

Central Industrial Corporation Berhad 12186-K



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Lot 77 & 78, Persiaran 11, Kawasan Perusahaan Bakar Arang,
08000 Sungai Petani, Kedah Darul Aman, Malaysia.
Tel 604 422 7888 Fax 604 421 7888

www.cicb.com.my

annual report 08

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Sixth Annual General Meeting of the Company will be held at Conference Room, Level 3, Eastin Hotel, 13, Jalan 16/11, Pusat Dagang Seksyen 16, 46350 Petaling Jaya, Selangor on Wednesday, 10 June 2009 at 11.00 a.m. to transact the following business:-

1. To receive and consider the Audited Financial Statements for the financial year ended 31 December 2008 together with the Reports of the Directors and Auditors thereon.
2. To declare a final dividend of 1.5% less 25% income tax for the financial year ended 31 December 2008.
3. To approve payment of Directors' fees for the financial year ended 31 December 2008.
4. To re-elect Ms. Lim Shiak Ling, the Director who retires pursuant to Article 84 of the Company's Articles of Association.
5. To re-elect the following Directors, who retire pursuant to Article 90 of the Company's Articles of Association:-
 - a) Dato' Wira Zainuddin Bin Mahmud
 - b) Mr. Koay Then Hin
 - c) Mr. Foo Kee Fatt
6. To re-appoint Messrs KPMG as Auditors of the Company and authorize the Directors to fix their remuneration.
7. To transact any other business of which due notice shall have been given.

Ordinary Resolution 1

Ordinary Resolution 2

Ordinary Resolution 3

Ordinary Resolution 4

Ordinary Resolution 5

Ordinary Resolution 6

Ordinary Resolution 7

Ordinary Resolution 8

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that the Final Dividend of 1.5% less 25% income tax for the financial year ended 31 December 2008, if approved at the Thirty-Sixth Annual General Meeting, will be paid on 9 September 2009 to the shareholders whose names appear in the Record of Depositors at the close of business on 12 August 2009.

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

- a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 12 August 2009 in respect of ordinary transfers; and
- b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

FONG PHOI SHAN (MAICSA 7014620)
Company Secretary

Petaling Jaya
19th May 2009

Notes

1. A member of the Company 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 and a member may appoint any person to be his proxy without limitation. The provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply.
2. A member may appoint more than 2 proxies to attend at the same meeting. Where a member appoints two or more proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its attorney.
5. All forms of proxy must be deposited at the Registered Office of the Company situated at Suite 3A33, Block A2, Leisure Commerce Square, No. 9, Jalan PJS 8/9, 46150 Petaling Jaya, Selangor not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. Names of Directors who are standing for re-election :-

(i) Director retiring pursuant to Article 84 of the Company's Articles of Association :-

(a) Ms. Lim Shiak Ling

(ii) Directors retiring pursuant to Article 90 of the Company's Articles of Association :-

(a) Dato' Wira Zainuddin Bin Mahmud

(b) Mr. Koay Then Hin

(c) Mr. Foo Kee Fatt

2. Further details of Directors who are standing for re-election :-

Details of the abovenamed Directors who are standing for re-election are set out in the Directors' Profile appearing on pages 6 to 10 of the Annual Report.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Dr. Zabir Bin Bajuri

Independent Non-Executive Chairman

Lai Kim Hean

Managing Director

Datuk Abdul Jamil Bin Mohd Ali

Non-Independent Non-Executive Director

Koay Then Hin

Independent Non-Executive Director

Dato' Wira Zainuddin Bin Mahmud

Independent Non-Executive Director

Foo Kee Fatt

Independent Non-Executive Director

Dato' Johan Bin Ariffin

Non-Independent Non-Executive Director

Lim Shiak Ling

Non-Independent Executive Director

Dato' Lim Chee Meng

Non-Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Dato' Wira Zainuddin Bin Mahmud (*Chairman*)

Koay Then Hin

Foo Kee Fatt

REMUNERATION COMMITTEE

Datuk Abdul Jamil Bin Mohd Ali (*Chairman*)

Dato' Lim Chee Meng

Lai Kim Hean

NOMINATION COMMITTEE

Foo Kee Fatt (*Chairman*)

Dato' Lim Chee Meng

Koay Then Hin

SECRETARY

Fong Phoi Shan

AUDITORS

KPMG

1st Floor, Wisma Penang Garden,

42, Jalan Sultan Ahmad Shah, 10050 Penang.

Tel : 04-2272288 Fax : 04-2271888

SHARE REGISTRARS

Symphony Share Registrars Sdn. Bhd.

55, Medan Ipoh 1A,

Medan Ipoh Bistari, 31400 Ipoh, Perak.

Tel : 05-5474833 Fax : 05-5474363

BANKERS

Malayan Banking Bhd.

United Overseas Bank (Malaysia) Bhd.

RHB Bank Bhd.

Standard Chartered Bank Malaysia Bhd.

Hong Leong Bank Bhd.

REGISTERED OFFICE

Suite 3A33, Block A2,

Leisure Commerce Square,

No. 9, Jalan PJS 8/9,

46150 Petaling Jaya, Selangor.

Tel : 03-78772939 Fax : 03-78776939

HEAD OFFICE

Lot 77 & 78, Persiaran 11,

Kawasan Perusahaan Bakar Arang,

08000 Sungai Petani,

Kedah Darul Aman.

Tel : 04-4227888 Fax : 04-4217888

E mail : cicb@cicb.com.my

Website : www.cicb.com.my

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad

Second Board

Stock Code : 8052

Stock Name : CICB

PROFILE OF DIRECTORS

DATO' DR. ZABIR BIN BAJURI, DBA, DPMS, SSA, KMN, PPT

(Chairman, Independent Non-Executive Director)

Malaysian, 62 years of age

YBhg. Dato' Dr. Zabir Bin Bajuri was appointed to the Board of CICB on 4 February 2005. He graduated with a Bachelor of Economics (Hons) degree from University of Malaya in 1970 and obtained his Certificate of Commercial Banking from Manchester Business School, United Kingdom in 1978.

He began his career in 1970 as Assistant Economist at Bank Negara Malaysia and in 1971 was appointed Director of Housing & City Development at Penang Development Corporation.

In 1974, he was appointed Manager of Bumiputra Special Division at Bank Bumiputra Malaysia Berhad and in 1979, Chief Executive Officer of Credit Guarantee Corporation (M) Bhd.

He was appointed Group Managing Director of Kumpulan Perangsang Selangor Berhad (KPSB) from 1987 to 1995. From 1998 to 31 August 2004, he was the President of Kumpulan Darul Ehsan Berhad (KDEB) and Executive Chairman of Kumpulan Perangsang Selangor Berhad (KPSB).

Currently, he is the Executive Chairman of DZB Resources Sdn. Bhd. and Zetcom Sdn. Bhd.

He has no shareholding in CICB.

DATUK ABDUL JAMIL BIN MOHD ALI, DPMT, PJN

(Non-Independent Non-Executive Director)

Malaysian, 64 years of age

YBhg. Datuk Abdul Jamil Bin Mohd Ali was appointed to the Board of CICB on 4 February 2005. He is the Chairman of the Remuneration Committee of the Company. He obtained a BSc (Hons) degree from University of Malaya in 1968. Subsequently in 1972, he gained a post-graduate MSc degree from University of Ghent, Belgium.

In 1995, he attended the Advanced Management Program at Harvard, USA. He retired from Government service in September 1999 holding the post of Director-General of Agriculture. He then joined Golden Hope Plantations Bhd as Agri-Business Consultant where he served for 5 years. He retired from the said post in February 2005.

He has no shareholding in CICB.

DATO' WIRA ZAINUDDIN BIN MAHMUD, DGMK, DSDK, KMN, AMK, BCK

(Independent Non-Executive Director)

Malaysian, 63 years of age

YBhg. Dato' Wira Zainuddin Bin Mahmud was appointed to the Board of CICB on 26 May 2004. He is the Chairman of the Audit and Risk Management Committee of the Company. He holds a Higher School Certificate from the Royal Military College, Sungai Besi, Kuala Lumpur. In 1965 to 1966, he attended the Faculty of Agriculture, University of Malaya.

YBhg. Dato' Wira Zainuddin began his career as a State Administration Services Cadet with the Kedah Civil Service in 1966. From 1968 to 1995, he served in various positions in the Kedah Civil Service including serving as a District Officer of Yan, Kulim and Kota Star. He also served as the Private Secretary to the Sultan of Kedah in 1972, and as Kedah State Treasury (Bursar) from 1977 to 1981.

YBhg. Dato' Wira Zainuddin served as the Deputy State Secretary (Development)/Director and Kedah Economic Planning Unit from July 1996 until his retirement in 2000.

YBhg. Dato' Wira Zainuddin had also held leadership positions in numerous sports and recreational organizations in Kedah, amongst others as the Honorary Secretary of Kelab Kedah Darulaman, Vice President of Kedah Squash Association and Deputy President of Kedah Lawn Tennis Association and Kedah Civil Service Council for Welfare and Sports (MAKSAK).

He has no shareholding in CICB.

DATO' JOHAN BIN ARIFFIN, DPTJ

(Non-Independent Non-Executive Director)

Malaysian, 50 years of age

YBhg. Dato' Johan Ariffin received his early education at the Penang Free School, Pulau Pinang before winning a government scholarship to further his studies at the Indiana University, USA. After obtaining his BA. Economics, he went on to the University of Miami where he completed his MBA in 1981.

Upon his return to Malaysia, YBhg. Dato' Johan Ariffin has served in various senior positions in several public listed companies as well as venturing into his own successful marketing management consultancy, advertising business and property development.

With the advent of the Asian financial crisis, YBhg. Dato' Johan Ariffin was called upon to serve the nation. From July 1999 to January 2003, he served as Senior General Manager, Property Division of Danaharta. Thereafter, he was the Group Managing Director of TTDI Development Sdn Bhd until January 2009.

On 7 January 2004, he was appointed as a member of the Property Investment Committee of Pelaburan Hartanah Nasional Berhad (PHNB), a special committee set up by the Board to give specialist advice to the property trust owned by Permodalan Nasional Berhad (PNB) on its property investments.

With over 27 years experience in real estate, Dato' Johan Ariffin is a National Council Member of the Real Estate And Housing Developers' Association Malaysia (REHDA). He also sits on the board of directors of Tabung Haji Properties Sdn. Bhd, TPPT Sdn. Bhd. and is the Chairman of Mitraland Properties Sdn. Bhd.

YBhg. Dato' Johan Ariffin was appointed to the Board of CICB on 4 February 2005.

He has no shareholding in CICB.

PROFILE OF DIRECTORS (CONT'D)

DATO' LIM CHEE MENG, DSDK

(Non-Independent Non-Executive Director)

Malaysian, 36 years of age

YBhg. Dato' Lim Chee Meng was appointed to the Board of CICB on 4 September 2001. He is a member of the Remuneration and Nomination Committee of the Company. He holds a Bachelor in Civil Engineering (Hons) Degree from the University of Wales, United Kingdom. He presently sits on the boards of directors of various companies which are involved inter-alia in manufacturing, business development, infrastructure and utility projects and oversees the management of these companies. He is an Executive Director of Taliworks Corporation Berhad, another public listed company.

He has an indirect shareholding of 12,232,000 ordinary shares of RM1.00 each in CICB.

LAI KIM HEAN

(Managing Director, Non-Independent Executive Director)

Malaysian, 68 years of age

Mr. Lai Kim Hean was appointed to the Board of CICB on 4 July 1996. He is the Managing Director and a member of the Remuneration Committee of the Company. He holds a Master Of Science (MSc) degree in International Marketing from University of Strathclyde, Scotland and Diploma in Marketing from the Chartered Institute of Marketing, UK. He also attended overseas management courses in Ashridge Management College, UK and Asian Institute of Management, Manila.

Prior to his appointment as Director of CICB, he was the Managing Director of Hagemeyer Marketing Services Sdn. Bhd. from January 1992 to July 1996. He has considerable experience in marketing and general management and is a past Chairman of Institute of Marketing Malaysia (IMM). He is presently a Fellow Member of IMM, a Member of Malaysian Institute of Directors (MID) as well as Malaysian Institute of Management (MIM). He is also a Director of the Company's wholly owned subsidiary, CIC Marketing Sdn. Bhd. and other private companies. He has served for over 18 years in the Malaysian Territorial Army (Malaysian Services Corps) and retired with the rank of Mejar.

He has a direct shareholding of 349,000 ordinary shares of RM1.00 each in CICB.

