised directly in equity	-	-	(228,013)	-	(228,013)	-	(228,013)
Loss for the financial year	-	-	-	(3,625,100)	(3,625,100)	(143,226)	(3,768,326)
Total recognised expense	-	-	(228,013)	(3,625,100)	(3,853,113)	(143,226)	(3,996,339)
At 30 June/ 1 July 2007	49,998,750	19,129,850	(363,140)	(44,880,179)	23,885,281	1,370,615	25,255,896
Currency translation differences	-	-	272,732	-	272,732	-	272,732
Net expense recognised directly in equity	-	-	272,732	-	272,732	-	272,732
Loss for the financial year	-	-	-	(3,574,115)	(3,574,115)	(159,642)	(3,733,757)
Total recognised income/ (expense)	-	-	272,732	(3,574,115)	(3,301,383)	(159,642)	(3,461,025)
At 30 June 2008	49,998,750	19,129,850	(90,408)	(48,454,294)	20,583,898	1,210,973	21,794,871

The attached notes form an integral part of the financial statements

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

	Note	2008 RM	2007 RM
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation			
Continuing operations		(3,527,547)	(3,487,838)
Discontinued operations	26	-	(68,933)
		(3,527,547)	(3,556,771)
Adjustments for:			
Allowance for inventory obsolescence		652,478	1,353,829
Allowance for specific doubtful debts		535,963	1,303,610
Allowance for doubtful debts no longer required		(383,999)	(923,625)
Amortisation of deferred income		(981,816)	(981,816)
Amortisation of prepaid land lease payments		6,840	21,972
Bad debts written off		28,990	31,571
Depreciation of			
- Property, plant and equipment		993,827	1,643,279
- Investment properties		395,498	395,498
Dividend income		(723)	(1,210)
Impairment loss on goodwill on consolidation		-	436,591
Impairment loss on property, plant and equipment		-	944,399
Interest expenses		1,308,570	1,655,822
Interest income		(10,041)	(2,145)
Profit on disposal of property, plant and equipment and prepaid land lease payments.		(449,323)	(3,145,258)
Profit on disposal of investment in subsidiary companies		-	(369,079)
Property, plant and equipment written off		1,112	257,556
Reversal of allowance for inventory obsolescence		-	(378,127)
Unrealised loss on foreign exchange		-	49,105
Operating loss before working capital changes		(1,430,171)	(1,264,799)

The above consolidated cash flow statement is to be read in conjunction with the notes to the financial statements.

CONSOLIDATED CASH FLOW STATEMENT (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

	Note	2008 RM	2007 RM
CASH FLOW FROM OPERATING ACTIVITIES (continued)			
Inventories		(83,727)	5,093,987
Receivables		3,397,575	(5,625,376)
Payables		(508,553)	6,862,500
Cash generated from operations		1,375,124	5,066,312
Income tax refund	12	587,675	1,323,110
Income tax paid	12	(170,875)	(167,214)
Net cash generated from operating activities		1,791,924	6,222,208
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed deposit placement as security for credit facility		(2,009,511)	-
Net inflow from disposal of subsidiary companies		-	3,229,924
Dividend received		723	1,210
Interest income received		10,041	2,145
Proceeds from disposal of property, plant and equipment and prepaid land lease payments		1,638,733	5,733,828
Purchase of property, plant and equipment		(56,579)	(327,885)
Net cash (used in)/ generated from investing activities		(416,593)	8,639,222
CASH FLOW FROM FINANCING ACTIVITIES			
Changes to short term borrowings		(310,890)	(6,035,972)
Interest paid		(1,308,570)	(1,655,822)
Repayment of finance lease and hire purchase obligations		(106,278)	(51,896)
Repayment of term loans		(1,027,262)	(990,395)
Net cash used in financing activities		(2,753,000)	(8,734,085)

The above consolidated cash flow statement is to be read in conjunction with the notes to the financial statements.

CONSOLIDATED CASH FLOW STATEMENT (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

	Note	2008 RM	2007 RM
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		(1,377,669)	6,127,345
Effect of exchange rate changes		273,264	(161,802)
		(1,104,405)	5,965,543
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		2,753,473	(3,212,370)
Effect of exchange rate changes		(532)	300
		2,752,941	(3,212,070)
CASH AND CASH EQUIVALENTS CARRIED FORWARD	24	1,648,536	2,753,473

The above consolidated cash flow statement is to be read in conjunction with the notes to the financial statements.

BALANCE SHEET
AS AT 30 JUNE 2008

	Note	2008 RM	2007 RM
ASSETS			
Non-current assets			
Property, plant and equipment	4	120,003	20,345
Investment properties	5	3,308,274	2,789,818
Investment in subsidiary companies	6	5,408,283	5,853,928
Investment	7	18,740	18,740
Total non-current assets		8,855,300	8,682,831
Current assets			
Inventories	10	-	-
Receivables	11	11,055,288	12,206,182
Tax assets	12	454,317	964,227
Deposits, cash and bank balances	13	272,358	952,875
Total current assets		11,781,963	14,123,284
TOTAL ASSETS		20,637,263	22,806,115
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	14	49,998,750	49,998,750
Reserves	15	(37,116,634)	(35,902,449)
Total equity		12,882,116	14,096,301
Current liabilities			
Payables	18	7,753,934	8,667,783
Borrowings	16	1,213	42,031
Total current liabilities		7,755,147	8,709,814
TOTAL EQUITY AND LIABILITIES		20,637,263	22,806,115

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

INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

	Note	2008 RM	2007 RM
Revenue	19	270,723	248,210
Other operating income		34,626	5,480
Profit on disposal of investment in subsidiary companies		-	1,142,550
Allowance for doubtful debts no longer required		-	1,124,129
Impairment loss on investment in subsidiary companies		(945,645)	(333,000)
Allowance made for doubtful debts in respect of amount due from subsidiary companies		-	(466,580)
Other operating expenses		(550,166)	(423,172)
(Loss)/ profit from operations	20	(1,190,462)	1,297,617
Finance costs	22	(1,139)	(3,624)
(Loss)/ profit before taxation		(1,191,601)	1,293,993
Taxation	12	(22,584)	-
(Loss)/ profit for the financial year		(1,214,185)	1,293,993

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

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

	Share capital RM	Share premium RM	Accumulated losses RM	Total RM
At 1 July 2006	49,998,750	19,129,850	(56,326,292)	12,802,308
Profit for the financial year	-	-	1,293,993	1,293,993
At 30 June/ 1 July 2007	49,998,750	19,129,850	(55,032,299)	14,096,301
Loss for the financial year	-	-	(1,214,185)	(1,214,185)
At 30 June 2008	49,998,750	19,129,850	(56,246,484)	12,882,116

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

CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

	Note	2008 RM	2007 RM
CASH FLOW FROM OPERATING ACTIVITIES			
(Loss)/ profit before taxation		(1,191,601)	1,293,993
Adjustments for:			
Allowance for doubtful debts made in respect of amount due from subsidiary companies		-	466,580
Allowance for doubtful debts no longer required		-	(1,124,129)
Allowance for inventory obsolescence		-	12,000
Depreciation of property, plant and equipment		20,341	27,164
Depreciation of investment properties		81,544	81,542
Dividend income		(723)	(1,210)
Impairment loss on investment in subsidiary companies		945,645	333,000
Interest expenses		1,139	3,624
Profit on disposal of property, plant and equipment		(199)	-
Profit on disposal of investment in subsidiary companies		-	(1,142,550)
Operating loss before working capital changes		(143,854)	(49,986)
Receivables		1,150,894	(2,476,499)
Payables		(1,633,849)	(367,623)
Cash used in operations		(626,809)	(2,894,108)
Income tax paid	12	(22,349)	(313)
Tax refunded	12	509,675	-
Net cash used in operating activities		(139,483)	(2,894,421)
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		200	-
Proceeds from disposal of investment in subsidiary companies		-	3,229,551
Subscription for shares in subsidiary companies		(500,000)	-
Dividend received		723	1,210
Net cash (used in)/ generated from investing activities		(499,077)	3,230,761

The above cash flow statement is to be read in conjunction with the notes to the financial statements.

CASH FLOW STATEMENT (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

	Note	2008 RM	2007 RM
CASH FLOW FROM FINANCING ACTIVITIES			
Interest expenses paid		(1,139)	(3,624)
Repayment of finance lease and hire purchase obligations		(40,818)	(10,499)
Net cash used in financing activities		(41,957)	(14,123)
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		(680,517)	322,217
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		952,875	630,658
CASH AND CASH EQUIVALENTS CARRIED FORWARD	24	272,358	952,875

NON-CASH TRANSACTION

The acquisition of freehold apartment and investment properties from its subsidiary company, Bensonlaunch Sdn. Bhd. for a consideration of RM720,000, as disclosed in Note 29 are satisfied by inter-company balances.

The above cash flow statement is to bo read in conjunction with the notes to the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

1. GENERAL INFORMATION

The principal activities of the Company are investment holding and provisions of management services.

The principal activities of the subsidiary companies are as disclosed in Note 6 to the financial statements.

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

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

The address of the registered office of the Company is Level 2A No.88, Jalan Perdana, Taman Tasek Perdana, 50480 Kuala Lumpur.

The principal place of business of the Company is at No. 15, Jalan Tandang, 46050 Petaling Jaya, Selangor Darul Ehsan.

The Board has authorised the issuance of the financial statements on 21 October 2008.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management objective is to ensure that there are adequate financial resources available to meet its operating requirements and managing the associated risks effectively. The Group does not use derivative financial instruments to hedge its risks and trade in financial instruments during the financial year.

The major risks arising from the Group's financial instruments are credit risk, foreign currency risk, interest rate risk and liquidity risk.

Credit risk

The Group is exposed to credit risk mainly from receivables. They are subject to continuous review.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk

The Group's exposure to currency risk arises mainly from transactions entered into by individual entities within the Group in currencies other than their functional currency. The Group's foreign currency sales and purchases provide a natural hedge against fluctuation in foreign currencies.

Interest rate risk

The Group is exposed to interest rate risk mainly from its fixed deposits and borrowings. Interest rate on borrowings, which is managed through negotiation with financial institution to ensure that the Group benefits from enjoying the lowest possible finance cost.