LIM SHIAK LING

(Non-Independent Executive Director)

Malaysian, 37 years of age

Ms. Lim Shiak Ling was appointed to the Board of CICB on 24 November 2008. Prior to her appointment, she was the Alternate Director to YBhg. Dato' Lim Chee Meng from 4 September 2001 to 24 November 2008. She holds a Bachelor in Commerce degree from Curtin University of Technology Perth, Australia. She also sits on the boards of directors of several private companies and currently oversees the marketing and business development activities of these companies.

She has no shareholding in CICB.

KOAY THEN HIN

(Independent Non-Executive Director)

Malaysian, 63 years of age

Mr. Koay Then Hin joined the Company as a Mechanical Engineer in 1974. He was promoted to Production Manager in 1977, Factory Manager in 1981, General Manager in 1986 and Senior General Manager from January 1993 to July 2005. Subsequently, he acted as an Advisor of the Company from August 2005 to July 2006. He was appointed to the Board of CICB on 28 January 1993. He is a member of the Audit and Risk Management Committee and the Nomination Committee of the Company. He is also a Director of the Company's wholly owned subsidiary, CIC Marketing Sdn. Bhd.

He holds a Bachelor in Engineering Degree from National Taiwan University. He has more than 20 years of experience in industrial management.

He has no shareholding in CICB.

PROFILE OF DIRECTORS (CONT'D)

FOO KEE FATT

(Independent Non-Executive Director)

Malaysian, 43 years of age

Mr. Foo Kee Fatt was appointed to the Board of CICB on 26 May 2004. He is a member of the Audit and Risk Management Committee and the Chairman of the Nomination Committee of the Company. He is a member of The Malaysian Institute of Certified Public Accountant and Malaysian Institute of Accountants. He is also a licensed auditor under Section 8 of the Malaysian Companies Act 1965.

In 1987, he joined and served his articleship with one of the reputable international accounting firms. From 1993 to 2006, he was with a local accounting firm with international affiliation. In 2007, he set up an accounting firm in Penang and joined another local accounting firm in Johor. He is also an Independent Non-Executive Director of Padini Holdings Berhad, another public listed company.

He has no shareholding in CICB.

Additional Information on Members of the Board

- * None of the other Directors has any family relationship with any Director and/or major shareholder of the Company save and except for the following:-
 - (i) YBhg. Dato' Lim Chee Meng is the brother of Ms. Lim Shiak Ling, a director of the Company and Mr. Lim Chin Sean, a major shareholder of the Company by virtue of his deemed interest.
- * As at to-date, there has been no occurrence of conflict of interest between any Member of the Board and the Company.
- * None of the Board Members has been convicted of any offence within the past 10 years, other than traffic offences, if any.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report and the Audited Financial Statement of the Company for the Financial Year ended 31 December 2008.

FINANCIAL PERFORMANCE

The Company recorded a consolidated profit after tax ("PAT") of RM1.19 million for the year as compared to the consolidated PAT of RM6.082 million for the previous year. PAT for 2007 was significantly higher than normal because of the successful divestment of 15% shareholding of Central Mercantile Corporation (M) Sdn Bhd. However, operationally we incurred a loss of RM3.258 million in 2007 as compared to a PAT of RM1.19 million for the year under review.

2008 consolidated revenue was 172% higher than the previous year, an increase from RM51.201 million to RM60.342 million. This increase was mainly attributed to the significant increased in sales of our Export Division as annual sales grew from RM14.328 million to RM20.095 million, an increase of 40.2%.

OPERATIONAL REVIEW AND FUTURE OUTLOOK

Our concerted effort to develop a wider export market through active participation in International Exhibitions in Germany, USA, China and Australia, has resulted in the significant growth of our export sales. As a result of increased sales, we managed to reduce our production cost through higher capacity utilization, resulting in an overall improvement in gross profits.

Although we anticipate the export market for the new year to be more challenging due to prevailing worldwide financial turmoil faced by most economies, we are confident our continuous effort to expand into new markets and prudent cost management will negate the current difficult trading conditions.

Overall, we remain optimistic that the Company will continue to show improvements in growth revenue and profitability.

DIVIDEND

In line with the Company's continuous payment of dividend to our valued shareholders, the Board of Directors is pleased to recommend a dividend rate of 1.5% less tax for the year 2008 and this is subject to your approval at the forthcoming Annual General Meeting.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I wish to express our sincere appreciation to our shareholders, valued customers, bankers, suppliers and business associates for their past support and confidence in the Group.

I also wish to take this opportunity to thank my fellow Board Members, Management and Staff for their continued commitment and valuable contributions.

The Board looks forward to your continuous support for the new year.

Dato' Dr. Zabir Bin Bajuri

DBA, DPMS, SSA, KMN, PPT
Chairman

PENYATA PENGERUSI

Bagi pihak Lembaga Pengarah, saya dengan sukacitanya membentangkan Laporan Tahunan Syarikat bagi tahun kewangan berakhir 31 Disember 2008.

PRESTASI SYARIKAT

Syarikat kami telah merekodkan keuntungan yang disatukan selepas cukai berjumlah RM1.19 juta pada tahun ini jika dibandingkan dengan keuntungan yang disatukan selepas cukai berjumlah RM6.082 juta pada tahun lalu. Keuntungan selepas cukai pada tahun 2007 adalah lebih tinggi daripada biasa dengan ketara oleh kerana hasil kejayaan Syarikat dalam jualan pelaburan saham sebanyak 15% dalam Central Mercantile Corporation (M) Sdn. Bhd. Walaubagaimanapun, Syarikat kami telah menanggung kerugian dalam operasi berjumlah RM3.258 juta pada tahun 2007 jika berbanding dengan keuntungan selepas cukai berjumlah RM1.19 juta pada tahun dalam kajian.

Hasil jualan yang disatukan pada tahun 2008 adalah 17.2% lebih tinggi daripada tahun lalu, peningkatan dari RM51.201 juta ke RM60.342 juta. Peningkatan ini adalah disebabkan oleh peningkatan dalam jualan yang ketara dari bahagian eksport di mana jualan tahunan telah bertambah dari RM14.328 juta ke RM20.095 juta, peningkatan sebanyak 40.2%.

ULASAN OPERASI DAN TINJAUAN MASA DEPAN

Usaha bersama kami dalam mengembangkan pasaran eksport dengan menyertai secara aktif di pameran-pameran antarabangsa di Germany, USA, China dan Australia, telah menghasilkan pertumbuhan yang ketara dalam jualan eksport. Disebabkan peningkatan hasil jualan, kami telah berjaya mengurangkan kos pengeluaran melalui penggunaan kemampuan yang lebih tinggi, dan telah mengakibatkan peningkatan secara keseluruhan pada keuntungan kasar.

Walaupun kami menjangkakan pasaran eksport pada tahun ini akan lebih mencabar disebabkan oleh krisis ekonomi yang dihadapi oleh kebanyakan ekonomi di seluruh dunia sekarang. Kami berkeyakinan bahawa usaha berterusan kami untuk berkembang dalam pasaran-pasaran baru dan ketelitian dalam kos pengurusan, akan mengurangkan kesukaran dalam perniagaan pada masa sekarang.

Pada keseluruhannya, kami tetap optimistik bahawa Syarikat kami akan terus menunjuk kemajuan dalam pertumbuhan jualan dan keuntungan.

DIVIDEN

Selaras dengan pembayaran dividen berterusan daripada Syarikat kepada pemegang saham yang dihargai, Lembaga Pengarah Syarikat dengan sukacitanya mengesyorkan kadar dividen berjumlah 1.5% ditolak cukai sebanyak 25% untuk tahun 2008 dan ini adalah tertakluk pada kelulusan yang bakal diperolehi pada Mesyuarat Agung Tahunan yang akan datang.

PENGHARGAAN

Bagi pihak Lembaga Pengarah Syarikat, saya ingin menyampaikan penghargaan secara ikhlas kepada pemegang-pemegang saham, pelanggan-pelanggan yang dihargai, institusi-institusi kewangan, pembekal-pembekal dan peniaga-peniaga bersekutu atas sokongan di masa yang lalu dan keyakinan yang diberikan kepada kumpulan Syarikat kami.

Saya juga ingin mengambil kesempatan ini untuk mengucapkan terima kasih kepada ahli-ahli Lembaga Pengarah, pihak pengurusan dan kakitangan-kakitangan atas komitmen yang berterusan dan sumbangan mereka yang tidak ternilai.

Pihak Lembaga Pengarah berharap kamu akan memberi sokongan yang berterusan pada tahun baru ini.

DATO' DR. ZABIR BIN BAJURI

DBA, DPMS, SSA, KMN, PPT
Pengerusi

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

MEMBERS

Dato' Wira Zainuddin Bin Mahmud (*Chairman, Independent Non-Executive Director*)

Mr. Foo Kee Fatt (*Independent Non-Executive Director*)

Mr. Koay Then Hin (*Independent Non-Executive Director*) - appointed on 24-11-2008

Dato' Haji Norhaidi Bin Che Dan @ Che Din (*Independent Non-Executive Director*) - resigned on 29-10-2008

TERMS OF REFERENCE

Membership

The Audit and Risk Management Committee shall be appointed by the Board of Directors from amongst their number and shall be composed of not fewer than 3 members. All the members of the Committee must be non-executive directors, with a majority of them being independent directors. Alternate Directors must not be appointed as members of the Committee. All members of the Committee shall be financially literate and at least one of the members of the Committee :-

- (i) must be a member of the Malaysian Institute of Accountants (MIA); or
- (ii) if he is not a member of MIA
 - (a) he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967 and have at least three (3) years working experience; or
 - (b) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967 and have at least three (3) years working experience; or
- (iii) fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

The members of the Committee shall elect a Chairman from amongst their number who shall be an independent director. The Chairman elected shall be subject to endorsement by the Board. If a member of the Committee resigns, dies or for any reason ceases to be a member with the result that the number of members is reduced to below 3, the Board of Directors shall, within 3 months of that event, appoint such number of new members as may be required to make up the minimum number of 3 members.

Notice of Meeting and Attendance

The agenda for Audit and Risk Management Committee meetings shall be circulated before each meeting to members of the Committee. The quorum for meetings of the Committee shall be 2 members with the majority of members present being independent directors.

The Committee may require the external and/or internal auditors and any official of the Company to attend any of its meetings as it determines. The external auditors shall have the right to appear and be heard at any meeting of the Audit and Risk Management Committee and shall appear before the Committee when required to do so by the Committee.

The head of finance, the head of internal audit and a representative of the internal or external auditors shall normally attend meetings. Other Board members may attend meetings upon the invitation of the Committee. The Committee shall meet with the external auditors without executive board members present at least twice a year.

The Company Secretary of the Company shall be the Secretary of the Committee.

TERMS OF REFERENCE (Cont'd)

Frequency of Meetings

Meetings of the Audit and Risk Management Committee shall be held not less than four times a year. Upon request of any of its members, the internal or external auditors, the Chairman of the Audit and Risk Management Committee shall convene a meeting of the Committee.

Authority

In carry out their duties and responsibilities, the Audit and Risk Management Committee shall:-

- (a) have the authority to investigate any matters within its terms of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Group;
- (d) have direct communication channels with the External and Internal Auditors, as well as employees of the Group;
- (e) be able to obtain independent professional or other advice if it deems necessary; and
- (f) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

Duties

The duties of the Committee shall be:-

1. To review with the external auditors:-
 - the audit plan;
 - the evaluation of the system of internal accounting controls;
 - problems and reservation arising from their audits; and
 - the audit report on the financial statements.
2. To review the assistance given by the employees of the Company to the external and internal auditors;
3. To review the external auditors' management letter and management response;
4. To review the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on :-
 - (a) Changes in or implementation of major accounting policy changes;
 - (b) Significant and unusual events;
 - (c) Significant adjustments arising from audit;
 - (d) The going concern assumption; and
 - (e) Compliance with accounting standards and other legal requirements.
5. To review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
6. To review the internal audit programme, processes, results of the internal audit programme, processes or investigations undertaken and whether or not appropriate action is taken regarding the recommendations of the internal audit function;

TERMS OF REFERENCE (Cont'd)

Duties (Cont'd)

7. To review any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
8. To consider the nomination/appointment, remuneration and resignation or dismissal of the auditors;
9. To request the auditors to look into the following specific areas, if necessary:-
 - (a) to determine any misuse of funds;
 - (b) to determine whether the capital expenditure is approved in accordance with the Company's guidelines;
 - (c) to determine whether common expenses are fairly apportioned to the Company.
10. To review the risk profile of the Company and establish risk management processes that should be adopted and develop appropriate strategy, guidelines and policies for implementation;
11. To verify that the allocation of options during the year pursuant to Employees' Share Option Scheme complies with the criteria of allocation;
12. To promptly report to Bursa Malaysia Securities Berhad if it is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in breach of the Listing Requirements;
13. To review such other functions as may be agreed to by the Committee and the Board of Directors from time to time.