The interest rate on borrowings and fixed deposits of the Group are disclosed in Note 16 and Note 31 respectively.

Liquidity risk

The Group's liquidity risk management is to ensure there are adequate financial resources available to meet its operating requirements.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965.

At the beginning of the current financial year, the Group and the Company had adopted new and revised Financial Reporting Standards ("FRSs"), Amendments to FRSs and Issue Committee ("IC") Interpretations as fully described in Note 3.2.

The financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Changes in accounting policies and effects arising from adoption of new and revised FRSs, Amendments to FRSs and IC Interpretations

At the beginning of the financial year, the Company had adopted the following new and revised FRSs, Amendments to FRSs and IC Interpretations:

		Effective dates
FRS 117	Leases	1 October 2006
FRS 124	Related party disclosures	1 October 2006
FRS 107	Cash flows statements	1 July 2007
FRS 112	Income taxes	1 July 2007
FRS 118	Revenue	1 July 2007
FRS 134	Interim financial reporting	1 July 2007
FRS 137	Provisions, contingent liabilities and contingent assets	1 July 2007
Amendment to FRS 121	The effects of changes in foreign exchange rates – Net investment in a foreign operation	1 July 2007

However, the following FRSs and IC Interpretations have not been adopted by the Group and the Company as they are not relevant to the Group's and the Company's operations:

		Effective dates
FRS 6	Exploration for evaluation of mineral resources	1 January 2007
Amendment to FRS 119$_{2004}$	Employee benefits – actuarial gains and losses, group plans and disclosures	1 January 2007
FRS 111	Construction contracts	1 July 2007
FRS 120	Accounting for government grants and disclosure of government assistance	1 July 2007
FRS 126	Accounting and reporting by retirement benefits plans	1 July 2007
FRS 129	Financial reporting in hyperinflationary economies	1 July 2007

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Changes in accounting policies and effects arising from adoption of new and revised FRSs, Amendments to FRSs and IC Interpretations (continued)

		Effective dates
IC Interpretation 1	Changes in existing decommissioning, restoration and similar liabilities	1 July 2007
IC Interpretation 2	Members' shares in co-operative entities and similar instruments	1 July 2007
IC Interpretation 5	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds	1 July 2007
IC Interpretation 6	Liabilities arising from participating in a specific market- Waste electrical and electronic equipment	1 July 2007
IC Interpretation 7	Applying the restatement approach under FRS 129 2004 Financial reporting in hyperinflationary economies	1 July 2007
IC Interpretation 8	Scope of FRS 2	1 July 2007

The adoption of the above new or revised FRSs does not result in substantial changes to the Group's and the Company's policies other than as disclosed below:

FRS 117: Leases

Prior to 1 July 2007, leasehold land held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. The adoption of the revised FRS 117 has resulted in a change in the accounting policy relating to the classification of leases of land and buildings. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. The land elements and buildings elements of a lease are to be classified separately. Leasehold land held for own use is now classified as operating lease and where necessary, the minimum lease payments or the up-front payments made are allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payments represent prepaid land lease payments and are amortised on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Changes in accounting policies and effects arising from adoption of new and revised FRSs, Amendments to FRSs and IC Interpretations (continued)

FRS 117: Leases (continued)

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 July 2007, the unamortised amount of leasehold land is retained as the surrogate carrying amount of prepaid land lease payments as allowed by the transitional provisions.

The effects on the balance sheets as at 30 June 2008 are set out below:

	RM
Balance Sheet	
Decreased in property, plant and equipment	(533,096)
Increased in prepaid land lease payments	533,096

There were no effects on the income statements for the financial year ended 30 June 2008.

The effects on the balance sheet as at 30 June 2007 have been accounted for retrospectively and as such, certain comparatives have been restated.

	Previously stated RM	Effects of FRS 117 RM	Restated RM
Property, plant and equipment	9,652,836	(868,963)	8,783,873
Prepaid land lease payments	-	868,963	868,963

FRS 124: Related party disclosures

FRS 124 expands the definition of related party and adds new disclosure requirements. The adoption of FRS 124 will only impact the format and extent of disclosures presented in the financial statements.

The Group and the Company have not early adopted the deferred FRS 139: Financial Instruments: Recognition and Measurement and by virtue of the exemption provided for in FRS 139, the possible impact of applying the standard, if any, need not be disclosed.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting estimates and judgements

Preparation of the financial statements involved making certain estimates, judgements and assumptions concerning the future. They affect the accounting policies applied, amounts of assets, liabilities, income and expenses reported and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Changes in these estimates and assumptions by management may have an effect on the balances as reported in financial statements.

(i) Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment property.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portion could be sold separately (or leased out separately under a finance lease), the Group would account for the portion separately. If the portion could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

(ii) Allowance for doubtful debts

The Group makes allowance for doubtful debts based on assessment of recoverability. Whilst management's judgement is guided by the past experiences, judgement is made about the future recovery of debts.

(iii) Allowance for inventories

The Group reviews the inventory age listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realisable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete and slow-moving items. In addition, the Group conducts physical counts on their inventories on a periodic basis in order to determine whether an allowance is required to be made.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting estimates and judgements (continued)

(iv) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment as disclosed in Note 3.4 (c). The carrying amount of the Group's property, plant and equipment at 30 June 2008 was as disclosed in Note 4. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(v) Depreciation of investment properties

The Group depreciates the leasehold and freehold buildings, over their estimated useful lives using the straight-line method. Management estimates the useful lives of these properties to be 50 years.

(vi) Income taxes

Judgement is required in determining the capital allowances and deductibility of certain expenses when estimating the provision for income taxes. There were transactions during the ordinary course of business for which the ultimate tax determination of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax in the periods in which the outcome is known.

(vii) Provisions

The Group recognises provisions when it has a present legal or constructive obligation arising as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. The recording of provisions requires the application of judgements about the ultimate resolution of these obligations. As a result, provisions are reviewed at each balance sheet date and adjusted to reflect the Group's current best estimate.

(viii) Impairment of investment in subsidiary companies

The Company determines whether investment in the subsidiary companies is impaired whenever there is an indication that the said investment may be impaired.

The carrying amount of investment in the subsidiary companies has assessed to be impaired by RM945,645 which has been provided for in the financial statements.

These notes form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting estimates and judgements (continued)

(ix) Material litigations

The Group determines whether a present obligation in relation to a material litigation exists at the balance sheet date by taking into account all available evidence, including, the opinion of the solicitors. The evidence considered includes any additional evidence provided by events after the balance sheet date. On the basis of such evidence, the Group evaluates if a provision needs to be recognised in the financial statements.

3.4 Summary of significant accounting policies

(a) Subsidiary companies and basis of consolidation

(i) Subsidiary companies

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

(ii) Basis of consolidation

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Summary of significant accounting policies (continued)

(a) Subsidiary companies and basis of consolidation (continued)

(ii) Basis of consolidation (continued)

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

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

(b) Investment

Investment in subsidiary companies and other non-current investment are shown at cost and are adjusted for impairment where the diminution in value is not temporary.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

(c) Property, plant and equipment and depreciation

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Summary of significant accounting policies (continued)

(c) Property, plant and equipment and depreciation (continued)

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

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the following estimated useful lives:

	Number of years
Buildings	50
Plant and machinery	5 – 10
Motor vehicles	5 – 10
Furniture and fixtures	3 – 10
Other equipment	3 – 5
- office equipment	3 – 5
- kitchen utensils	5
- computers	3
- renovation	3 – 10

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Summary of significant accounting policies (continued)

(d) Investment property

Investment property is property which is held or owned to earn rental income or for capital appreciation or for both. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment property. Investment property is stated at cost less accumulated depreciation and impairment losses.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of the investment property. The estimated useful lives of the leasehold land and buildings are 50 years.

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

(e) Inventories

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

Cost is determined using the first-in, first-out basis. The cost of raw material comprises the original cost of purchase plus the cost of bringing the inventories to their intended location and condition. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and appropriate proportion of production overheads.

Net realisable value is determined based on the estimated selling price in the ordinary course of business less the costs of completion and selling expenses.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Summary of significant accounting policies (continued)

(f) Impairment of non-financial assets

The carrying amounts of the Group's assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

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

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

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Summary of significant accounting policies (continued)

(g) Receivables

Receivables are carried at anticipated realisable value. All known 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 period end.

(h) 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.

(i) Interest-bearing borrowings

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

(j) Provisions

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Summary of significant accounting policies (continued)

(k) Employee benefits

Short term employee benefits

Wages, salaries, bonuses and social contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leaves are recognised when services are rendered by employees that increase their entitlement. Absences such as sick leaves are recognised when the absences occur.

Defined contribution plans

As required by law, companies in Malaysia make contribution for the local employees to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

Executives' Share Option Scheme ("ESOS")

The ESOS allows the Group's employees to acquire shares of the Company. No compensation costs or obligation is charged to subsidiary companies. When options are exercised, equity is increased by the amount of the proceeds received net of transaction cost, if any.

Retrenchment benefits

The Group pays retrenchment benefits in cases of termination of employment within the framework of a restructuring. Retrenchment benefits are recognised as a liability and an expense when the Group has a detailed formal plan for the termination and is without realistic possibility of withdrawal.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Summary of significant accounting policies (continued)

(l) Leases

Classification

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

Finance lease

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

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

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 3.4 (c).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Summary of significant accounting policies (continued)

(l) Leases (continued)

Operating leases

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

Lease of land

Prepaid land lease payments on leasehold land are stated at surrogate cost less accumulated amortisation and any impairment loss. The policy for the recognition and measurement of impairment losses are in accordance with Note 3.4 (c).

Land held on long lease is being a lease with an unexpired period of fifty years or more and less than fifty years is described as short lease.

The lease payments are amortised on a straight-line basis over the lease term of 55 – 99 years.

(m) Taxation and deferred taxation

Income tax on the results for the financial year comprises current and deferred tax.

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

Deferred tax asset and liability are accounted for using the liability method at the current tax rate in respect of all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base including unused tax losses and capital allowances.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of a deferred tax asset is reviewed at each balance sheet date. If it is no longer probable that sufficient future taxable profit will be available to allow the benefit of part or that entire deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient future taxable profit will be available, such reductions will be reversed.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Summary of significant accounting policies (continued)

(n) Revenue recognition

Sale of goods

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer and it is probable that the economic benefits associated with the transactions will flow to the companies in the Group.

Rendering of management services

Revenue from rendering of management services is measured at the fair value of consideration receivable and is recognised in the income statement when it is probable that economic benefits associated with the transactions will flow to the Group and the Company.

Other revenues are recognised on the following bases :

Rental income	-	on an accrual basis in accordance with substance of the relevant agreement unless collectability is in doubt.
Interest income	-	on an accrual basis (taking into account the effective yield on the assets) unless collectability is in doubt.
Dividend income	-	when the shareholders' rights to receive payment are established.

These notes form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Summary of significant accounting policies (continued)

(o) Foreign currencies

Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in the income statement for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in the income statement.

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in the income statement for the period. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in the income statement in the Group's financial statements or the individual financial statements of the foreign operation, as appropriate.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Summary of significant accounting policies (continued)

(o) Foreign currencies (continued)

Foreign operations

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

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

(p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

(q) Financial instruments

Financial instrument is any contract that gives rise to both a financial asset of one company and a financial liability or equity instrument of other entities.

Financial instruments carried on the balance sheet include cash and bank balances, investment, receivables, payables and borrowings. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as 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 set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Summary of significant accounting policies (continued)

(r) Equity instruments

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

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

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

(s) Cash and cash equivalents

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

(t) Contingent liabilities and contingent assets

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstance where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Summary of significant accounting policies (continued)

(u) Non-current assets (or disposal groups) held for sale and discontinued operations

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

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

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is a subsidiary company acquired exclusively with a view to resale.

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

4. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings RM	Buildings RM	Plant and machinery RM	Motor vehicles RM	Furniture and fixtures RM	Other equipment RM	Total RM
Group							
Net carrying amounts as at 1 July 2007	3,556,972	2,920,856	620,486	282,160	137,123	1,266,276	8,783,873
Additions	-	-	-	-	9,224	47,355	56,579
Disposals	-	(670,973)	(85,703)	(93,464)	(8,401)	(1,842)	(860,383)
Written off	-	-	-	-	(492)	(620)	(1,112)
Depreciation charge	(66,179)	(74,704)	(173,380)	(87,844)	(72,314)	(519,406)	(993,827)
Net carrying amounts as at 30 June 2008	3,490,793	2,175,179	361,403	100,852	65,140	791,763	6,985,130
As at 30 June 2008							
Cost	4,026,433	3,735,166	3,264,022	1,593,322	1,583,410	4,657,778	18,860,131
Accumulated depreciation	(535,640)	(1,559,987)	(2,665,620)	(1,492,470)	(1,518,270)	(3,866,015)	(11,638,002)
Accumulated impairment loss	-	-	(236,999)	-	-	-	(236,999)
Net carrying amounts	3,490,793	2,175,179	361,403	100,852	65,140	791,763	6,985,130
As at 30 June 2007							
Cost	4,026,433	5,432,314	5,000,531	2,157,370	1,711,858	4,750,509	23,079,015
Accumulated depreciation	(469,461)	(1,908,480)	(4,143,046)	(1,875,210)	(1,574,735)	(3,484,233)	(13,455,165)
Accumulated impairment loss	-	(602,978)	(236,999)	-	-	-	(839,977)
Net carrying amounts	3,556,972	2,920,856	620,486	282,160	137,123	1,266,276	8,783,873

These notes form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

4. PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold apartment RM	Motor vehicle RM	Furniture and fixtures RM	Other equipment RM	Total RM
Company					
Net carrying amounts as at 1 July 2007	-	1	1	20,343	20,345
Addition	120,000	-	-	-	120,000
Disposal	-	(1)	-	-	(1)
Depreciation charge	-	-	-	(20,341)	(20,341)
Net carrying amounts as at 30 June 2008	120,000	-	1	2	120,003
As at 30 June 2008					
Cost	120,000	-	43,118	195,311	358,429
Accumulated depreciation	-	-	(43,117)	(195,309)	(238,426)
Net carrying amounts	120,000	-	1	2	120,003
As at 30 June 2007					
Cost	-	4,837	43,118	195,311	243,266
Accumulated depreciation	-	(4,836)	(43,117)	(174,968)	(222,921)
Net carrying amounts	-	1	1	20,343	20,345

Included in net carrying amounts of property, plant and equipment are:

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
(i) Motor vehicles held under hire purchase instalment plans	-	143,586	-	-
(ii) Office equipment held under finance lease instalment plans	1	20,343	1	20,343

These notes form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

4. PROPERTY, PLANT AND EQUIPMENT (continued)

		Group	
		2008	2007
		RM	RM
(iii)	Assets pledged as security for bank borrowings, as disclosed in Note 16(i)		
	- Freehold land and buildings	3,287,120	3,556,972
	- Buildings	2,175,179	2,920,856
	- Plant and machinery	271,139	346,806
	- Other equipment	683,199	1,063,633
(iv)	Assets of which title deeds have yet to be issued by the relevant authorities		
	- Freehold land and buildings	848,467	866,267

Certain banking facility has been fully settled during the financial year and the Group is currently applying a discharge of the lien on the buildings pledged.

5. INVESTMENT PROPERTIES

	Freehold building RM	Long leasehold land and building RM	Total RM
Group			
Net carrying amounts as at 1 July 2007	601,302	17,627,919	18,229,221
Depreciation charge	(15,686)	(379,812)	(395,498)
Net carrying amounts as at 30 June 2008	585,616	17,248,107	17,833,723
As at 30 June 2008			
Cost	784,307	18,990,600	19,774,907
Accumulated depreciation	(198,691)	(1,742,493)	(1,941,184)
Net carrying amounts	585,616	17,248,107	17,833,723
As at 30 June 2007			
Cost	784,307	18,990,600	19,774,907
Accumulated depreciation	(183,005)	(1,362,681)	(1,545,686)
Net carrying amounts	601,302	17,627,919	18,229,221

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

5. INVESTMENT PROPERTIES (continued)

	Long leasehold land and building RM
Company	
Net carrying amounts as at 1 July 2007	2,789,818
Addition	600,000
Depreciation charge	(81,544)
Net carrying amounts as at 30 June 2008	3,308,274

	2008 RM	2007 RM
Cost	5,019,069	4,419,069
Accumulated depreciation	(1,710,795)	(1,629,251)
Net carrying amounts	3,308,274	2,789,818

Included in net carrying amounts of investment properties are:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
(i) Assets pledged as security for bank borrowings, as disclosed in Note 16(i)				
- Freehold building	-	601,302	-	-
- Long leasehold land and building	17,248,107	17,627,919	2,708,274	2,789,818
(ii) Assets of which title deeds have yet to be issued by the relevant authorities				
- Freehold building	-	601,302	-	-
- Long leasehold land and building	17,248,107	17,627,919	-	-

The fair values of the investment properties are estimated at RM20.6 million based on the Directors' valuation and assessment of recent transaction of properties of a similar nature and location.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

6. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
At cost	**2008**	**2007**
	RM	**RM**
Unquoted shares		
At 1 July	15,065,002	18,152,003
Subscription for shares in a subsidiary company	500,000	-
Disposal of shares in subsidiary companies	-	(3,087,001)
At 30 June	15,565,002	15,065,002
Accumulated impairment loss		
At 1 July	9,211,074	9,878,074
Additions	945,645	333,000
Realisation upon disposal	-	(1,000,000)
At 30 June	(10,156,719)	(9,211,074)
Net carrying amount	5,408,283	5,853,928

All subsidiary companies were incorporated in Malaysia, except for Amtek International Ltd. which was incorporated in England and Wales.

Details of the subsidiary companies are as follows:

	Gross equity interest		
	2008	**2007**	
Name of company	**%**	**%**	**Principal activities**
Subsidiary companies of the Company			
Amtek Garment Sdn. Bhd.# ("Amtek Garment")	100	100	Investment holding and manufacturing of garments
Amtek Shoes Sdn. Bhd. ("Amtek Shoes")	100	100	Manufacturing of shoes
Amtek Trading Sdn. Bhd.# ("Amtek Trading")	100	100	Trading of fabrics, garments and the related accessories
Amtek International Sdn. Bhd.# ^ ("Amtek International")	100	100	Retailer of "Harrods" brand products
Steeple Jack Sdn. Bhd.# ("Steeple Jack")	100	100	Marketing and distribution of fashion garments

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

6. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

Name of company	Gross equity interest 2008 %	2007 %	Principal activities
Subsidiary companies of the Company			
Amtek International Ltd.* ("AIL")	100	100	Dormant
Amtek Realty Sdn. Bhd. ("Amtek Realty")	100	100	Property investment company
Amtek Distributors Sdn. Bhd.# ("Amtek Distributors")	100	100	Marketing and distribution of kid's wear
Amtek Management Sdn. Bhd. # ("Amtek Management")	100	100	Provision of management services
Subsidiary company of Bensonlaunch Sdn. Bhd.			
Power Wave Sdn. Bhd. ("Power Wave")	-	77.50	Marketing and distribution of footwear
Subsidiary company of Amtek Garment Sdn. Bhd.			
Power Wave Sdn. Bhd. ("Power Wave")	77.50	-	Marketing and distribution of footwear
Uniwash Industries Sdn. Bhd. ("Uniwash")	100	100	Ceased operations.
Amtek Apparel (M) Sdn. Bhd.#@ ("Amtek Apparel")	100	100	Marketing and distribution of fashion garments
Bensonlaunch Sdn. Bhd.# ("Bensonlaunch")	94.13	94.13	Marketing and distribution of fashion garments

These notes form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

6. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

	Gross equity interest		
	2008	2007	
Name of company	%	%	**Principal activities**
Subsidiary company of Amtek International Sdn. Bhd.			
Amtek Duty Free Sdn. Bhd. ^	100	100	Dormant

* Audited by other firms of auditors.

The auditors' reports of these companies have been modified to include an emphasis of matter concerning their abilities to continue as a going concern in the foreseeable future.

^ These companies are in the process of being disposed off as disclosed in Note 29.

@ Subsidiary company with emphasis of matter on the pertaining to the assessment and identification of bad debts and allowance for doubtful debts.

During the financial year, Bensonlaunch disposed off its 77.5% subsidiary company, Power Wave to Amtek Garment as disclosed in Note 28.