Reporting Procedures

The Secretary shall circulate the minutes of the meetings of the Committee to all members of the Board.

DETAILS OF ATTENDANCE AT AUDIT AND RISK MANAGEMENT COMMITTEE MEETINGS

Five (5) Audit and Risk Management Committee meetings were held during the financial year ended 31 December 2008. Details of the attendance of Audit and Risk Management Committee members at the meetings are as follows :

Name	Total Meetings Attendance
Dato' Wira Zainuddin Bin Mahmud	5/5 meetings
Foo Kee Fatt	5/5 meetings
Koay Then Hin (appointed on 24-11-2008)	0/0 meetings
Dato' Haji Norhaidi Bin Che Dan @ Che Din (resigned on 29-10-2008)	0/4 meetings

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

SUMMARY OF ACTIVITIES OF THE COMMITTEE DURING THE YEAR

The activities carried out by the Audit and Risk Management Committee during the financial year under review were as follows:-

- (a) Reviewed with the external auditors on the audit plan and the audit report on the financial statements;
- (b) Reviewed the quarterly financial results for each quarter of the Company and the Group prior to the Board of Directors' approval and announcement to Bursa Malaysia Securities Berhad, focusing particularly on :
 - the overall performance of the Company;
 - the prospects for the Group;
 - compliance with accounting standards and other legal requirements;
 - changes in or implementation of major accounting policy changes;
 - significant and unusual events;
 - significant adjustments arising from audit.
- (c) Reviewed the annual budget and year-end financial statements.
- (d) Reviewed the proposed audit programme/plan to be undertaken by the Internal Auditors and reviewed the report of the internal auditors.

INTERNAL AUDIT FUNCTION

The Audit and Risk Management Committee shall oversee all internal audit function and is authorised to commission investigations to be conducted by the internal auditors, as it deems fit. The responsibilities of the internal audit function, which report directly to the Committee, include the provision of reasonable assurance to all levels of management concerning the overall control over assets and the effectiveness of the system of internal control in achieving the Company's overall objectives.

The Company has outsourced the internal audit function to Messrs. UHY Diong. During the financial year, the Internal Auditors carried out a total of three (3) audit assignments on the Company and its subsidiaries in accordance with the audit plan. The Internal Auditors had updated the principal risk faced, or potentially exposed by the Company and its subsidiaries.

For the financial year 2008, the total cost of the internal audit function was RM27,500.00.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors (“the Board”) of Central Industrial Corporation Berhad (the “Company”) fully appreciates the importance of adopting high standards of corporate governance within the Group, comprising the Company and its subsidiaries. The Board views corporate governance as synonymous with three key concepts, namely transparency, accountability and integrity.

The Board evaluates the status of the Group’s corporate governance practices with a view to adopt and apply, where practicable, the Principles and Best Practices stated in Parts 1 and 2 of the Malaysian Code on Corporate Governance (the “Code”) respectively. As such, the Board is fully committed to the maintenance of high standards of corporate governance in its quest to enhance shareholder value.

PRINCIPLES STATEMENT

The following statement sets out how the Group has applied the Principles of the Code and how the Board has complied with the Best Practices set out in the Code for the financial year under review.

A. BOARD OF DIRECTORS

Board duties and responsibilities

The Board acknowledges its role in the stewardship of the Group’s direction and operations, and ultimately the enhancement of long-term shareholder value. To fulfill this role, the Board is responsible for the overall corporate governance of the Group, including its strategic direction, establishing goals for Management and monitoring the achievement of these goals. Although it does not have a formal schedule of matters reserved to it for decision, the Board is normally involved in deciding the overall Group strategy and direction, acquisition and divestment policy, approval of capital expenditure, consideration of significant financial matters and the review of financial and operating performance of the Group.

The Board delegates the day-to-day operations of the Group to the Managing Director and Executive Director, who have vast experience in the business of the Group.

Meetings

The Board is scheduled to meet at least four (4) times a year, with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. During the financial year ended 31 December 2008, the Board met on six (6) occasions, where it deliberated upon and considered a variety of matters including the Group’s financial results, strategic decisions and the direction of the Group.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

A. BOARD OF DIRECTORS (Cont'd)

Meetings (Cont'd)

The attendances of the Directors during the financial year are as follows:

Name of directors	No. of meetings	
	Held	Attended
Dato' Dr. Zabir Bin Bajuri	6	6
Datuk Abdul Jamil Bin Mohd Ali	6	6
Dato' Wira Zainuddin Bin Mahmud	6	6
Dato' Johan Bin Ariffin	6	6
Dato' Lim Chee Meng	6	5
Lai Kim Hean	6	6
Koay Then Hin	6	6
Foo Kee Fatt	6	6
Lim Shiak Ling (Appointed on 24.11.2008)	0	0
(Resigned as Alternate Director to Dato' Lim Chee Meng on 24.11.2008)	6	0
Dato' Haji Norhaidi Bin Che Dan @ Che Din (Resigned on 29.10.2008)	5	0

All Directors are furnished with an agenda and documents on matters requiring their consideration in advance of each Board meeting. The Chairman, with the assistance of the Company Secretary, undertakes the primary responsibility for organising information necessary for the Board to deal with the agenda and for providing this information to the Directors on a timely basis. During the meetings, the Board is briefed on matters dealt with in the agenda and, where appropriate, additional information is made available to Directors. All proceedings of Board meetings are duly recorded and the minutes thereof signed by the Chairman of the Board.

Board Committees

The Board of Directors delegates certain responsibilities to Board Committees, namely an Audit and Risk Management Committee, a Nomination Committee, a Remuneration Committee and an Employees' Share Option Scheme ("ESOS") Committee in order to enhance business and operational efficiency as well as efficacy. The ESOS Committee was established to administer the Company's ESOS in accordance with the by-laws thereof to determine, amongst others, participation eligibility, option offers and share allocations.

All Board Committees have written terms of reference and the Board receives reports of their proceedings and deliberations, where relevant. The Chairman of various Committees reports to the Board the outcome of the Committee meetings.

Board balance

At the date of this statement, the Board consists of nine (9) members; comprising two (2) Executive Directors, three (3) Non-Executive Directors and four (4) Independent Non-Executive Directors. A brief profile of each Director is presented on pages 6 to 10 of the Annual Report.

A. BOARD OF DIRECTORS (Cont'd)

Board balance (Cont'd)

The concept of independence adopted by the Board is in tandem with the definition of an independent Director in Section 1.01 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). The key elements for fulfilling the criteria are the appointment of Directors who are not members of Management and who are free of any relationship which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company. The Board complies with paragraph 15.02 of the Listing Requirements, which requires that at least two (2) Directors or one-third of the Board of the Company, whichever is the higher, are independent Directors.

The Directors, with their different backgrounds and specializations, collectively bring with them a wide range of experience and expertise in areas such as finance, corporate affairs, legal, marketing and operations.

The Executive Directors are responsible for implementing the policies and decisions of the Board, overseeing the operations as well as coordinating the development and implementation of business and corporate strategies. The presence of independent Non-Executive Directors in the Board is essential as they provide an unbiased and independent view, advice and judgement to the decision-making of the Board and provide an appropriate check and balance for the Executive Directors, thereby ensuring that no one individual or group dominates the Board's decision-making process.

Together with the Executive Directors who have intimate knowledge of the business, the Board is constituted of individuals who have a proper understanding of and competence to deal with, current and emerging business issues.

There is a clear division of responsibilities at the head of the Company to ensure a balance of authority and power. The Board is led by Dato' Dr. Zabir Bin Bajuri, an independent non-executive Chairman while the executive management of the Company is led by Mr. Lai Kim Hean, the Managing Director.

Although the role of the Chairman is not defined with his position responsibilities, the Chairman in practice is responsible for running the Board and ensures that all Directors receive sufficient relevant information on financial and non-financial matters to enable them to participate actively in Board decisions.

The Managing Director is responsible for the day-to-day management of the business as well as the implementation of Board's policies and decisions.

The Board is satisfied that the current Board composition fairly reflects the interests of minority shareholders in the Company.

The Board has also appointed Dato' Wira Zainuddin Bin Mahmud as the Senior Independent Non-Executive Director to whom concerns pertaining to the Group may be conveyed by the shareholders and public.

A. BOARD OF DIRECTORS (Cont'd)

Supply of information

The Board recognises that the decision-making process is highly dependent on the quality of information furnished. As such, all Directors have unrestricted access to any information pertaining to the Group.

The Chairman, with the assistance of the Company Secretary, ensures that all Directors have full and timely access to information with Board papers distributed in advance of Board meetings. This ensures that Directors have sufficient time to understand and appreciate issues deliberated at the Board meeting and expedites the decision-making process.

Every Director also has unhindered access to the advice and services of the Company Secretary. The Board believes that the current Company Secretary is capable of carrying out her duties to ensure the effective functioning of the Board. The Articles of Association specify that the removal of the Company Secretary is a matter for the Board as a whole.

Before meetings of the Board and Board Committees, appropriate documents, which include the agenda and reports relevant to the issues to be deliberated at the meetings covering the areas of financial, operational and regulatory compliance matters, are circulated to all Directors, to enable them to obtain further explanation, where necessary, in order to be properly briefed before the meeting.

The Directors meet, review and approve all corporate announcements, including the announcement of quarterly financial results, before releasing them to Bursa Securities.

The Board as a whole will determine, whether as a full board or in their individual capacity, to take independent professional advice, where necessary and under appropriate circumstances, in furtherance of their duties, at the Group's expense. However, where necessary and under appropriate circumstances in furtherance of his duties, any Director may do so with the prior consent and approval of the Chairman.

Appointments to the Board

Nomination Committee

The Nomination Committee comprises the following members:

- Mr. Foo Kee Fatt Chairman, Independent Non-Executive Director
(Elected as Chairman on 24.11.2008)
- Dato' Lim Chee Meng Member, Non-Independent Non-Executive Director
- Mr. Koay Then Hin Member, Independent Non-Executive Director
(Appointed on 24.11.2008)
- Dato' Haji Norhaidi Bin
Che Dan @ Che Din Chairman, Independent Non-Executive Director
(Resigned on 29.10.2008)

The Committee consists entirely of Non-Executive Directors, a majority of whom are independent in accordance with Best Practices of the Code.

A. BOARD OF DIRECTORS (Cont'd)

Appointments to the Board (Cont'd)

Nomination Committee (Cont'd)

The Nomination Committee is empowered by the Board and its terms of reference to bring to the Board recommendations on the appointment of new Directors. The Committee is to systematically keep under review the effectiveness of the Board and Board Committees as a whole and for assessing the contribution of each individual Director in discharging his duties. The Nomination Committee is also empowered to seek professional advice within or outside the Group as it considers necessary in the discharge of its responsibilities.

The Committee shall meet at least once a year and as and when it is necessary, and at least once every year in carrying out an annual review of the Board, its Committees and the contribution of individual Directors to the Company.

The Committee met two (2) times during the financial year to review the size and composition of the Board as well as performance of the other Board Committees. The Committee had also discussed and deliberated on the contributions of the Board and Nomination Committee with the respective members of the Nomination Committee abstaining from the process. In addition, the Committee deliberated and recommended to the Board for the appointment of new executive director and member of the Board Committees.

The Company Secretary will ensure that all necessary information is obtained and that all legal and regulatory obligations are met before appointments of new Directors are made.

Directors' training

The Board, through the Nomination Committee, ensures that it recruits to the Board only individuals of sufficient calibre, knowledge and experience to fulfil the duties of a Director appropriately. As at the date of this Statement, all Directors have attended and successfully completed the Mandatory Accreditation Programme as required by Bursa Securities. The Directors continue to undergo the continuous education program to enhance their skills and knowledge, where relevant.

Among the training programmes and seminars attended by the Directors during the year are as follows :-

- Directorship: Independent VS Executive
- Code of corporate compliance and ethical conduct
- The inside story of the annual report : what you need to know
- Effective chairmanship
- Managing tax planning issues in a human resource environment
- Understanding financial reporting for directors and senior management
- Asean 100 leadership forum 2008
- Quality Management Systems Of ISO 9001 : 2000

A. BOARD OF DIRECTORS (Cont'd)

Appointments to the Board (Cont'd)

Re-election

In accordance with the provisions of the Articles of Association of the Company, one-third of the Directors for the time being or, if their number is not a multiple of three (3), then the number nearest to one-third shall retire from office at the Annual General Meeting ("AGM"). All the Directors shall retire from office once at least in each three years and shall be eligible for re-election.

To assist shareholders in their decision, sufficient information such as personal profile, meetings attendance and the shareholdings in the Group of each Director standing for election are furnished in the statement accompanying notice of the AGM and this statement.

In accordance with Section 129(6) of the Companies Act, 1965, Directors who are over seventy (70) years of age are required to submit themselves for re-appointment on an annual basis.

B. DIRECTORS' REMUNERATION

Remuneration Committee

The Remuneration Committee comprises the following members:

- Datuk Abdul Jamil Bin Mohd Ali Chairman, Non-Independent Non-Executive Director
- Dato' Lim Chee Meng Member, Non-Independent Non-Executive Director
- Mr. Lai Kim Hean Member, Non-Independent Executive Director

The Committee consists mainly of Non-Executive Directors. The Remuneration Committee is responsible for recommending and putting in place a structured remuneration framework for Executive Directors.

The determination of remuneration packages of Non-Executive Directors shall be a matter for the Board as a whole, with individual Directors abstaining from decisions in respect of their individual remuneration. During the financial year, the Remuneration Committee met once to review the bonuses and increments of the Executive Directors.

The policy adopted by the Committee on Directors' remuneration is to structure remuneration packages necessary to attract, retain and motivate Directors to effectively manage the business of the Group.

B. DIRECTORS' REMUNERATION (Cont'd)**Details of the Directors' remuneration**

Details of the nature and amount of each major element of the remuneration of Directors of the Company during the financial year ended 31 December 2008, are as follows:

Directors	Executive Directors (RM)	Non-Executive Directors (RM)	Total (RM)
Fees	10,000	142,000	152,000
Salary and bonus	380,650	-	380,650
Benefits-in-kind	24,550	-	24,550
EPF contribution	48,282	-	48,282
Total	463,482	142,000	605,482

The remuneration paid/payable to Directors, analysed into bands of RM50,000 each for the financial year ended 31 December 2008, is summarised as follows:

Range of remuneration	Number of Directors	
	Executive	Non-Executive
Below RM50,000	-	8
RM50,001 - RM100,000	1	-
RM100,001 - RM150,000	-	-
RM150,001 - RM200,000	-	-
RM200,001 - RM250,000	-	-
RM250,001 - RM300,000	-	-
RM300,001 - RM350,000	1	-

C. SHAREHOLDERS

The Company recognises the importance of accountability to its shareholders and investors through proper communication. The Board acknowledges that shareholders should be informed of all material business matters which influence the Group. Timely release of quarterly financial results to Bursa Securities and other information and corporate actions taken by the Group that warrant an announcement to Bursa Securities under the Listing Requirements of Bursa Securities provide shareholders with a current overview of the Group's performance.

Whilst the Annual Report provides a comprehensive source of information on the Group's financial and operational performance, the AGM and Extraordinary General Meetings provide a platform for shareholders to seek more information and clarification on the audited financial statements, operational issues and other matters of interest. The Directors readily avail themselves to answer any such questions that may arise as shareholders may seek more information than what is available in the Annual Report and/or circulars. The Company's practice is to send out the notice of AGM and related papers to shareholders at least twenty-one (21) working days before the meeting.

C. SHAREHOLDERS (Cont'd)

In addition, the Board and Management welcome any form of visit by fund managers and analysts and conduct regular briefings to them as the Board believes that this will give investors and interested parties on one hand, a better appreciation and understanding of the Group's performance and on the other, awareness of the expectations and concerns of investors and such interested parties. Besides, the Company also maintains an official web site at www.cicb.com.my that provides background information of the Group to the public. However, in any circumstances, while the Company endeavours to provide as much information as possible to its shareholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information. However, in any of the circumstances, the Directors are cautious not to provide undisclosed material information about the Group and frequently stress the importance of timely and equal dissemination of information to shareholders and stakeholders.

D. ACCOUNTABILITY AND AUDIT

Financial reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly announcement of results to Bursa Securities as well as the Chairman's statement and review of operations in the Annual Report. The Board is assisted by the Audit and Risk Management Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

Directors' responsibility statement in respect of the preparation of the audited financial statements

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and the results of their operations and cash flows for the year then ended. In preparing the financial statements, the Directors have ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been applied.

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

The Directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

State of internal controls

The Statement on Internal Control furnished on pages 29 to 30 of the Annual Report, provides an overview on the state of internal controls within the Group.

Relationship with the Auditors

Key features underlying the relationship of the Audit and Risk Management Committee with the internal and external auditors are included in the Audit and Risk Management Committee's terms of reference as detailed on pages 13 to 15 of the Annual Report.

D. ACCOUNTABILITY AND AUDIT (Cont'd)

Relationship with the Auditors (Cont'd)

A summary of the activities of the Audit and Risk Management Committee during the financial year, including the evaluation of the independent audit process, are set out in the Audit and Risk Management Committee Report on page 16 of the Annual Report.

OTHER INFORMATION

- **Utilisation Of Proceeds**

The Company did not raise any funds through any corporate proposal during the financial year under review.

- **Share Buy-Back**

The Company has not undertaken any share buy-back exercise during the financial year under review.

- **Options, Warrants Or Convertible Securities**

During the financial year ended 31 December 2008, the Company did not issue any options, warrants or convertible securities.

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

The Company did not sponsor any ADR or GDR programme.

- **Sanctions And/Or Penalties**

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

- **Non-audit Fees**

The non-audit fees paid to the external auditors, Messrs. KPMG, during the financial year ended 31 December 2008 was RM8,500.00.

- **Profit Guarantee**

There is no Profit Guarantee received by the Company for the financial year ended 31 December 2008.

- **Variation In Results**

There were no material variances between the audited results for the financial year ended 31 December 2008 and the unaudited results previously announced.

- **Material Contracts**

There were no material contracts entered into by the Company and/or its subsidiaries involving the Directors' and major shareholders' interests, either still subsisting at the end of the financial year ended 31 December 2008 or since the end of the previous financial year.

- **Revaluation Policy**

There was no revaluation done on the Group's landed properties in respect of the financial year under review.

STATEMENT ON CORPORATE SOCIAL RESPONSIBILITY

The Company has undertaken the following steps to contribute to its valued employees, related stakeholders, the general public and the environment :-

Employees' Welfare

In today's competitive environment, the most important contribution to the Company's growth is its employees. As part of our corporate social responsibility ("CSR"), the Company has initiated the following activities to promote the welfare of all our employees :-

(i) Safety & Health Team

The Company has its in-house Occupational Safety & Health Committee which meet at least once quarterly to discuss on the safety and health related issues concerning the employees, plant & equipment and also the working environment. The Committee shall continue to improve the Company's safety & health performance by proactively providing awareness and programs for our employees in relation to a safe workplace.

(ii) Human Capital Development

The Company believes that its human capital forms the backbone of the organisation. The Group human resource's solution is thus very closely aligned to its business priorities as the Group recognises the symbiosis between an organisation and its human capital. The Company recognises that by aligning its growth strategy to external changes and mobilising its people to act quickly and vigorously in response to these changes is critical to the Group's continued growth. The Company has a policy of providing training for all level of staff. The Group contributes to Human Resource Development Fund and is committed to the development and training of the employees to enhance their skill and competencies.

(iii) Employees' Share Option Scheme

We are providing opportunity to the employees to share the success of the Company through the granting of options under an Employees' Share Option Scheme.

(iv) Public Liability Insurance

The Company has insured the public from the risk arising from its operation with a Public Liability Insurance of up to a total of RM500,000.00.

(v) Emergency Response Team

An Emergency Response Team (ERT) is formed to assist the Management and employees during any emergencies to ensure that all the employees are aware of their own safety during fire and that the Company's properties and materials are well protected from any accident or mishap.

We think that our employees are behind the success of the Company and they remain our long term valuable assets in ensuring the Company's long term sustainability.

Environmental Awareness

The Company is committed to prevent pollution through environmental controls, minimization of wastes and efficient use of all the energy. The Company has engaged competent consultants to conduct Air Emission/Pollution Monitoring and Noise Monitor to ensure that our operations meet the requirements set by the various authorities. The Company has its environment team to promote environmental awareness and in the conservation of the environment. The environment team will continue to play an active part in providing awareness to our employees and education in environment CSR. In addition, we also communicate to our customers, suppliers, contractors, shareholders and the public on our commitment to environmental protection and conservation.

With the CSR Charter in mind, we are committed to preserve pollution through minimization of waste. We are obliged to ensure that our operations do not degrade the environment. The Company has over the years undertaken its fair share to conserve the environment including :-

(i) Solvent Recovery

The Company has invested approximately RM2.0 million on a gigantic solvent recovery plant to recover the solvent from the tape coating process. It was a cost-effective method as it reduces the actual consumption of solvent greatly. A mini solvent recovery device was also purchased to recover the solvent used for machine cleaning.

(ii) Scheduled Waste Management

All scheduled waste will be packed according to the requirements of Department of Environment and Kualiti Alam and transported to waste management plant of Kualiti Alam at Bukit Nenas.

(iii) Non-Scheduled Waste Management

All non-scheduled waste will be disposed by licensed contractor at industrial waste dump site.

(iv) Chemical Health Risk Assessment

As various chemicals are used in our production process, we have engaged a registered Chemical Health Risk Assessor to carry out the assessment.

Our effort in undertaking the protection of our environment is part of our commitment to maintain our standard towards environmental control.

Contribution to the Community

(i) Industrial Training

The Company has provided industrial training (for a period of 3 to 6 months, with allowance provided) to undergraduates studying at local higher education as opportunities for these undergraduates to experience the operations and productions of the Company.

(ii) Malaysia External Trade Development Corporation (MATRADE) and other Governmental Agencies

We have embarked on the export and trade programs such as exhibition and road shows run by Malaysia External Trade Development Corporation (Matrade) to foster a better working relationship with the government departments such as MIDA and MITI.

(iii) Charitable Contributions

We have during the year contributed to the local community and charitable organizations with the cash donation and would continue to support the needy and the underprivileged.

Our efforts in undertaking CSR are part of our commitment and mission in managing our business responsibility towards ensuring all the shareholders have benefited in one way or another.

We continue to play our part as a responsible corporate citizen and discharging our social responsibilities through active participation in all the CSR programs.

STATEMENT ON INTERNAL CONTROL

Pursuant to Paragraph 15.27(b) of Bursa Malaysia Securities Berhad Listing Requirements, the Board of Directors of Central Industrial Corporation Berhad is pleased to provide the following statement on the state of internal control of the group, which has been prepared in accordance with the Statement on Internal Control: Guidance for Directors of Public Listed Companies (“Internal Control Guidance”) issued by the Institute of Internal Auditors Malaysia and adopted by Bursa Malaysia Securities Berhad.

RESPONSIBILITY FOR RISK AND INTERNAL CONTROL

The Board recognises the importance of a structured risk management framework and risk-based internal audit to establish and maintain a sound system of internal control. The Board affirms its overall responsibility for the Group’s systems of internal control and for reviewing the adequacy and integrity of those systems. Because of the limitations that are inherent in any system of internal control, those systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced, or potentially exposed to, by the Group in pursuing its business objectives. This process has been in place throughout the financial year and up to the date of approval of the annual report. The adequacy and effectiveness of this process have been continually reviewed by the Board and are in accordance with the Internal Control Guidance.

RISK MANAGEMENT

The Board and management practice proactive significant risks identification on a quarterly basis or earlier as appropriate, particularly any major proposed transactions, changes in nature of activities and/or operating environment, or venturing into new operating environment which may entail different risks, and put in place the appropriate risk response strategies and controls until those risks are managed to, and maintained at, a level acceptable to the Board.

INTERNAL AUDIT FUNCTION

The Board acknowledges the importance of internal audit function and has engaged the services of an independent professional accounting and consulting firm, Messrs UHY Diong to provide much of the assurance it requires regarding the effectiveness as well as the adequacy and integrity of the Group’s systems of internal control.

The internal audit function adopts a risk-based approach in developing its audit plan which addresses all the core auditable areas of the Group based on their risk profile. Scheduled internal audits are carried out by the internal auditors based on the audit plan presented to and approved by the Audit and Risk Management Committee. The audit focuses on areas with high risk and inadequate controls to ensure that an adequate action plan has in place to improve the controls. For those areas with high risk and adequate controls, the audit ascertains that the risks are effectively mitigated by the controls. On a quarterly basis or earlier as appropriate, the internal auditors report to the Audit and Risk Management Committee on areas for improvement and will subsequently follow up to determine the extent of their recommendations that have been implemented.