7. INVESTMENT

	Group / Company	
	2008 RM	2007 RM
Quoted shares in Malaysia, at cost	45,967	45,967
Less: Accumulated impairment loss	(27,227)	(27,227)
Net carrying amount	18,740	18,740
At market value	20,920	29,410

These notes form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

8. PREPAID LAND LEASE PAYMENTS

	Group RM
Net carrying amounts as at 1 July 2007	868,963
Amortisation for the year	(6,840)
Disposal	(329,027)
Net carrying amounts as at 30 June 2008	533,096

	2008 RM	2007 RM
Cost	683,903	1,516,139
Accumulated amortisation	(150,807)	(351,492)
Accumulated impairment loss	-	(295,684)
Net carrying amounts	533,096	868,963

The prepaid land lease payments have been pledged to financial institutions as security for banking facilities. The facility has been fully settled during the financial year and the Group is currently applying a discharge of the lien on the assets.

9. DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	Group	
	2008	2007
Deferred tax assets	RM	RM
At 1 July	179,648	509,879
Disposal of subsidiary companies	-	(7,333)
Recognised in the income statement (Note 12)	(179,648)	(322,898)
At 30 June	-	179,648
Presented as follows:		
Deferred tax assets	-	227,638
Deferred tax liabilities	-	(47,990)
	-	179,648

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

9. DEFERRED TAXATION (continued)

The components and movements of deferred tax assets and liabilities for the Group during the financial year are as follows:

Group	Balance at 1.7.2007 RM	Recognised in the income statement RM	Balance at 30.6.2008 RM
Deferred tax assets			
Deferred income	227,638	(227,638)	-
Deferred tax liabilities			
Other temporary differences	(47,990)	47,990	-
	179,648	(179,648)	-

Deferred tax assets are recognised to the extent where it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised. The balance of deferred tax assets have not been recognised as it is not probable that sufficient future taxable profits will be available to offset against the following unrecognised deferred tax assets:

	Group		Company	
	2008	2007	2008	2007
Temporary differences arising from:	RM	RM	RM	RM
- Deferred tax income	-	227,638	-	-
- Book depreciation and capital allowances	(214,098)	(239,500)	(94,085)	-
- Allowance for doubtful debts	445,000	260,900	-	-
- Allowance for inventory obsolescence	413,000	94,000	-	-
-Unused capital allowances	847,188	911,760	292,188	305,000
- Unused tax losses	10,874,300	10,262,780	-	-
- Others	535,098	191,000	6,694	-
	12,900,488	11,708,578	204,797	305,000
Less: Deferred tax assets recognised	-	(227,638)	-	-
	12,900,488	11,480,940	204,797	305,000

These notes form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

10. INVENTORIES

	Group		Company	
	2008	2007	2008	2007
At cost	RM	RM	RM	RM
Raw materials	792,188	1,021,296	-	-
Work in progress	852,177	543,815	-	-
Finished goods				
- Garments	619,903	5,500,466	-	-
- Footwear	3,722,393	4,446,848	-	-
- Electrical goods	287,645	287,645	287,645	287,645
- Souvenirs	1,671,771	655,211	-	-
	6,301,712	10,890,170	287,645	287,645
Goods-in-transit	2,115,404	-	-	-
	10,061,481	12,455,281	287,645	287,645
Less: Allowance for inventory obsolescence				
At 1 July	4,181,504	4,240,098	287,645	275,645
Disposal of subsidiary companies	-	(735,606)	-	-
Addition	652,478	1,353,829	-	12,000
Realisation	(223,883)	-	-	-
Reversal	(2,253,682)	(378,127)	-	-
Written off	-	(298,690)	-	-
	(2,356,417)	(4,181,504)	(287,645)	(287,645)
At 30 June	7,705,064	8,273,777	-	-
At net realisable value				
Souvenirs	-	38	-	-
Total	7,705,064	8,273,815	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

11. RECEIVABLES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Trade receivables	7,289,649	10,013,221	111,782	146,210
Less: Allowance for doubtful debts				
At 1 July	4,344,500	6,013,360	146,210	154,064
Disposal of subsidiary companies	-	(2,020,500)	-	-
Addition	535,963	1,261,699	-	-
Exchange difference	(24,139)	13,566	-	-
Reversal	(418,426)	(923,625)	(34,428)	(7,854)
At 30 June	(4,437,898)	(4,344,500)	(111,782)	(146,210)
	2,851,751	5,668,721	-	-
Due from subsidiary companies – non-trade	-	-	48,505,205	48,211,831
Less: Allowance for doubtful debts				
At 1 July	-	-	42,196,718	42,846,413
Addition	-	-	-	466,580
Reversal	-	-	-	(1,116,275)
At 30 June	-	-	(42,196,718)	(42,196,718)
	-	-	6,308,487	6,015,113
Other receivables, deposits and prepayments	6,284,801	7,083,271	4,746,801	6,191,069
Less: Allowance for doubtful debts	(5,000)	(41,911)	-	-
	6,279,801	7,041,360	4,746,801	6,191,069
	9,131,552	12,710,081	11,055,288	12,206,182

These notes form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

11. RECEIVABLES (continued)

(i) The currency exposure profile of receivables (net of allowance for doubtful debts) are as follows:

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Ringgit Malaysia	8,619,538	12,016,917	10,621,536	11,746,131
Pound Sterling	12,762	13,110	-	26,299
US Dollar	-	680,054	-	-
Singapore Dollar	499,252	-	433,752	433,752
	9,131,552	12,710,081	11,055,288	12,206,182

(ii) Included in the receivables (net of allowance for doubtful debts) were balances due from the following related parties where their relationships are as disclosed in Note 25:

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Commerce Dot Com Sdn. Bhd.	124,342	47,971	-	-
Crocodile Sdn. Bhd. and its subsidiary company	263,750	277,410	-	-
Spark Manshop Holdings Sdn. Bhd. and its subsidiary companies	305,225	305,225	305,225	305,225
Li Tat Manufacturing Sdn. Bhd.	34,573	34,573	-	-
	727,890	665,179	305,225	305,225

(iii) The amount due from subsidiary companies is unsecured, interest free and has no fixed terms of repayment.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

12. TAXATION

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Net tax assets as at 1 July	74,990	928,353	964,227	963,914
Disposal of subsidiary companies	-	191,190	-	-
Taxation income/ (charge) for the financial year				
- Continuing operations	(26,562)	111,343	(22,584)	-
- Discontinued operations	-	-	-	-
Payment made during the financial year	170,875	167,214	22,349	313
Refund received during the financial year	(587,675)	(1,323,110)	(509,675)	-
Net tax (liabilities)/ assets as at 30 June	(368,372)	74,990	454,317	964,227
Disclosed as:-				
Tax assets	1,158,204	1,654,084	719,220	964,227
Tax liabilities	(1,526,576)	(1,579,094)	(264,903)	-
	(368,372)	74,990	454,317	964,227
The taxation expenses comprise:				
Continuing operations				
Malaysian taxation				
- Based on results for the financial year	(10,460)	(57,540)	-	-
- Adjustment in respect of prior years	(15,061)	171,461	(22,584)	-
- Penalty	(1,041)	(2,578)	-	-
	(26,562)	111,343	(22,584)	-
Deferred taxation (Note 9)				
- Based on results for the financial year	(210,012)	(308,444)	-	-
- Adjustment in respect of prior years	30,364	(14,454)	-	-
	(179,648)	(322,898)	-	-
Total tax expenses from continuing operations	(206,210)	(211,555)	(22,584)	-
- Adjustment in respect of prior year (income tax)	-	-	-	-
Total tax expenses	(206,210)	(211,555)	(22,584)	-

These notes form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

12. TAXATION (continued)

(i) Domestic income tax is calculated at the Malaysian statutory rate of 26% (2007:27%) of the estimated assessable profit for the year where companies with a paid-up capital of less than RM2.5 million enjoy a lower tax rate of 20% for the first RM500,000 chargeable income. The domestic statutory tax rate will be reduced to 25% from the current year's rate of 26% effective year of assessment 2009.

(ii) Tax savings of the Group and of the Company arising from utilisation of unused capital allowances and tax losses amounted to approximately RM238,000 (2007: RM320,000) and RM Nil (2007: RM Nil) respectively.

(iii) Reconciliation of tax expense with accounting loss of the Group:

	2008 RM	2007 RM
Loss before taxation from:-		
Continuing operations	(3,527,547)	(3,487,838)
Discontinued operations (Note 26)	-	(68,933)
	(3,527,547)	(3,556,771)
Tax at the current income tax rate at 26% (2007: 27%)	(917,162)	(960,328)
Tax savings arising from lower tax rate on the first RM500,000 chargeable income of certain subsidiary companies	(30,000)	(39,973)
Tax effects in respect of:		
- Deferred tax assets not recognised	1,010,751	1,587,864
- Depreciation of non-qualifying property, plant and equipment	216,940	295,224
- Effect of changes in tax rates	40,600	41,290
- Impairment loss of goodwill on consolidation	-	117,880
- Impairment loss on property, plant and equipment	-	254,988
- Non-allowable expenses	226,183	264,927
- Profit from disposal of property, plant and equipment not subject to tax	(46,927)	(776,034)
- Profit from disposal of subsidiary companies not subject to tax	-	(99,651)
- Tax savings from utilisation of unused capital allowances and tax losses	(279,913)	(320,203)
Adjustment in respect of prior years		
- Income tax	15,061	(171,461)
- Deferred tax	(30,364)	14,454
Penalty	1,041	2,578
	206,210	211,555

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

12. TAXATION (continued)

(iv) Reconciliation of tax expense with accounting (loss)/ profit of the Company:

	2008 RM	2007 RM
(Loss)/ profit before taxation	(1,191,601)	1,293,993
Tax at the current income tax rate at 26% (2007: 27%)	(309,816)	349,378
Tax effects in respect of:		
- Allowance made in respect of amount owing from subsidiary companies	-	25,977
- Depreciation of non-qualifying property, plant and equipment	1,778	2,482
- Impairment loss on investment in subsidiary companies	245,868	89,910
- Allowance for doubtful debts no longer required	-	(303,515)
- Non-allowable expenses	63,619	44,257
- Non-taxable income	(107)	-
- Profit from disposal of subsidiary companies not subject to tax	-	(308,489)
- Deferred tax assets not recognised	(1,342)	-
Adjustment in respect of prior years		
- Income tax	22,584	-
	22,584	-

(v) The Group and the Company have the following which can be used to offset against future taxable profits:

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Unused industrial building allowance	25,700	-	25,700	-
Unused capital allowances	3,266,810	3,504,700	1,118,000	1,173,000
Unused tax losses	42,749,200	39,507,800	-	-
	46,041,710	43,012,500	1,143,700	1,173,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

13. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Fixed deposits with licensed banks	2,079,652	310,104	-	-
Cash and bank balances	1,734,743	3,956,478	272,358	952,875
	3,814,395	4,266,582	272,358	952,875

The fixed deposits with licensed banks amounted to RM2,009,511 (2007: RM Nil) are pledged as securities for banking facilities granted as disclosed in Note 16(i).