STATEMENT ON INTERNAL CONTROL (CONT'D)

INTERNAL CONTROL

Apart from risk management and internal audit, the Group has put in place the following key elements of internal control:-

- Job functions of individuals within the Group are defined in the organization chart and their duties are properly segregated. Proper authorisation procedures are in place as control measures;
- The Group has requirements for the approval and control of capital expenditure. Strategic investment decisions involving capital expenditure and are subject to formal detailed appraisal and review by the Board;
- Each year the Board approves the annual budget. Actual performance against the previous budget is reviewed during the budget presentation exercise;
- Financial and operational reports are produced periodically and are distributed to the senior management for their review in a timely fashion. Quarterly announcements are discussed at Audit and Risk Management Committee meetings and comparisons are made against prior period;
- Scheduled management meetings are held to address matters that relate to sales performance, manufacturing operations, inventory management and credit control;
- A set of documented internal policies and procedures for operational, financial and human resource management, which is subject to regular review and improvement; and
- Regular visits to operating units by members of the Board and senior management.

Based on the internal auditors' report, there is a reasonable assurance that the Group's systems of internal control are generally adequate and appear to be working satisfactorily. A number of internal control weaknesses were identified during the financial period, all of which have been, or are being, addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

The Board continues to review and implement measures to strengthen the internal control environment of the Group.

This statement has been reviewed by the external auditors in compliance with Paragraph 15.24 of Bursa Malaysia Securities Berhad Listing Requirements.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2008

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2008.

Principal activities

The Company is principally engaged in the manufacture and sale of self-adhesive label stocks and tapes of its own brand, and trading of other self-adhesive label stocks and tapes.

The principal activities of its subsidiaries are stated in the Note 6 to the financial statements.

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

Results

	Group RM	Company RM
Profit attributable to shareholders of the Company	1,196,994	1,008,468

Dividends

Since the end of the previous financial year, the Company paid a final dividend of 2.30% per ordinary share less 26% tax totalling RM779,176 in respect of the financial year ended 31 December 2007 on 15 September 2008.

Subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company, the Directors recommend a final dividend of 1.50% per ordinary share less 25% tax in respect of the financial year ended 31 December 2008.

Reserves and provisions

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

Directors of the Company

Directors who served since the date of the last report are:

Dato' Dr. Zabir Bin Bajuri

Dato' Wira Zainuddin Bin Mahmud

Datuk Abdul Jamil Bin Mohd. Ali

Dato' Johan Bin Ariffin

Dato' Lim Chee Meng

Lai Kim Hean

Koay Then Hin

Foo Kee Fatt

Lim Shiak Ling

Dato' Haji Norhaidi Bin Che Dan @ Che Din

Lim Shiak Ling (Alternate to Dato' Lim Chee Meng)

(Appointed on 24.11.2008)

(Resigned on 29.10.2008)

(Resigned as Alternate Director to Dato' Lim Chee Meng on 24.11.2008)

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2008 (CONT'D)

Directors' interest in shares

The interests and deemed interest in the shares and options of the Company and of its related companies (other than wholly-owned subsidiaries) of those who were Directors at year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM1.00 each			Balance at 31.12.2008
	Balance at 1.1.2008	Bought	(Sold)	
Lai Kim Hean				
Direct interest in the Company - own	268,000	81,000	-	349,000
Dato' Lim Chee Meng				
Deemed interest in the Company - own	12,232,000	-	-	12,232,000

	Exercise price RM	Number of options over ordinary shares of RM1.00 each			Balance at 31.12.2008
		Balance at 1.1.2008	Granted	(Exercised)	
Lai Kim Hean	1.00	134,000	-	-	134,000
Lim Shiak Ling	1.00	47,000	-	-	47,000

By virtue of his interests of more than 15% in the shares of the Company, Dato' Lim Chee Meng is also deemed interested in the shares of all the subsidiaries during the financial year to the extent the Company has an interest.

None of the other Directors holding office at 31 December 2008 had any interest in the ordinary shares of the Company and of its related companies during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements of the Company) by reason of a contract made by the Company or a related company 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.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate apart from the Employees' Share Option Scheme ("ESOS") of the Company.

Issue of shares and debentures

There were no changes in the issued and paid-up capital of the Company and no debentures were in issue during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

The Company's ESOS was approved by the shareholders at the Extraordinary General Meeting on 6 August 2003. The scheme is effective for a period of five (5) years commencing 23 March 2004 and has expired 22 March 2009 ("Option Period"). Subsequent to balance sheet date, the Board of Directors has decided to extend the ESOS period for up to a maximum period of an additional five (5) years, commencing 23 March 2009 and expiring on 22 March 2014 on the terms and conditions as set out in the ESOS bye-laws upon the recommendation of the ESOS Committee (Note 26).

On 23 March 2006, the Company offered the ESOS to eligible employees of the Group to subscribe for 1,594,000 ordinary shares of RM1.00 par value each in the capital of the Company, at the option price of RM1.00 per share. At the close of the options offer on 21 April 2006, 132 eligible employees took up the Options with the rights to subscribe for a total number of 1,532,000 ordinary shares.

The salient features of the Scheme are summarised below:

- i) 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 of time during the existence of the Scheme;
- ii) Eligible employees are employees of the Group that have been confirmed on the date of offer and with at least one (1) year of continuous service;
- iii) The option price shall be the higher of the following:
 - a. at a discount of not more than ten percent (10%) from the weighted average market prices of the ordinary shares of RM1.00 each in the Company as shown in the daily official list issued by the Bursa Malaysia Securities Berhad for the five (5) market days immediately preceding the date of offer; or
 - b. the par value of the ordinary shares in the Company;
- iv) The options granted to eligible employees shall automatically lapse when they are no longer in employment of the Group.

The options offered to take up unissued ordinary shares of RM1 each and the option price are as follows :

Date of offer	Exercise price RM	Number of options over ordinary shares of RM1.00 each			
		At 1.1.2008	Granted	(Lapsed)	At 31.12.2008
23 March 2006	1.00	1,264,000	-	(154,000)	1,110,000

The persons to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2008 (CONT'D)

Other statutory information

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

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

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

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the values attributed to the current assets in financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, and
- ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 December 2008 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Subsequent event

Details of such event are disclosed in Note 26 to the financial statements.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2008 (CONT'D)

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

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

Lai Kim Hean

Foo Kee Fatt

Kuala Lumpur,
Date : 29 April 2009

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

In the opinion of the Directors, the financial statements set out on pages 39 to 80 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 December 2008 and of their financial performance and cash flows for the year then ended.

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

Lai Kim Hean

Foo Kee Fatt

Kuala Lumpur,
Date : 29 April 2009

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, **Lai Kim Hean**, the Director primarily responsible for the financial management of Central Industrial Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 39 to 80 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed at Georgetown in the State of Penang on 29 April 2009.

Lai Kim Hean

Before me:

Cheah Beng Sun (No. P103)
DJN, AMN, PKT, PJK, PJM, PK
Commissioner for oaths
Penang

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CENTRAL INDUSTRIAL CORPORATION BERHAD

Report on the Financial Statements

We have audited the financial statements of Central Industrial Corporation Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 39 to 80.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CENTRAL INDUSTRIAL CORPORATION BERHAD (CONT'D)

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 of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the accounts and the auditors' report of the subsidiary of which we have not acted as auditors, which is indicated in Note 6 to the financial statements.
- b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- c) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

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

KPMG

AF 0758

Chartered Accountants

Ooi Kok Seng

2432/05/09 (J)

Chartered Accountant

Penang

Date : 29 April 2009

CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2008

	Note	2008 RM	2007 RM
Assets			
Property, plant and equipment	3	22,808,212	24,386,641
Investment properties	4	4,663,052	4,965,983
Prepaid lease payments	5	2,058,412	2,107,180
Total non-current assets		<u>29,529,676</u>	<u>31,459,804</u>
Receivables, deposits and prepayments	7	16,250,338	16,770,776
Inventories	8	27,877,190	22,546,450
Current tax assets		91,232	352,280
Cash and bank balances		1,512,550	1,878,572
Total current assets		<u>45,731,310</u>	<u>41,548,078</u>
Total assets		<u>75,260,986</u>	<u>73,007,882</u>
Equity			
Share capital	9	45,780,000	45,780,000
Reserves	10	1,636,153	1,541,348
Retained earnings		12,003,258	11,585,440
Total equity		<u>59,419,411</u>	<u>58,906,788</u>
Liabilities			
Employee benefits	12	1,468,821	1,490,859
Deferred tax liabilities	13	27,052	83,000
Total non-current liabilities		<u>1,495,873</u>	<u>1,573,859</u>
Payables and accruals	14	1,958,848	3,907,709
Borrowings	11	12,383,651	8,619,526
Current tax liabilities		3,203	-
Total current liabilities		<u>14,345,702</u>	<u>12,527,235</u>
Total liabilities		<u>15,841,575</u>	<u>14,101,094</u>
Total equity and liabilities		<u>75,260,986</u>	<u>73,007,882</u>

This notes on pages 49 to 80 are an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 RM	2007 RM
Continuing operations			
Revenue	15	60,341,637	51,201,259
Cost of sales		(51,624,892)	(46,402,909)
Gross profit		<u>8,716,745</u>	<u>4,798,350</u>
Distribution costs		(3,143,638)	(3,041,699)
Administrative expenses		(3,774,994)	(3,989,478)
Other operating expenses		(646,685)	(1,192,508)
Other operating income		627,803	9,853,081
Operating profit		<u>1,779,231</u>	<u>6,427,746</u>
Interest income		-	31,080
Finance costs	16	(531,978)	(368,420)
Profit before tax	17	<u>1,247,253</u>	<u>6,090,406</u>
Tax expense	19	(50,259)	(8,370)
Profit for the year attributable to the equity holders of the Company		<u><u>1,196,994</u></u>	<u><u>6,082,036</u></u>
Basic earnings per ordinary share (sen)	20	<u><u>2.6</u></u>	<u><u>13.3</u></u>
Diluted earnings per ordinary share (sen)	20	<u><u>2.6</u></u>	<u><u>13.3</u></u>
Dividend per ordinary share (sen) - gross	21	1.50	2.30
- net	21	<u><u>1.13</u></u>	<u><u>1.70</u></u>

This notes on pages 49 to 80 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2008

Note	← Non-distributable			→ Distributable		Total equity RM
	Share capital RM	Share Premium RM	Translation reserve RM	Share option reserve RM	Retained earnings RM	
At 1 January 2007	45,780,000	1,406,679	(136)	82,728	5,887,727	53,156,998
Foreign exchange translation differences	-	-	(1,599)	-	-	(1,599)
Net loss not recognised in the income statement	-	-	(1,599)	-	-	(1,599)
Share-based payments	12	-	-	53,676	-	53,676
Profit for the year	-	-	-	-	6,082,036	6,082,036
Dividend	21	-	-	-	(384,323)	(384,323)
At 31 December 2007	45,780,000	1,406,679	(1,735)	136,404	11,585,440	58,906,788
Foreign exchange translation differences	-	-	(1,923)	-	-	(1,923)
Net loss not recognised in the income statement	-	-	(1,923)	-	-	(1,923)
Share-based payments	12	-	-	96,728	-	96,728
Profit for the year	-	-	-	-	1,196,994	1,196,994
Dividend	21	-	-	-	(779,176)	(779,176)
At 31 December 2008	45,780,000	1,406,679	(3,658)	233,132	12,003,258	59,419,411

The notes on pages 49 to 80 are an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 RM	2007 RM
Cash flows from operating activities			
Profit before tax from continuing operations		1,247,253	6,090,406
Adjustments for :			
Amortisation of prepaid lease payments	5	48,768	78,768
Depreciation			
- Property, plant and equipment	3	1,964,887	2,148,662
- Investment properties	4	302,931	338,348
Gain on disposal of other investments	6	-	(9,340,000)
Interest expense		531,978	368,420
Interest income		-	(31,080)
Plant and equipment written off		2,383	794,171
Provision for retirement/resignation benefits	12	216,941	140,283
Share-based payments	12	96,728	53,676
		<hr/>	<hr/>
Operating profit before changes in working capital		4,411,869	641,654
Changes in working capital :			
Inventories		(5,305,300)	(2,541,040)
Receivables and prepayments		571,923	(3,440,596)
Payables and accruals		(2,035,252)	513,255
		<hr/>	<hr/>
Cash used in operations		(2,356,760)	(4,826,727)
Tax refunded		158,044	52,138
Retirement/resignation benefits paid	12	(238,979)	(153,303)
		<hr/>	<hr/>
Net cash used in operating activities		(2,437,695)	(4,927,892)
Cash flows from investing activities			
Interest received		-	31,080
Purchase of property, plant and equipment	3	(388,756)	(611,354)
Proceeds from disposal of other investments, net	6	-	9,820,000
		<hr/>	<hr/>
Net cash (used in)/generated from investing activities		(388,756)	9,239,726

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2008 (CONT'D)

	2008	2007
	RM	RM
Cash flows from financing activities		
Dividend paid	(779,176)	(384,323)
Interest paid	(531,978)	(368,420)
Repayment of Bai Bithaman Ajil ("BBA") facility	-	(4,078,087)
Movement of short term borrowings, net	3,497,000	1,092,000
Net cash generated from/(used in) financing activities	2,185,846	(3,738,830)
Net (decrease)/increase in cash and cash equivalents	(640,605)	573,004
Cash and cash equivalents at 1 January	1,394,046	818,944
Effect of exchange rate fluctuations on cash and cash equivalents	7,458	2,098
Cash and cash equivalents at 31 December	760,899	1,394,046

Note

Cash and cash equivalents

Cash and cash equivalents included in the consolidated cash flow statement comprise the following consolidated balance sheet amounts:

	2008	2007
	RM	RM
Cash and bank balances	1,512,550	1,878,572
Bank overdraft (Note 11)	(751,651)	(484,526)
	760,899	1,394,046

The notes on pages 49 to 80 are an integral part of these financial statements.