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

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Ringgit Malaysia	3,806,953	4,257,493	272,358	952,875
Pound Sterling	7,442	9,089	-	-
	3,814,395	4,266,582	272,358	952,875

14. SHARE CAPITAL

Group/Company	2008 Number of shares	2007 Number of shares	2008 RM	2007 RM
Authorised:				
Ordinary shares of RM1 each	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid:				
Ordinary shares of RM1 each	49,998,750	49,998,750	49,998,750	49,998,750

The Company's Executives' Share Option Scheme ("ESOS") was approved by the shareholders at the Extraordinary General Meeting held on 16 December 2002. ESOS became effective from 1 July 2003 for a period of ten (10) years.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

14. SHARE CAPITAL (continued)

The main features of the ESOS are:

(a) The total number of shares to be offered under the ESOS shall not exceed 10% of the issued and paid-up share capital of the Company at any point in time during the existence of the ESOS.

(b) Eligible employees are those who have been confirmed in writing as an employee of the Group for at least one (1) year of continuous service at the date of the offer or an eligible Director who is a full-time Executive Director of the Group. Where an employee is serving the Group under an employee contract, the contract shall be for a duration of at least three (3) years.

(c) The option price shall be set at a discount of not more than 10% from the weighted average market price of the Company for the five (5) market days immediately preceding the date of offer or the par value of the shares of the Company of RM1.00 each, whichever is higher.

(d) An option granted under ESOS shall be capable of being exercise by the grantee by notice in writing to the Company commencing from the date of the offer and expiring on the tenth anniversary of the acceptance of the offer. The option granted was exercisable by the grantee in multiples of 1,000 shares in the following manners:

Maximum percentage of new shares comprised in the options exercisable within each particular year of the scheme					
Number of shares comprised in the option granted	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**
Below 20,000	100%	-	-	-	-
20,000 to less than 100,000	50% (a)	30%	20% (b)	-	-
100,000 and above	50%	20%	10%	10%	10%

Note:

(a) 50% or 20,000 new shares, whichever is higher.

(b) 20% or the remaining number of new shares under the part of option unexercised

These notes form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

14. SHARE CAPITAL (continued)

(e) A non-Malaysian grantee can only exercise up to 20% of the options granted to him/her on an annual basis. However, where he/she is serving under an employment contract, which should be for a duration of at least three (3) years as at the date of offer, any remaining unexercised options can be exercised on expiry of the employment contract if the remaining duration of the contract is less than five (5) years from the date on which the options are granted.

(f) No options shall be granted for less than 1,000 shares nor more than 100,000 shares.

(g) Option exercisable in a particular year but not exercised can be carried forward to the subsequent years subject to the time limit of the ESOS.

(h) All the new ordinary shares issued arising from ESOS rank pari passu in all respects with the existing ordinary shares of the Company except that the new shares issued will not rank for any dividends, rights, allotments or other distributions prior to the entitlement date.

(i) The grantees have no right to participate, by virtue of these options, in any share issue of any other company within the Group.

As at balance sheet date, share options under this scheme have yet to be granted to any employees of the Group.

15. RESERVES

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Non-distributable				
Share premium	19,129,850	19,129,850	19,129,850	19,129,850
Currency translation reserve	(90,408)	(363,140)	-	-
	19,039,442	18,766,710	19,129,850	19,129,850
Distributable				
Accumulated losses	(48,454,294)	(44,880,179)	(56,246,484)	(55,032,299)
	(29,414,852)	(26,113,469)	(37,116,634)	(35,902,449)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

16. BORROWINGS

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Non-current				
Secured				
Finance lease and hire purchase obligations	-	19,435	-	-
Term loans	11,696,490	12,813,791	-	-
Total non-current portion	11,696,490	12,833,226	-	-
Current				
Secured				
Finance lease and hire purchase obligations	1,213	88,056	1,213	42,031
Term loans	1,115,413	1,025,374	-	-
Bank overdrafts	156,348	1,513,109	-	-
Bills payable	512,579	384,000	-	-
	1,785,553	3,010,539	1,213	42,031
Unsecured				
Bills payable	372,000	811,469	-	-
Total current portion	2,157,553	3,822,008	1,213	42,031

(i) Bank borrowings are secured as follows:

- fixed charges over property, plant and equipment and investment properties of the Group as disclosed in Note 4 (iii) and Note 5 (i) respectively and floating charges on assets of certain subsidiary companies; and

- fixed deposits as disclosed in Note 13.

(ii) The unsecured bills payable are secured by corporate guarantee granted by the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

16. BORROWINGS (continued)

(iii) Interests are charged as follows:

Bank overdrafts	-	ranging from 7.50% to 9.25% (2007: 7.75% to 9.25%) per annum.
Bills payable	-	ranging from 4.71% to 10.25% (2007: 3.20% to 9.25%) per annum.
Term loan of RM12,452,868	-	at 8.25% (2007: 8.25%) per annum.
Term loan of RM359,035	-	at 8.75% (2007: 8.75%) per annum.
Finance lease and hire purchase obligations	-	implicit interest rate ranging from 5.91% to 8.96% (2007: 5.91% to 8.96%) per annum.

(iv) Term loans at the end of the financial year are repayable as follows:

	Group	
	2008	**2007**
	RM	**RM**
Not later than 1 year	1,115,413	1,025,374
Between 1 to 2 years	837,717	1,114,981
Between 2 to 5 years	2,940,921	2,711,073
Later than 5 years	7,917,852	8,987,737
	12,811,903	13,839,165

These notes form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

16. BORROWINGS (continued)

(v) Finance lease and hire purchase obligations

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Minimum lease payments				
- not later than 1 year	1,213	92,590	1,213	43,170
- later than 1 year and not later than 5 years	-	20,277	-	-
	1,213	112,867	1,213	43,170
Less: Unexpired finance charges	-	(5,376)	-	(1,139)
	1,213	107,491	1,213	42,031

Present value of finance lease and hire purchase obligations are repayable as follows:

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Not later than 1 year	1,213	88,056	1,213	42,031
Later than 1 year and not later than 5 years	-	19,435	-	-
	1,213	107,491	1,213	42,031

17. DEFERRED INCOME

	Group
	RM
Net carrying amount as at 1 July 2007	1,145,464
Amortisation	(981,816)
Net carrying amount as at 30 June 2008	163,648

These notes form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

17. DEFERRED INCOME (continued)

	Group	
	2008	2007
	RM	RM
Represented by:		
Deferred income	5,400,000	5,400,000
Accumulated amortisation	(5,236,352)	(4,254,536)
Net carrying amount	163,648	1,145,464
Disclosed as:		
Non-current	-	163,648
Current (Note 18)	163,648	981,816
	163,648	1,145,464

18. PAYABLES

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Trade payables	4,242,609	3,238,922	16,746	61,450
Other payables, accruals and deposits	5,598,157	7,110,397	1,085,080	2,162,225
Deferred income (Note 17)	163,648	981,816	-	-
Due to subsidiary companies - non-trade	-	-	6,652,108	6,444,108
	10,004,414	11,331,135	7,753,934	8,667,783

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

18. PAYABLES (continued)

(i) The currency exposure profile of payables is as follows:

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Ringgit Malaysia	7,624,294	11,038,541	7,753,934	8,667,783
Pound Sterling	2,380,120	279,635	-	-
US Dollar	-	12,959	-	-
	10,004,414	11,331,135	7,753,934	8,667,783

(ii) The amounts due to subsidiary companies are unsecured, interest free and have no fixed terms of repayment.

19. REVENUE

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Dividend income	723	1,210	723	1,210
Sale of goods	16,063,065	27,287,065	-	-
Rental income	1,718,607	1,734,089	180,000	240,000
Rendering of management services	-	99,500	90,000	7,000
	17,782,395	29,121,864	270,723	248,210

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

20. (LOSS)/ PROFIT FROM OPERATIONS

The following items have been charged/(credited) in arriving at (loss)/ profit from operations:

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Allowance for doubtful debts no longer required	(383,999)	(923,625)	-	(1,124,129)
Allowance for inventory obsolescence	652,478	1,353,829	-	12,000
Allowance for specific doubtful debts				
- Trade receivables	535,963	1,261,699	-	-
- Other receivables	-	41,911	-	-
- Subsidiary companies	-	-	-	466,580
Amortisation of deferred income	(981,816)	(981,816)	-	-
Amortisation of prepaid land lease payments	6,840	21,972	-	-
Auditors' remuneration				
- Statutory audit				
- Current year	108,553	128,643	30,000	30,000
- (Over)/ underprovision in prior years	(25,920)	(5,500)	-	-
- Other services	-	3,200	-	-
Bad debts recovered	(34,427)	(2,153)	(34,427)	-
Bad debts written off	28,990	31,571	-	-
Depreciation of :				
- Property, plant and equipment	993,827	1,521,630	20,341	27,164
- Investment properties	395,498	395,498	81,544	81,542
Directors' remuneration (Note 21)	188,177	352,400	84,000	82,000
Direct operating expenses of revenue generating investment properties	110,446	190,864	30,112	53,145

These notes form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

20. (LOSS)/ PROFIT FROM OPERATIONS (continued)

The following items have been charged/(credited) in arriving at (loss)/ profit from operations: (continued)

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Loss on foreign exchange				
- Realised	64,235	67,756	-	-
- Unrealised	-	49,105	-	-
Impairment loss on:				
- Investment in subsidiary companies	-	-	945,645	333,000
- Goodwill on consolidation	-	436,591	-	-
- Property, plant and equipment	-	944,399	-	-
Other interest income	(10,041)	(2,145)	-	-
Profit on disposal of property, plant and equipment	(449,323)	(3,145,258)	(199)	-
Profit on disposal of investment in subsidiary companies	-	(369,079)	-	(1,142,550)
Property, plant and equipment written off	1,112	257,556	-	-
Rental of premises				
- Current year charges	801,440	1,655,318	-	-
- Overprovision in prior year	-	(50,184)	-	-
Rental income	(43,605)	(325,155)	-	-
Reversal of allowance for inventory obsolescence	-	(378,127)	-	-
Staff costs				
- Salaries, allowances and bonuses	3,865,047	5,926,341	-	-
- Employees Provident Fund	326,826	532,198	-	-
- Retrenchment benefits	492,273	24,808	-	-
- Other employee benefits	199,551	254,061	140	1,006

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

21. DIRECTORS' REMUNERATION

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Directors of the Company				
Fees	84,000	82,000	84,000	82,000
Directors of the subsidiary companies				
Past Directors				
Fees	6,000	6,000	-	-
Other emoluments	98,177	264,400	-	-
	104,177	270,400	-	-
	188,177	352,400	84,000	82,000

The Directors' remuneration were received or receivable by the following Directors:

Directors of the Company	**Directors of subsidiary companies - Past Directors**
Syed Azmin bin Mohd Nursin @ Syed Nor	Tengku Abdullah bin Tengku Mahadi
Khalid bin Haji Sufat	Saw Seng Chee

Group	**Executive 2008 RM**	**Non-executive 2008 RM**	**Executive 2007 RM**	**Non-executive 2007 RM**
Directors' fees	66,000	24,000	66,000	22,000
Directors' other emoluments				
- Salaries and allowances	89,445	-	238,000	-
- Employees Provident Fund	8,732	-	26,400	-
	164,177	24,000	330,400	22,000
Company				
Directors' fees	60,000	24,000	60,000	22,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

22. FINANCE COSTS

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Interests on:				
Finance lease and hire purchase obligations	4,616	7,433	1,139	3,624
Term loans	1,131,872	1,116,204	-	-
Bank overdrafts	68,549	236,610	-	-
Bills payable	75,034	218,407	-	-
Others	28,499	50,254	-	-
	1,308,570	1,628,908	1,139	3,624

23. LOSS PER SHARE

The loss per share of the Group for the financial year is calculated based on the loss for the financial year attributable to equity holders of the Company divided by the number of ordinary shares in issue during the financial year:

	Group	
	2008	2007
Loss from continuing operations attributable to equity holders of the Company (RM)	(3,574,115)	(3,556,167)
Loss from discontinued operation attributable to equity holders of the Company (RM)	-	(68,933)
Loss for the financial year attributable to equity holders of the Company (RM)	(3,574,115)	(3,625,100)
Number of ordinary shares in issue	49,998,750	49,998,750
Loss per share (sen)		
- Continuing operations	(7.15)	(7.11)
- Discontinued operations	-	(0.14)
	(7.15)	(7.25)

These notes form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

24. CASH AND CASH EQUIVALENTS

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Represented by:				
Deposits, cash and bank balances	3,814,395	4,266,582	272,358	952,875
Less: Fixed deposit pledged for banking facility	(2,009,511)	-	-	-
Bank overdrafts	(156,348)	(1,513,109)	-	-
	1,648,536	2,753,473	272,358	952,875

25. SIGNIFICANT RELATED PARTY DISCLOSURES

In addition to related party disclosure mentioned elsewhere in the financial statements, the other disclosure on related party relationships and significant transactions are as follows:-

(i) Related party relationships

Related parties are parties in which one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company has related party relationships with the following:-

(a) Subsidiary companies of the Company as disclosed in Note 6.

(b) Substantial shareholders of the Company:

Rintitan Jaya Sdn. Bhd.
Megaplace Sdn. Bhd.

(c) Tradewinds Corporation Berhad ("Tradewinds"), an ultimate holding company of Tradewinds International Insurance Brokers Sdn. Bhd., whereby the Director of the Company, Tuan Syed Azmin bin Mohd Nursin @ Syed Nor, is also the Director of Tradewinds, is deemed to be a related party of the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

25. SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

(i) Related party relationships (continued)

(d) Commerce Dot Com Sdn. Bhd. ("Commerce"), whereby the Director of the Company, Tuan Syed Azmin bin Mohd Nursin @ Syed Nor, is also the founder/Director of Commerce, is deemed to be a related party of the Group.

(e) Crocodile Sdn. Bhd. ("Crocodile") whereby Tuan Syed Azmin bin Mohd Nursin @ Syed Nor is a Managing Director and Mr Teh Tong San, Director of certain subsidiary companies of the Company, is also a Director and Chief Operation Officer.

(f) Mr. Teh Tong San, a Director of certain subsidary companies of the Company is also the Director of the following companies :

- Li Tat Manufacturing Sdn. Bhd. ("Li Tat") ; and
- Spark Manshop Holdings Sdn. Bhd ("Spark") and subsidiary companies ;

and hence, Li Tat and Spark are deemend to be related parties of the Group.

(ii) Significant related party transactions

In the normal course of business, the Company undertakes on agreed terms and prices, the following transactions with its related parties.

	Company	
Transactions entered into with subsidiary companies	**2008 RM**	**2007 RM**
Management fees from:		
Amtek Shoes	90,000	-
Rental of promotion booth received from:		
Amtek Realty	800	-
Rental income from Amtek Shoes	180,000	240,000
Advances from:		
Bensonlaunch	20,000	-
Amtek Realty	-	40,000
Amtek Garment Sdn.Bhd.	-	695,090

These notes form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

25. SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

(ii) Significant related party transactions (continued)

	Company	
Transactions entered into with subsidiary companies	**2008 RM**	**2007 RM**
Subscription for shares in subsidiary companies		
Amtek International	500,000	-
Advances to:		
Amtek Management	-	261,600
Amtek International	754,756	1,182,000
Amtek Distributors	-	450,000
Bensonlaunch	-	198,000
Amtek Shoes	754,755	680,000
Power Wave	100,000	-
Amtek Trading	-	90,000
Purchase of freehold apartment from:		
Bensonlaunch	120,000	-
Purchase of investment properties from:		
Bensonlaunch	600,000	-
Repayment of advances from:		
Amtek Shoes	-	957,000
Amtek Garment	-	410,000
Allowance made in respect of amount owing from the following subsidiary companies:-		
Amtek Distributors	-	466,580
Allowance for doubtful debts no longer required		
Amtek Garment	-	1,116,274

These notes form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

25. SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

(ii) Significant related party transactions (continued)

	Group		Company	
Transactions entered into with related parties:	**2008 RM**	**2007 RM**	**2008 RM**	**2007 RM**
Disposal consideration of motor vehicles to Directors	199,000	-	199,000	-
Sale of goods to:				
- Crocodile and its subsidiary company	-	32,871	-	-
Rental income from				
- Commerce	359,496	353,010	-	-
- Crocodile	297,522	282,731	-	-
Insurance premium paid to Tradewinds	67,669	45,889	-	45,889

Information regarding outstanding balances arising from related party transactions as at 30 June 2008 and 30 June 2007 are disclosed in Notes 11 and 18 respectively.

(iii) Compensation of key management personnel

The members of key management are also the Directors of the Company. The directors' remuneration is disclosed in Note 21.

26. DISCONTINUED OPERATIONS AND DISPOSAL GROUP

The Company has completed the disposal of the following subsidiary companies:

(i) Amtek Marketing Services Sdn. Bhd. and Amtek Marketing Services Pte. Ltd. on July 2006; and

(ii) Kart Food Industries Sdn. Bhd. and its subsidiary company on October 2006.

The results of these subsidiary companies are presented separately on the consolidated income statement as discontinued operations.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

26. DISCONTINUED OPERATIONS AND DISPOSAL GROUP (continued)

(a) An analysis of the results of discontinued operation is as follows:

	Group	
	2008 RM	2007 RM
Revenue	-	2,284,412
Expenses	-	(2,353,345)
Loss for the financial year from discontinued operations	-	(68,933)

(b) The following amounts have been included in arriving at loss before taxation of discontinued operations:

	Group	
	2008 RM	2007 RM
Depreciation of property, plant and equipment	-	121,649
Finance cost		
- Hire purchase interest	-	2,595
- Term loan interest	-	24,319
Rental of premises	-	22,500
Realised gain on foreign exchange	-	(410)
Staff costs		
- Salaries, allowances and bonus	-	159,355
- Employees Provident Fund	-	20,298
- Other employee benefits	-	13,706

(c) The cash flow attributable to the discontinued operations are as follows:

	Group	
	2008 RM	2007 RM
Cash flow from operating activities	-	170,269
Cash flow from investing activities	-	(4,836)
Cash flow from financing activities	-	(180,585)
Total cash flows	-	(15,152)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

27. SEGMENTAL INFORMATION

(a) Primary reporting format – business segment

For management purposes, the Group is organised into the following operating divisions:
- Manufacturing
- Marketing and distribution
- Investment property holding

Group 2008	Continuing operations					
	Manufacturing RM	Marketing and distribution RM	Investment property holding RM	Other operations RM	Elimination RM	Total RM
Revenue						
External revenue	8,207,991	7,855,074	1,718,607	723	-	17,782,395
Inter segment revenue	119,747	1,952,650	-	1,040,000	(3,112,397)	-
Total revenue	8,327,738	9,807,724	1,718,607	1,040,723	(3,112,397)	17,782,395
Results						
Segment results	(5,458,194)	2,110,834	710,787	(1,248,979)	1,666,575	(2,218,977)
Finance cost						(1,308,570)
Taxation						(206,210)
Loss for the financial year						(3,733,757)

These notes form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

27. SEGMENTAL INFORMATION (continued)

(a) Primary reporting format – business segment (continued)