BALANCE SHEET

AT 31 DECEMBER 2008

	Note	2008 RM	2007 RM
Assets			
Property, plant and equipment	3	22,622,282	24,157,953
Investment properties	4	4,663,052	4,965,983
Prepaid lease payments	5	2,058,412	2,107,180
Investments in subsidiaries	6	1,213,000	1,000,000
Total non-current assets		<u>30,556,746</u>	<u>32,231,116</u>
Receivables, deposits and prepayments	7	16,451,866	17,165,236
Inventories	8	27,102,985	21,873,044
Current tax assets		17,500	125,818
Cash and bank balances		1,461,067	1,572,229
Total current assets		<u>45,033,418</u>	<u>40,736,327</u>
Total assets		<u><u>75,590,164</u></u>	<u><u>72,967,443</u></u>
Equity			
Share capital	9	45,780,000	45,780,000
Reserves	10	1,639,811	1,543,083
Retained earnings		10,014,456	9,785,164
Total equity		<u>57,434,267</u>	<u>57,108,247</u>
Liabilities			
Employee benefits	12	1,468,821	1,490,859
Deferred tax liabilities	13	-	41,000
Total non-current liabilities		<u>1,468,821</u>	<u>1,531,859</u>
Payables and accruals	14	4,303,425	5,707,811
Borrowings	11	12,383,651	8,619,526
Total current liabilities		<u>16,687,076</u>	<u>14,327,337</u>
Total liabilities		<u>18,155,897</u>	<u>15,859,196</u>
Total equity and liabilities		<u><u>75,590,164</u></u>	<u><u>72,967,443</u></u>

The notes on pages 49 to 80 are an integral part of these financial statements.

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 RM	2007 RM
Continuing operations			
Revenue	15	57,393,541	48,875,139
Cost of sales		(49,526,243)	(44,716,871)
Gross profit		<u>7,867,298</u>	<u>4,158,268</u>
Distribution expenses		(3,503,162)	(3,569,408)
Administrative expenses		(2,659,638)	(2,847,552)
Other operating expenses		(608,927)	(1,181,280)
Other operating income		495,848	9,799,612
Operating profit		<u>1,591,419</u>	<u>6,359,640</u>
Interest income		-	31,080
Finance costs	16	(531,978)	(363,433)
Profit before tax	17	<u>1,059,441</u>	<u>6,027,287</u>
Tax expense	19	(50,973)	-
Profit for the year		<u><u>1,008,468</u></u>	<u><u>6,027,287</u></u>
Dividend per ordinary share (sen) - gross	21	1.50	2.30
- net	21	<u>1.13</u>	<u>1.70</u>

The notes on pages 49 to 80 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	← Non-distributable →			Distributable	Total equity RM
		Share capital RM	Share Premium RM	Share option reserve RM	Retained earnings RM	
At 1 January 2007		45,780,000	1,406,679	82,728	4,142,200	51,411,607
Profit for the year		-	-	-	6,027,287	6,027,287
Share-based payments	12	-	-	53,676	-	53,676
Dividend	21	-	-	-	(384,323)	(384,323)
At 31 December 2007		45,780,000	1,406,679	136,404	9,785,164	57,108,247
Profit for the year		-	-	-	1,008,468	1,008,468
Share-based payments	12	-	-	96,728	-	96,728
Dividend	21	-	-	-	(779,176)	(779,176)
At 31 December 2008		45,780,000	1,406,679	233,132	10,014,456	57,434,267

The notes on pages 49 to 80 are an integral part of these financial statements.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 RM	2007 RM
Cash flows from operating activities			
Profit before tax from continuing operations		1,059,441	6,027,287
Adjustments for:			
Amortisation of prepaid lease payments	5	48,768	78,768
Depreciation			
- Property, plant and equipment	3	1,907,352	2,088,331
- Investment properties	4	302,931	338,348
Gain on disposal of other investments	6	-	(9,340,000)
Interest expense		531,978	363,433
Interest income		-	(31,080)
Plant and equipment written off		-	783,133
Provision for retirement/resignation benefits	12	216,941	140,283
Reversal of impairment loss on a subsidiary		(213,000)	-
Share-based payments	12	96,728	53,676
		<hr/>	<hr/>
Operating profit before changes in working capital		3,951,139	502,179
Changes in working capital:			
Inventories		(5,229,941)	(2,497,490)
Receivables, deposits and prepayments		713,370	(3,491,474)
Payables and accruals		(1,404,386)	544,921
		<hr/>	<hr/>
Cash used in operations		(1,969,818)	(4,941,864)
Tax refunded		16,345	120,500
Retirement/resignation benefits paid	12	(238,979)	(153,303)
		<hr/>	<hr/>
Net cash used in operating activities		(2,192,452)	(4,974,667)
Cash flows from investing activities			
Interest received		-	31,080
Purchase of property, plant and equipment	3	(371,681)	(600,703)
Proceeds from disposal of other investments, net	6	-	9,820,000
		<hr/>	<hr/>
Net cash (used in)/generated from investing activities		(371,681)	9,250,377

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2008 (CONT'D)

	Note	2008 RM	2007 RM
Cash flows from financing activities			
Dividend paid		(779,176)	(384,323)
Interest paid		(531,978)	(363,433)
Repayment of BBA facility		-	(4,078,087)
Movement of short term borrowings, net		3,497,000	1,092,000
Net cash generated from/(used in) financing activities		2,185,846	(3,733,843)
Net (decrease)/increase in cash and cash equivalents		(378,287)	541,867
Cash and cash equivalents at beginning of year		1,087,703	545,836
Cash and cash equivalents at end of year		<u>709,416</u>	<u>1,087,703</u>

Note

Cash and cash equivalents

Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	2008 RM	2007 RM
Cash and bank balances	1,461,067	1,572,229
Bank overdraft (Note 11)	(751,651)	(484,526)
	<u>709,416</u>	<u>1,087,703</u>

The notes on pages 49 to 80 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Central Industrial Corporation Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Second Board of Bursa Malaysia Securities Berhad. The addresses of its registered office and principal place of business are as follows:

Registered office

Suite 3A33, Block A2
Leisure Commerce Square
9, Jalan PJS 8/9
46150 Petaling Jaya
Selangor

Principal place of business

Lot 77 & 78, Persiaran 11
Kawasan Perusahaan Bakar Arang
08000 Sungai Petani
Kedah Darul Aman

The consolidated financial statements as at and for the year ended 31 December 2008 comprise the Company and its subsidiaries (together referred to as the Group).

The Company is principally engaged in the manufacture and sale of self-adhesive label stocks and tapes of its own brand, and trading of other self-adhesive label stocks and tapes.

The principal activities of its subsidiaries are stated in the Note 6 to the financial statements.

The financial statements were approved by the Board of Directors on 29 April 2009.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (FRS), accounting principles generally accepted and the Companies Act, 1965 in Malaysia.

The Group and the Company have not applied the following accounting standards (including its consequential amendments) and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective :

FRSs/Interpretations	Effective date
FRS 4, Insurance Contracts	1 January 2010
FRS 7, Financial Instruments: Disclosures	1 January 2010
FRS 8, Operating Segments	1 July 2009
FRS 139, Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9, Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10, Interim Financial Reporting and Impairment	1 January 2010

1. Basis of preparation (Cont'd)

(a) Statement of compliance (Cont'd)

The Group and the Company plan to apply the abovementioned FRSs/ Interpretations from the annual period beginning 1 January 2010 except for FRS 4 which is not applicable to the Group and the Company.

The impact of applying FRS 7 and FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemption given in the respective FRSs. Other than the implications as discussed below, the initial application of the above standards (and its consequential amendments) and interpretations is not expected to have any material impact on the financial statements of the Group and the Company.

FRS 8, Operating Segment

FRS 8 will become effective for financial statements for the year ending 31 December 2010. FRS 8, which replaces FRS 114, Segment Reporting, requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and to assess its performance. Currently, the Group presents segment information in respect of its business and geographical segments (see note 24). The adoption of FRS 8 will not have any significant impact on the financial statements of the Group other than expanded disclosure requirements, if any.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in the notes to the financial statements.

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than as disclosed in Note 4 - Investment Properties.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

ii) Changes in Group composition

Where a subsidiary issues new equity shares to minority interests for cash consideration and the issue price has been established at fair value, the reduction in the Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in the income statement.

When a group purchases a subsidiary's equity shares from minority interests for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the acquisition method of accounting is applied.

The Group treats all other changes in group composition as equity transactions between the Group and its minority shareholders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2. Significant accounting policies (Cont'd)

(b) Foreign currency

i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies are translated at exchange rates at the dates of the transactions except for those that are measured at fair value, which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statement.

ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the balance sheet date, except for goodwill and fair value adjustments arising from business combinations before 1 January 2006 which are reported using the exchange rates at the dates of the acquisitions. The income and expenses of operations in functional currencies other than RM, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in translation reserve. On disposal, accumulated translation differences are recognised in the consolidated income statement as part of the gain or loss on sale.

iii) Net investment in foreign operations

Exchange differences arising from monetary items that in substance form part of the Company's net investment in foreign operations, are recognised in the Company's income statement. Such exchange differences are reclassified to equity in the consolidated financial statements. Deferred exchange differences are recognised in the consolidated income statement upon disposal of the investment.

(c) Property, plant and equipment

i) Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets includes the cost of materials and direct labour. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other operating income" or "other operating expenses" respectively in the income statements.

2. Significant accounting policies (Cont'd)

(c) Property, plant and equipment

ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced parts is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statements as incurred.

iii) Depreciation

Depreciation is recognised in the income statements on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The depreciation rates used for the current and comparative periods are as follows:

Buildings	2% - 10%
Plant, machinery and loose tools	7.5% - 33.33%
Furniture, fittings, equipment and installations	7.5% - 20%
Motor vehicles	20%

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

(d) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assume substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating lease and the leased assets are not recognised on the Group's balance sheet. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

2. Significant accounting policies (Cont'd)

(d) Leased assets (Cont'd)

(ii) Operating lease (Cont'd)

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments, except for leasehold land classified as investment property.

The Group has retained the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments in accordance with the transitional provision in FRS 117.67A when it first adopted FRS 117, Leases in 2006.

Payments made under operating leases are recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(e) Investments in equity securities

Investments in equity securities are recognised initially at fair value plus attributable transaction costs.

Subsequent to initial recognition, investments in non-current equity securities other than investments in subsidiaries are stated at cost less allowance for diminution in value.

Where in the opinion of the Directors, there is a decline other than temporary in the value of non-current equity securities and other than investments in subsidiaries, the allowance for diminution in value is recognised as an expense in the financial year in which the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statements.

All investments in equity securities are accounted for using settlement date accounting. Settlement date accounting refers to:

- a) the recognition of an asset on the day it is received by the entity, and
- b) the derecognition on an asset and recognition of any gain or loss on disposal on the date it is delivered.

(f) Investment property

(i) Investment property carried at cost

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both. These include land (other than leasehold land) held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

2. Significant accounting policies (Cont'd)

(f) Investment property (Cont'd)

(i) Investment property carried at cost (Cont'd)

Investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy note 2(c).

Depreciation is charged to the income statements on a straight-line basis over the estimated useful lives of 20 to 50 years for buildings.