Group 2008	Continuing operations Manufacturing RM	Marketing and distribution RM	Investment property holding RM	Other operations RM	Elimination RM	Total RM
Assets						
Segment assets	11,529,543	7,482,102	17,697,627	9,243,139	69,289	46,021,700
Liabilities						
Segment liabilities	1,859,604	6,480,750	515,561	984,851	-	9,840,766
Borrowings						13,854,043
Others						163,648
						23,858,457
Capital expenditure	6,800	15,355	25,200	129,224	(120,000)	56,579
Non-cash items						
Depreciation of						
- Property, plant and equipment	186,458	509,002	39,542	159,483	99,342	993,827
- Investment properties	-	15,686	379,812	99,342	(99,342)	395,498

These notes form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

27. SEGMENTAL INFORMATION (continued)

a) Primary reporting format – business segment (continued)

Group 2008	Continuing operations					
	Manufacturing RM	Marketing and distribution RM	Investment property holding RM	Other operations RM	Elimination RM	Total RM
Non-cash items (continued)						
Allowance for:						
- Specific doubtful debts	487,963	48,000	-	-	-	535,963
- Inventory obsolescence	580,478	72,000	-	-	-	652,478
- Doubtful debts no longer required	(9,655)	374,344)	-	-	-	(383,999)
Amortisation of deferred income	-	(981,816)	-	-	-	(981,816)
Amortisation of prepaid land lease payments	-	-	-	6,840	-	6,840
Gain on disposal of subsidiary company	-	(2100,001)	-	-	2,100,001	-
Write-offs of:						
- Bad debts	-	28,990	-	-	-	28,990
- Property, plant and equipment	-	1,112	-	-	-	1,112
Impairment loss on:						
- Investment in subsidiary companies	-	-	-	945,645	(945,645)	-
Profit on disposal of property, plant and equipment and prepaid land lease payments	(178,320)	(21,582)	-	(180,132)	(69,289)	(449,323)
Realised loss on foreign exchange	64,235	-	-	-	-	64,235

These notes form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

27. SEGMENTAL INFORMATION (continued)

(a) Primary reporting format – business segment (continued)

Group 2007	Continuing operations						Discontinued operations	
	Manufacturing RM	Marketing and distribution RM	Investment property holding RM	Other operations RM	Elimination RM	Total RM	Food manufacturing RM	Grand total RM
Revenue								
External revenue	11,801,633	15,485,432	1,734,089	100,710	-	29,121,864	2,284,412	31,406,276
Inter segment revenue	1,790,535	2,164,429	-	1,101,000	(5,055,964)	-		-
Total revenue	13,592,168	17,649,861	1,734,089	1,201,710	(5,055,964)	29,121,864	2,284,412	31,406,276
Results								
Segment results	1,400,200	(2,843,462)	728,340	506,627	(1,650,635)	(1,858,930)	(42,019)	(1,900,949)
Finance cost						(1,628,908)	(26,914)	(1,655,822)
Taxation						(211,555)	-	(211,555)
Loss for the financial year						(3,699,393)	(68,933)	(3,768,326)

These notes form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

27. SEGMENTAL INFORMATION (continued)

(a) Primary reporting format – business segment (continued)

Group 2007	Continuing operations						Discontinued operations	
	Manufacturing RM	Marketing and distribution RM	Investment property holding RM	Other operations RM	Elimination RM	Total RM	Food manufacturing RM	Grand total RM
Assets								
Segment assets	14,574,142	10,280,935	17,994,672	10,301,526	-	53,151,275	-	53,151,275
Liabilities								
Segment liabilities	2,315,666	5,193,158	483,573	2,356,922	-	10,349,319	-	10,349,319
Borrowings						16,655,234	-	16,655,234
Others						1,145,464	-	1,145,464
						28,150,017		28,150,017
Capital expenditure	56,499	26,850	66,800	172,900	-	323,049	4,836	327,885
Non-cash items								
Depreciation of								
- Property, plant and equipment	587,537	717,484	31,844	184,765	-	1,521,630	121,649	1,643,279
- Investment properties	-	15,686	379,812	-	-	395,498	-	395,498

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

27. SEGMENTAL INFORMATION (continued)

(a) Primary reporting format – business segment (continued)

Group 2007	Continuing operations						Discontinued operations	
	Manufacturing RM	Marketing and distribution RM	Investment property holding RM	Other operations RM	Elimination RM	Total RM	Food manufacturing RM	Grand total RM
Non-cash items (continued)								
Allowance for:								
- Specific doubtful debts	360,412	943,198	-	-	-	1,303,610	-	1,303,610
- Inventory obsolescence	-	1,341,829	-	12,000	-	1,353,829	-	1,353,829
- Doubtful debts no longer required	(307,773)	(639,414)	-	(1,224,784)	1,248,346	(923,625)	-	(923,625)
- Amount owing from subsidiary companies	-	-	-	466,580	(466,580)	-	-	-
Reversal of allowance for inventory obsolescence	-	(378,127)	-	-	-	(378,127)	-	(378,127)
Amortisation of deferred income	-	(981,816)	-	-	-	(981,816)	-	(981,816)
Amortisation of prepaid land lease payments	15,132	-	-	6,840	-	21,972	-	21,972
Write-offs of:								
- Bad debts	-	31,571	-	-	-	31,571	-	31,571
- Property, plant and equipment	-	257,556	-	-	-	257,556	-	257,556

These notes form part of the financial statements.

27. SEGMENTAL INFORMATION (continued)

(a) Primary reporting format – business segment (continued)

Group 2007	Continuing operations						Discontinued operations	
	Manufacturing RM	Marketing and distribution RM	Investment property holding RM	Other operations RM	Elimination RM	Total RM	Food manufacturing RM	Grand total RM
Non-cash items (continued)								
Impairment loss on:								
- Property, plant and equipment	944,399	-	-	-	-	944,39	-	944,39
- Goodwill on consolidation	-	-	-	436,591	-	436,591	-	436,591
- Investment in subsidiary companies	-	-	-	333,000	(333,000)	-	-	-
Profit on disposal of:								
- Property, plant and equipment	(3,136,234)	(8,839)	-	(185)	-	(3,145,258)	-	(3,145,258)
- Investment in subsidiary companies	-	-	-	(1,142,550)	773,471	(369,079)	-	(369,079)
Loss on foreign exchange								
- Realised	67,739	17	-	-	-	67,756	-	67,756
- Unrealised	49,105	-	-	-	-	49,105	-	49,105

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

27. SEGMENTAL INFORMATION (continued)

(b) Secondary reporting format – geographical segment

Group

	Revenue by geographical market RM	Carrying amount of segment assets RM	Capital expenditure RM
2008			
Continuing operations			
Australia	-	-	-
Malaysia	17,782,395	46,021,700	56,579
Singapore	-	-	-
	17,782,395	46,021,700	56,579
2007			
Continuing operations			
Australia	102,874	-	-
Malaysia	29,015,250	53,151,275	323,049
Singapore	3,740	-	-
	29,121,864	53,151,275	323,049

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

27. SEGMENTAL INFORMATION (continued)

(b) Secondary reporting format – geographical segment (continued)

	Revenue by geographical market RM	Carrying amount of segment assets RM	Capital expenditure RM
Discontinued operations			
Malaysia	1,993,143	-	4,836
Other Asian countries	291,269	-	-
	2,284,412	-	4,836

Segment revenue and results include transfer between business segments. Such transfers are accounted for at agreed terms and prices. These transfers are eliminated on consolidation.

28. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 31 December 2007, the subsidiary company, Uniwash Industries, completed the disposal of leasehold land, for a cash consideration of RM1,000,000.

(b) On 20 June 2008, the Company entered into a settlement agreement with its subsidiary company, Bensonlaunch to acquire freehold apartment and investment properties, for a consideration of RM720,000 and are satisfied by way of contra of debts.

(c) On 27 June 2008, a subsidiary of the Company, Bensonlaunch, had disposed off its subsidiary, Power Wave Sdn. Bhd. to another subsidiary of the Company, Amtek Garment Sdn. Bhd. for a sale consideration of RM3.4 million and the consideration is satisfied by way of contra of debts.

29. SUBSEQUENT EVENT

On 28 August 2008, the Company entered into a conditional share sale agreement ("SSA") with Creative Franchise Concepts Sdn. Bhd., to dispose off the entire equity interest in subsidiary company, Amtek International Sdn. Bhd. and its subsidiary company, Amtek Duty Free Sdn. Bhd., for a total cash consideration of RM3,000,000.

The disposal has not been completed as at the date of this report.

These notes form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

30. CONTINGENT LIABILITIES

	Company	
Secured	**2008**	**2007**
Freehold land and buildings pledged as security for	**RM**	**RM**
banking facilities granted to subsidiary companies		
- Facility approved	19,271,000	-
- Amount utilised	14,448,427	-
Unsecured		
Corporate guarantee to banks for banking facilities		
granted to certain subsidiary companies		
- Guarantee limit	27,600,000	34,750,000
- Amount utilised	14,820,427	16,493,157

31. FINANCIAL INSTRUMENTS

(i) Interest rate risk

Other than those disclosed in the financial statements, the effective yield of fixed deposits with licensed banks ranges from 3.15% to 3.70% (2007: 3.50% to 3.70%) per annum. The maturity period on the fixed deposits ranges from 30 to 365 days (2007 : 30 to 365 days).

(ii) Credit risk

Receivables

The Group's normal trade receivables credit period ranging from 2 to 120 days (2007 : 2 to 120 days). Other credit terms are assessed and approved on a case-by-case basis.

The maximum exposures to credit risk are represented by the carrying amounts of the financial assets in the balance sheet.

Payables

The normal trade credit period granted to the Group ranges from 15 to 120 days (2007 : 15 to 120 days) or such other period as negotiated with the suppliers.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

31. FINANCIAL INSTRUMENTS (continued)

(iii) Fair values

The following methods and assumptions are used to determine the fair value of each of the financial assets or liabilities for which it is practicable to estimate their values:

(a) Cash and cash equivalents, other receivables and payables, and short term borrowings

The carrying values of these amounts approximate their values due to their short term nature.

(b) Investment in quoted shares

The fair values of quoted shares are their market price at the balance sheet date as disclosed in Note 7.

(c) Investment in unquoted shares

It is not practicable to estimate the fair values of the non-current unquoted shares because of the lack of quoted market prices and inability to estimate fair value without incurring excessive costs. However, the Directors believe that the carrying amount represents the recoverable value.

(d) Trade receivables and payables

The carrying values of these amounts approximate their fair values because these are subject to normal trade credit terms and their short term nature.

(e) Amount due from/(to) subsidiary companies

No disclosure of fair value is made for amount due from/(to) subsidiary companies as it is not practicable to determine their fair value with sufficient reliability given these balances have no fixed terms of repayment.

However, the Directors do not anticipate the carrying amount recorded at balance sheet date to be significantly different from the values that would eventually be settled as disclosed in Notes 11 and 18.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

31. FINANCIAL INSTRUMENTS (continued)

(iii) Fair values (continued)

(f) Borrowings

The fair value of long-term borrowings is estimated based on the current rates available for borrowings with the similar maturity profile. The carrying amount of the long-term borrowings at balance sheet date approximates their fair values.

(g) Contingent liability

The Company provides financial guarantees to banks for credit facilities extended to certain subsidiary companies. The fair value of such financial guarantees is not expected to be material as the probability of the subsidiary companies defaulting on the credit lines is remote.

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FINANCIAL HIGHLIGHTS

GROUP – YEAR ENDED 30TH JUNE

	2004	2005	2006	2007	2008
Revenue (RM'000)	100,358	85,233	70,893#	31,406#	17,782
Loss Before Tax (RM'000)	(26,982)	(24,990)	(9,785)#	(3,557)#	(3,527)
Loss After Tax (RM'000)	(27,435)	(26,136)	(10,389)#	(3,768)#	(3,734)
Net Assets (RM'000)	61,741	35,806	25,735	23,885	20,584
Loss Per Share (Sen)	(55)	(52)	(20)	(7)	(7)

Included result of these subsidiary companies which are classified under "Discontinued Operations And Disposal Group" in the financial statements.

STATISTIC OF SHAREHOLDINGS

AS AT 30 SEPTEMBER 2008

DISTRIBUTION SCHDULE OF SHAREHOLDINGS AS AT 30 SEPTEMBER 2008

NO. OF HOLDERS	SIZE OF HOLDINGS	NO. OF SHARES	% OF TOTAL ISSUED CAPITAL
75	Less than 100 shares	3,597	0.01
60	100 to 1,000 shares	35,225	0.07
998	1,001 to 10,000 shares	2,748,628	5.50
124	10,001 to 100,000 shares	3,134,325	6.27
24	100,001 to less than 5% of issued shares	19,060,725	38.12
2	5% and above of issued shares	25,016,250	50.03
1,283		49,998,750	100.00

STATISTIC OF SHAREHOLDINGS
AS AT 30 SEPTEMBER 2008

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 30 SEPTEMBER 2008

	NAME	SHAREHOLDINGS	% OF TOTAL ISSUED CAPITAL
1	RINTITAN JAYA SDN.BHD	15,132,500	30.27
2	MEGAPLACE SDN BHD	9,883,750	19.76
3	SILAUAN MENTARI SDN BHD	2,498,750	5.00
4	TANGKAS MINDA SDN BHD	2,498,750	5.00
5	TUGU KRISTAL SDN BHD	2,498,750	5.00
6	A.A. ANTHONY NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RINTITAN JAYA SDN BHD	2,154,650	4.31
7	MEGAPLACE SDN BHD	1,900,000	3.80
8	SEAPORT TERMINAL (JOHORE) SDN BHD	1,250,000	2.50
9	CIMSEC NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR CIMB TRUSTEE BERHAD (HBTR/05/79)	848,750	1.70
10	MERCU JUNJUNGAN SDN BHD	750,000	1.50
11	EFFECTIVE STRATEGY SDN BHD	625,000	1.25
12	ABDUL RAHIM BIN ABDUL RAZAK	562,500	1.13
13	S P SETIA MANAGEMENT SERVICES SDN BHD	475,000	0.95
14	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SURIANI ABDUL AZIZ (471789)	375,000	0.75
15	ISMAIL BIN HAMZAH	343,750	0.69
16	SYED HUSSIN BIN SHAIKH ALJUNID	318,625	0.64
17	TAN AH LENG	296,250	0.59
18	NORLIYAH BINTI JAAFAR	275,000	0.55
19	DB (MALAYSIA) NOMINEE (ASING) SDN BHD BNP PARIBAS NOMINEES SINGAPORE PTE LTD. FOR LEE POH THOE	251,250	0.50
20	CIMSEC NOMINEES (ASING) SDN BHD CIMB FOR MAIMOON OMAR @ MOONYRA BAHARUDDIN (PB)	236,250	0.47
21	IDENTITI GELIGA SDN BHD	187,500	0.38
22	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KING TAI @ TAN KHOON HAI	157,500	0.32
23	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAI POH CHOY	155,600	0.31
24	BUKHARY HOLDINGS SDN BHD	152,500	0.31
25	MOHAMED EBRAHIM BIN HAJA MOHIDEEN	130,600	0.26
26	LEE FOOK KHEUN	118,750	0.24
27	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG YOKE CHING	90,800	0.18
28	AERO MUTIARA SDN BHD	85,000	0.17
29	LEE SOON HUAT	78,750	0.16
30	NUR SURIANA BINTI ABDULLAH	75,700	0.15
		44,407,225	88.84

STATISTIC OF SHAREHOLDINGS (CONT'D)

AS AT 30 SEPTEMBER 2008

SHAREHOLDERS WITH HOLDINGS OF 5% AND ABOVE AS AT 30 SEPTEMBER 2008

	NAME	SHARE HOLDINGS	%
1.	Rintitan Jaya Sdn. Bhd.	17,287,150	34.58
2.	Megaplace Sdn. Bhd.	11,783,750	23.57

Total No. of Shareholders	:	2
Total Shareholdings	:	29,070,900
Total Percentage	:	58.15

DISTRIBUTION SCHEDULE OF DIRECTORS' SHAREHOLDINGS AS AT 30 SEPTEMBER 2008

	NAME	DIRECT	%	INDIRECT	%
1.	Syed Azmin bin Syed Nor	12,500	0.03	11,783,750 *	23.57
2.	Khalid bin Haji Sufat	-	-	-	-
3.	Thong Teong Bun	-	-	-	-
4.	Ahmad bin Abu Bakar	-	-	-	-

Notes:

* Deemed interest by virtue of his substantial shareholdings in Megaplace Sdn. Bhd. pursuant to Section 6A of the Act.

LIST OF PROPERTIES

NO. ADDRESS	DATE OF ACQUISITION	TENUR	LAND AREA (SQ. M)	DESCRIPTION AND EXISTING USE	APPROXIMATE AGE OF BUILDING (YEARS)	NET CARRYING AMOUNT@ 30.6.2008 RM'000
1. No. 12, Lebuh Sultan Hishamuddin 2 Kawasan 20, Kawasan Perindustrian Selat Kelang Utara, 42000 Pelabuhan Kelang, Selangor	28/04/86	99 years Leasehold Land (Expiring on 9/6/2086)	7,214.01	2-storey industrial building housing the shoes manufacturing segment of Group	17	2,708
2. A2-10-8 (Angsana), Bukit OUG - Surian Wangi Condominium, Kuala Lumpur	20/09/93	Freehold Land	136.10	Vacant	4	204
3. Kompleks Adorma Gold, Jalan Brick Klin, Lot No. 492, Section 10, Town of Georgetown, North East District of Penang	07/07/94	Freehold Land	433.77	Industrial lot in Commercial Complex	12	586
4. Plot No. 129, 130 & 129A, Taman Nagasari Phase 3b, Seberang Perai, Pulau Pinang	07/08/97	Freehold Land	1,765	Double storey building Factory cum Office	11	2,439
5. 19-21 Lorong Nagasari 26, Taman Nagasari, Seberang Perai, Pulau Pinang	09/11/05	Freehold Land	731	Double storey building Shop houses	11	848
6. No. 15, Jalan Tandang, 46050 Petaling Jaya, Selangor	21/11/03	99 years Leasehold Land (Expiring on 29/12/2056)	7,479	6 ½ Storey office building with 2 storey warehouse and an annexed basement car park housing Head Office and retail arms of the Group together with warehousing facilities	12	17,248

PROXY FORM

AMTEK HOLDINGS BERHAD
(Company No. 125863-K)
(Incorporated in Malaysia)

I/We ____

(please use block letters)

of ____

(full address)

being a Member/Members of AMTEK HOLDINGS BERHAD, hereby appointment ______________________

____

of ____

or failing him/her ____

of ____

as my/our proxy to vote for me/us and on my/our behalf at the 24th Annual General Meeting to be held at Auditorium Room, Islamic Arts Muzium Malaysia, Jalam Perdana, 50480 Kuala Lumpur on Friday, 28th November 2008 at 10.30 a.m. or any adjournment thereof in the manner indicated below in respect of the following Resolution:

No.	Ordinary Resolution	For	Against
1	To receive and adopt the Audited Financial Statements for the year ended 30 June 2008 and the Report of the Directors and Auditors thereon.		
2	To approve payment of Directors' fees for the year ended 30 June 2008		
3	To re-elect the retiring Directors, under Articles 102 of the Company's Articles of Association: - Tuan Syed Azmin bin Syed Nor		
4	To re-elect the retiring Directors, under Articles 108 of the Company's Articles of Association: - Encik Ahmad bin Abu Bakar		
5	To re-appoint Messrs Peter Chong & Co. (formerly known as BKR Peter Chong) as Auditors and authorise the Directors to fix their remuneration.		

Please indicate with a (√) whether you wish your votes to be cast for or against the Resolutions. In the absence of specific directions, your proxy will vote or abstain as he/she think fit.

Dated this ______ day of ______________ 2008

No. of Shares Held	

____
Signature/Seal of Shareholder

Notes:

1. *A members of the Company who is entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.*
2. *The instrument oppointing a proxy shall be writing under the hand of the appointor or his attorney duly authorized in writing or if the appointor is a corporation either under common seal or under the hand of an officer or attorney duly authorised.*
3. *The instrument appointing a proxy must be deposited at the registered office of the Company at Level 2A, No. 88 Jalan Perdana, Taman Tasek Perdana, 50480 Kuala Lumpur not less than 48 hours before the time set for holding the meeting or any adjournment thereof.*

Annual Report

AMTEK HOLDINGS BERHAD
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