(ii) Determination of fair value

The Directors estimate the fair values of the Group's investment property without involvement of independent valuers.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(h) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statements, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(j) Impairment of assets

The carrying amounts of assets, except for inventories and financial assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

2. Significant accounting policies (Cont'd)

(j) Impairment of assets (Cont'd)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statements. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statements in the year in which the reversals are recognised.

(k) Equity instruments

All equity instruments are stated at cost on initial recognition and are not remeasured subsequently.

Issue expenses

Incremental costs directly attributable to issue of equity instruments are recognised as a deduction from equity.

(l) Loans and borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statements over the period of the loans and borrowings using the effective interest method.

(m) Employee benefits

i) Short term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contribution to statutory pension funds are charged to the income statements in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

2. Significant accounting policies (Cont'd)**(m) Employee benefits (Cont'd)****ii) Defined benefit plans**

The Group's net obligation in respect of defined benefit retirement/resignations plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value and the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan. The latest actuarial valuation was carried out as at 16 April 2007.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

iii) Share-based payment transactions

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

The fair value of employee share options is measured using a Black Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2. Significant accounting policies (Cont'd)

(n) Provisions (Cont'd)

Contingent liabilities

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

(o) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

(p) Revenue recognition

Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(q) Interest income and borrowing costs

Interest income is recognised as it accrues, using the effective interest method.

All borrowing costs are recognised in the income statements using the effective interest method, in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use.

(r) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statements except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

2. Significant accounting policies (Cont'd)

(r) Tax expense (Cont'd)

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(s) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(t) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

3. Property, plant and equipment

Group	Buildings RM	Plant, machinery and loose tools RM	Furniture, fittings, equipment and installations RM	Motor vehicles RM	Construction- in-progress RM	Total RM
Cost						
At 1 January 2007	17,646,163	29,254,484	2,662,394	1,829,525	108,939	51,501,505
Additions	314,644	184,520	112,190	-	-	611,354
Write off	-	(4,956,474)	(24,596)	-	-	(4,981,070)
Reclassification	70,000	14,790	-	-	(84,790)	-
Transfer to investment properties (Note 4)	(8,635,453)	-	-	-	-	(8,635,453)
Effect of movements in exchange rates	-	-	2,165	1,172	-	3,337
At 31 December 2007/ 1 January 2008	9,395,354	24,497,320	2,752,153	1,830,697	24,149	38,499,673

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. Property, plant and equipment (Cont'd)

Group	Buildings RM	Plant, machinery and loose tools RM	Furniture, fittings, equipment and installations RM	Motor vehicles RM	Construction- in-progress RM	Total RM
Cost						
Additions	51,040	195,359	54,825	10,500	77,032	388,756
Write off	-	-	(5,963)	-	-	(5,963)
Reclassification	-	10,800	-	-	(10,800)	-
Effect of movements in exchange rates	-	-	4,776	3,089	-	7,865
At 31 December 2008	9,446,394	24,703,479	2,805,791	1,844,286	90,381	38,890,331
Accumulated depreciation						
At 1 January 2007	3,775,940	12,540,430	1,932,324	1,230,613	-	19,479,307
Depreciation charge for the year	196,856	1,612,422	158,052	181,332	-	2,148,662
Write off	-	(4,173,341)	(13,558)	-	-	(4,186,899)
Transfer to investment properties (Note 4)	(3,331,122)	-	-	-	-	(3,331,122)
Effect of movements in exchange rates	-	-	1,912	1,172	-	3,084
At 31 December 2007/ 1 January 2008	641,674	9,979,511	2,078,730	1,413,117	-	14,113,032
Depreciation charge for the year	202,590	1,435,583	145,744	180,970	-	1,964,887
Write off	-	-	(3,580)	-	-	(3,580)
Effect of movements in exchange rates	-	-	4,691	3,089	-	7,780
At 31 December 2008	844,264	11,415,094	2,225,585	1,597,176	-	16,082,119
Carrying amounts						
At 1 January 2007	13,870,223	16,714,054	730,070	598,912	108,939	32,022,198
At 31 December 2007/ 1 January 2008	8,753,680	14,517,809	673,423	417,580	24,149	24,386,641
At 31 December 2008	8,602,130	13,288,385	580,206	247,110	90,381	22,808,212

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. Property, plant and equipment (Cont'd)

Company	Buildings RM	Plant, machinery and loose tools RM	Furniture, fittings, equipment and installations RM	Motor vehicles RM	Construction- in-progress RM	Total RM
Cost						
At 1 January 2007	17,646,163	29,254,484	2,014,900	1,528,174	108,939	50,552,660
Additions	314,644	184,520	101,539	-	-	600,703
Write off	-	(4,956,474)	-	-	-	(4,956,474)
Transfer to investment properties (Note 4)	(8,635,453)	-	-	-	-	(8,635,453)
Reclassification	70,000	14,790	-	-	(84,790)	-
<hr/>						
At 31 December 2007/ 1 January 2008	9,395,354	24,497,320	2,116,439	1,528,174	24,149	37,561,436
Additions	51,040	195,359	37,750	10,500	77,032	371,681
Reclassification	-	10,800	-	-	(10,800)	-
At 31 December 2008	<u>9,446,394</u>	<u>24,703,479</u>	<u>2,154,189</u>	<u>1,538,674</u>	<u>90,381</u>	<u>37,933,117</u>
Accumulated depreciation						
At 1 January 2007	3,775,940	12,540,430	1,540,748	962,497	-	18,819,615
Depreciation charge for the year	196,856	1,612,422	109,281	169,772	-	2,088,331
Write off	-	(4,173,341)	-	-	-	(4,173,341)
Transfer to investment properties (Note 4)	(3,331,122)	-	-	-	-	(3,331,122)
<hr/>						
At 31 December 2007/ 1 January 2008	641,674	9,979,511	1,650,029	1,132,269	-	13,403,483
Depreciation charge for the year	202,590	1,435,583	99,769	169,410	-	1,907,352
At 31 December 2008	<u>844,264</u>	<u>11,415,094</u>	<u>1,749,798</u>	<u>1,301,679</u>	<u>-</u>	<u>15,310,835</u>
Carrying amounts						
At 1 January 2007	<u>13,870,223</u>	<u>16,714,054</u>	<u>474,152</u>	<u>565,677</u>	<u>108,939</u>	<u>31,733,045</u>
At 31 December 2007/ 1 January 2008	<u>8,753,680</u>	<u>14,517,809</u>	<u>466,410</u>	<u>395,905</u>	<u>24,149</u>	<u>24,157,953</u>
At 31 December 2008	<u>8,602,130</u>	<u>13,288,385</u>	<u>404,391</u>	<u>236,995</u>	<u>90,381</u>	<u>22,622,282</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. Investment properties – Group/Company

	Note	Buildings RM
Cost		
At 1 January 2007		-
Transfer from property, plant and equipment	3	8,635,453
At 31 December 2007		<u>8,635,453</u>
At 1 January 2008/31 December 2008		<u>8,635,453</u>
Accumulated depreciation		
At 1 January 2007		-
Transfer from property, plant and equipment	3	3,331,122
Depreciation for the year		338,348
At 31 December 2007/1 January 2008		<u>3,669,470</u>
Depreciation for the year		302,931
At 31 December 2008		<u>3,972,401</u>
Carrying amounts		
At 1 January 2007		-
At 31 December 2007/1 January 2008		<u>4,965,983</u>
At 31 December 2008		<u>4,663,052</u>

The following are recognised in the income statement in respect of investment properties:

	Group/Company	
	2008	2007
	RM	RM
Rental income	360,000	252,000
Direct operating expenses		
- Income generating investment properties	<u>70,021</u>	<u>60,713</u>

Investment properties comprise factory building and commercial property that are leased to third parties. The Directors estimate that the fair value of the investment properties is approximately RM5,538,000 (2007: RM5,538,000).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. Prepaid lease payments - Group/Company

Cost / Valuation	Unexpired period more than 50 years RM	Unexpired period less than 50 years RM	Total RM
At 1 January 2007/ 31 December 2007	244,000	2,017,009	2,261,009
At 1 January 2008/ 31 December 2008	244,000	2,017,009	2,261,009
Accumulated amortisation			
At 1 January 2007	70,481	4,580	75,061
Amortisation for the year	2,660	76,108	78,768
At 31 December 2007/1 January 2008	73,141	80,688	153,829
Amortisation for the year	2,660	46,108	48,768
At 31 December 2008	75,801	126,796	202,597
Carrying amounts			
At 1 January 2007	173,519	2,012,429	2,185,948
At 31 December 2007/1 January 2008	170,859	1,936,321	2,107,180
At 31 December 2008	168,199	1,890,213	2,058,412

The Group has retained the unamortised revalued amount as the surrogated carrying amount of prepaid lease payments in accordance with the transitional provision in FRS 117.

6. Investments

	Company	
	2008 RM	2007 RM
Subsidiaries		
Unquoted shares, at cost	1,213,000	1,213,000
Less : Impairment loss on a subsidiary	-	(213,000)
	<u>1,213,000</u>	<u>1,000,000</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6. Investments (Cont'd)

Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Effective interest		Principal activities
		2008 %	2007 %	
CIC Marketing Sdn. Bhd.	Malaysia	100	100	Marketing of self-adhesive label stocks and tapes
CICS Distributors Pte. Ltd. #	Singapore	100	100	Trading of adhesive tapes

Subsidiary not audited by KPMG

Group/Company	
2008	2007
RM	RM

Other investments

Unquoted shares, at cost

-	-
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Details of disposed unquoted investments are as follows:

	Note	Group/Company	
		2008 RM	2007 RM
Proceeds from disposal (net)		-	9,820,000
Carrying amount of unquoted investments disposed		-	(480,000)
Gain on disposal of unquoted investments	17	-	9,340,000

7. Receivables, deposits and prepayments

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
Trade					
Subsidiary	7.1	-	-	2,136,467	1,893,576
Others		15,315,625	16,331,398	13,588,487	14,989,299
Less : Allowance for doubtful debts		(239,165)	(148,561)	(239,165)	(148,561)
		15,076,460	16,182,837	13,349,322	14,840,738
	7.2	15,076,460	16,182,837	15,485,789	16,734,314

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. Receivables, deposits and prepayments (Cont'd)

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
Non-trade					
Other receivables		416,672	288,490	417,306	245,645
Deposits		223,471	131,269	36,012	20,360
Prepayments		533,735	168,180	512,759	164,917
		<u>16,250,338</u>	<u>16,770,776</u>	<u>16,451,866</u>	<u>17,165,236</u>

7.1 Amount due from a subsidiary

The trade receivables due from a subsidiary are subject to the normal trade terms.

7.2 Analysis of foreign currency exposure for significant receivables

Significant receivables outstanding at year end that are not in the functional currencies of the Group entities are as follows:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
US Dollar	1,358,082	1,944,877	3,091,867	3,797,068
Singapore Dollar	53,216	247,749	53,216	247,749
Hong Kong Dollar	246,536	58,963	246,536	58,963

8. Inventories

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
At cost				
Raw materials	11,936,486	10,009,466	11,936,486	10,009,466
Work-in-progress	6,935,582	5,655,186	6,935,582	5,655,186
Manufactured inventories	5,520,449	3,782,712	4,746,244	3,109,306
Trading inventories	3,291,353	2,893,012	3,291,353	2,893,012
Consumables	193,320	206,074	193,320	206,074
	<u>27,877,190</u>	<u>22,546,450</u>	<u>27,102,985</u>	<u>21,873,044</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9. Share capital - Group/Company

	2008		2007	
	Amount RM	Number of shares	Amount RM	Number of shares
Ordinary shares of RM1 each:				
Authorised	50,000,000	50,000,000	50,000,000	50,000,000
Issued and fully paid	45,780,000	45,780,000	45,780,000	45,780,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per ordinary share at meetings of the Company.

10. Reserves

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
Non-distributable					
Share premium		1,406,679	1,406,679	1,406,679	1,406,679
Translation reserve	10.1	(3,658)	(1,735)	-	-
Share option reserve	10.2	233,132	136,404	233,132	136,404
		<u>1,636,153</u>	<u>1,541,348</u>	<u>1,639,811</u>	<u>1,543,083</u>

The movement of reserves is shown in the Statements of Changes in Equity.

10.1 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

10.2 Share option reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options. When the option is exercised, the amount from the share option reserve is transferred to share premium. When the share options expire, the amount from the share option reserve is transferred to retained earnings.

10. Reserves (Cont'd)

10.3 Section 108 tax credit and tax exempt income

Subject to agreement with the Inland Revenue Board, the Company has sufficient:

- i) Section 108 tax credit to frank its entire retained earnings; and
- ii) Tax exempt income to distribute approximately RM8,584,000 of its retained earnings if paid out as dividends.

The Finance Act 2007 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit as at 31 December 2008 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

11. Borrowings - Group/Company

	2008 RM	2007 RM
Current:		
Unsecured		
Bank overdraft	751,651	484,526
Bankers' acceptances	11,632,000	8,135,000
	12,383,651	8,619,526

The bank overdraft and bankers' acceptances are subject to interest rates ranging from 4.27% to 8.00% (2007 : 4.34% to 7.75%) per annum.

Terms and debt repayment schedule

	Year of maturity	Carrying amount RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM
Group/Company					
2008					
Bank overdraft		751,651	751,651	-	-
Bankers' acceptances	2009	11,632,000	11,632,000	-	-
			12,383,651		
2007					
Bank overdraft		484,526	484,526	-	-
Bankers' acceptances	2008	8,135,000	8,135,000	-	-
			8,619,526		

12. Employee benefits - Group/Company

12.1 Retirement/resignation benefits

	2008	2007
	RM	RM
Present value of unfunded obligations	1,468,821	1,490,859
Recognised liability for defined benefit obligations	1,468,821	1,490,859

The Group makes contributions to an unfunded defined benefit scheme that provides retirement benefits for employees upon retirement and resignation benefits to non-executive employees who have served the Company for more than 10 years. Under the Scheme, a retired/resigned employee is entitled to receive an annual payment equal to 0.75 month of the final salary for each year of service the employee provided.

Movements in the liability for defined benefit obligations

	2008	2007
	RM	RM
Liability for defined benefit obligations at 1 January	1,490,859	1,503,879
Benefits paid	(238,979)	(153,303)
Expenses recognised in the income statement (Note 17)	216,941	140,283
Liability for defined benefit obligations at 31 December	1,468,821	1,490,859

Expense recognised in the income statement

	2008	2007
	RM	RM
Current service costs	201,646	130,472
Interest cost	15,295	9,811
Net benefit expense	216,941	140,283

The expense is recognised in the following line items in the income statement :

	2008	2007
	RM	RM
Cost of sales	189,967	132,131
Administrative expenses	26,974	8,152
	216,941	140,283

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages).

	2008	2007
Discount rate	6.4%	6.4%
Future salary increases	3.0%	3.0%

Assumptions regarding future mortality are based on published statistics and mortality tables. The average life expectancy of an individual retiring at age 55 is 27 years.

12. Employee benefits - Group/Company (Cont'd)

12.2 Share-based payments

On 23 March 2006, the Group established a share option programme that entitles eligible employees to purchase shares in the Company.

The terms and conditions of the grants are as follows:

	← Vesting condition →				
	1 st Period until 22.03.2007	2 nd Period 23.03.2007 to 22.03.2008	3 rd Period 23.03.2008 to 22.03.2009	4 th Period 23.03.2009 to 22.03.2010	5 th Period 23.03.2010 to 22.03.2011
Directors and Senior Management	20%	40%	60%	80%	100%
Middle Management and Executives	20%	40%	60%	80%	100%
Non-Executives	20%	40%	60%	80%	100%

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price RM	2008 Number of options ('000)	2007 Number of options ('000)
Outstanding at 1 January	1.00	1,264	1,532
Lapsed during the year	1.00	(154)	(268)
Outstanding at 31 December	1.00	<u>1,110</u>	<u>1,264</u>
Exercisable at 31 December	1.00	<u>888</u>	<u>506</u>

The options outstanding at 31 December 2008 have an exercise price of RM1 and a weighted average contractual life of three (3) years.

Subsequent to balance sheet date, the Board of Directors has decided to extend the existing ESOS period for up to a maximum period of an additional five (5) years commencing 23 March 2009 and expiring on 22 March 2014 on the terms and conditions as set out in the ESOS bye-laws upon the recommendation of the ESOS Committee.

12. Employee benefits - Group/Company (Cont'd)

12.2 Share-based payments (Cont'd)

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using a Black-Scholes model, with the following inputs:

Fair value of share options and assumptions

Fair value at grant date	<u>RM1.07</u>
Weighted average share price	RM1.10
Exercise price	RM1.00
Expected volatility (weighted average volatility)	56.86%
Option life (expected weighted average life)	5 years
Expected dividends	1.15%
Risk-free interest rate (based on Malaysian government bonds)	<u>3.73%</u>

Value of employee services received for issue of share options

	Group/Company	
	2008	2007
	RM	RM
Total expense recognised as share-based payments for options granted in 2006	<u>96,728</u>	<u>53,676</u>

13. Deferred tax liabilities

The recognised deferred tax liabilities are as follows:

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Property, plant and equipment (including prepaid lease payments)				
- capital allowances	27,052	48,000	-	-
Revaluation on investment property	-	41,000	-	41,000
Provisions	-	(6,000)	-	-
	<u>27,052</u>	<u>83,000</u>	<u>-</u>	<u>41,000</u>

13. Deferred tax liabilities (Cont'd)

The component and movement of deferred tax liabilities during the year are as follows:

Group	At 1	Recognised	At 31	Recognised	At 31
	January	in the	December	in the	December
	2007	income	2007	income	2008
	RM	statement	RM	statement	RM
		(Note 19)		(Note 19)	
		RM		RM	
Property, plant and equipment (including prepaid lease payments)					
- capital allowances	42,000	6,000	48,000	(20,948)	27,052
Revaluation on investment property	41,000	-	41,000	(41,000)	-
Provisions	-	(6,000)	(6,000)	6,000	-
	<u>83,000</u>	<u>-</u>	<u>83,000</u>	<u>(55,948)</u>	<u>27,052</u>
Company					
Investment property					
- revaluation	41,000	-	41,000	(41,000)	-

Unrecognised deferred tax assets

No deferred tax has been recognised for the following items:

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Tax loss carry-forwards	-	187,000	-	-
Unabsorbed capital allowances	9,035,000	9,349,000	9,035,000	9,349,000
Taxable temporary differences	(5,926,000)	(5,232,000)	(5,926,000)	(5,232,000)
	<u>3,109,000</u>	<u>4,304,000</u>	<u>3,109,000</u>	<u>4,117,000</u>

The tax loss carry-forwards and unabsorbed capital allowances do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group and the Company can utilise the benefits there from.

The comparative figures have been restated to reflect the revised tax loss carry-forwards and unabsorbed capital allowances available to the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

14. Payables and accruals

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
Trade					
Trade payables	14.1	570,532	1,556,503	515,072	1,200,257
Non-trade					
Subsidiary	14.2	-	-	2,610,699	2,368,124
Other payables		289,557	289,053	86,065	87,989
Accrued expense		1,098,759	2,062,153	1,091,589	2,051,441
		<u>1,958,848</u>	<u>3,907,709</u>	<u>4,303,425</u>	<u>5,707,811</u>

14.1 Analysis of foreign currency exposure for significant payables

Significant payables outstanding at year end that are not in the functional currencies of the Group entities are as follows:

	Group/Company	
	2008 RM	2007 RM
US Dollar	-	191,218

14.2 Amount due to a subsidiary

The non-trade payables due to a subsidiary are unsecured, interest free and repayable on demand.

15. Revenue - Group/Company

Revenue represents the gross invoiced value of goods sold net of discounts and returns.

16. Finance costs

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Interest paid on:				
Bank overdraft	62,145	66,153	62,145	66,153
Term loans	-	95,697	-	95,697
Other borrowings	469,833	206,570	469,833	201,583
	<u>531,978</u>	<u>368,420</u>	<u>531,978</u>	<u>363,433</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

17. Profit before tax

Profit before tax is arrived at:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
After charging:				
Allowance for doubtful debts	120,000	26,355	120,000	26,355
Auditors' remuneration				
- Statutory audit by				
- KPMG	30,000	30,000	24,000	24,000
- Other auditors	5,975	3,455	-	-
- Other services by				
- Affiliates of KPMG	8,500	8,500	6,000	6,000
Amortisation of prepaid lease payments (Note 5)	48,768	78,768	48,768	78,768
Depreciation				
- Property, plant and equipment (Note 3)	1,964,887	2,148,662	1,907,352	2,088,331
- Investment properties (Note 4)	302,931	338,348	302,931	338,348
Inventories written off	100,000	153,882	100,000	153,882
Loss on foreign exchange - realised	111,346	79,992	234,366	133,256
Directors' emoluments				
Directors of the Company				
- Fees	152,000	146,000	152,000	146,000
- Remuneration	480,790	428,932	480,790	428,932
- Share-based payments	15,773	11,846	15,773	11,846
- Benefits-in-kind	24,550	24,550	24,550	24,550
Other Directors				
- Remuneration	125,510	101,521	-	-
Plant and equipment written off	2,383	794,171	-	783,133
Provision for retirement/resignation benefits (Note 12)	216,941	140,283	216,941	140,283
Allowance for inventory obsolescence	-	8,118	-	8,118
Rental expense				
- Land and building	254,500	252,082	12,000	12,082
- Equipment	2,288	1,208	2,288	1,208
Personnel expenses (excluding Directors' emoluments)				
- Wages, salaries and others	6,261,889	6,091,774	4,959,009	4,873,129
- Employees' Provident Fund contributions	538,070	524,200	405,846	379,995
- Share-based payments	80,955	41,830	80,955	41,830
and crediting:				
Gain on disposal of other investments	-	9,340,000	-	9,340,000
Interest income	-	31,080	-	31,080
Rental income from investment properties	360,000	252,000	360,000	252,000
Reversal of impairment loss on a subsidiary	-	-	213,000	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

18. Key management personnel compensation

The key management personnel compensations are as follows:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Directors of the Company				
- Fees	10,000	10,000	10,000	10,000
- Remuneration	480,790	428,932	480,790	428,932
- Share-based payments	15,773	11,846	15,773	11,846
- Benefits-in-kind	24,550	24,550	24,550	24,550
Other Directors				
- Remuneration	125,510	101,521	-	-
	<u>656,623</u>	<u>576,849</u>	<u>531,113</u>	<u>475,328</u>

19. Tax expense

Recognised in the income statement

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Current tax expense				
Current year	24,203	8,376	21,000	-
Prior year	82,004	(6)	70,973	-
Total current tax	106,207	8,370	91,973	-
Deferred tax expense				
Reversal of temporary differences	(14,196)	-	-	-
Prior year	(41,752)	-	(41,000)	-
	(55,948)	-	(41,000)	-
	<u>50,259</u>	<u>8,370</u>	<u>50,973</u>	<u>-</u>

19. Tax expense (Cont'd)

Reconciliation of effective tax expense

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Profit for the year	1,196,994	6,082,036	1,008,468	6,027,287
Total tax expense	50,259	8,370	50,973	-
Profit excluding tax	<u>1,247,253</u>	<u>6,090,406</u>	<u>1,059,441</u>	<u>6,027,287</u>
Tax at Malaysian tax rate at 26% (2007 : 27%)	324,286	1,644,410	275,455	1,627,367
Effect of lower tax rate in foreign jurisdictions	(24,176)	(5,468)	-	-
Effect of lower tax rate for certain subsidiaries *	-	(951)	-	-
Effect of change in tax rate **	961	53,300	157	47,659
Non-deductible expenses	81,122	73,286	63,320	66,444
Income not subject to tax	(60,717)	(2,521,800)	(55,380)	(2,521,800)
Utilisation of previously unrecognised deferred tax assets	(310,700)	-	(262,080)	-
Deferred tax assets not recognised	-	770,044	-	784,758
Other items	(769)	(4,445)	(472)	(4,428)
Under/(Over) provided in prior year	40,252	(6)	29,973	-
Tax expense	<u>50,259</u>	<u>8,370</u>	<u>50,973</u>	<u>-</u>

* With effect from year of assessment 2004, companies with paid-up capital of RM2.5 million and below at the beginning of the basis period for a year of assessment are subject to corporate tax at 20% on chargeable income up to RM500,000.

** The corporate tax rates are 27% for year of assessment 2007, 26% for year of assessment 2008 and 25% for the subsequent years of assessment. Consequently deferred tax assets and liabilities are measured using these tax rates.

20. Earnings per ordinary share - Group

Basic earnings per ordinary share

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders of RM1,196,994 (2007 : RM6,082,036) and the weighted average number of ordinary shares outstanding during the year of 45,780,000 (2007 : 45,780,000).

Diluted earnings per ordinary share

Diluted earnings per ordinary share is the same as the basic earnings per ordinary share as the effect of anti-dilutive potential ordinary shares are ignored in calculating diluted earnings per ordinary share in accordance with FRS 133 on Earnings per Share.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

21. Dividend - Group/Company

Dividend recognised in the current year by the Company is:

	2008	2007
	RM	RM
In respect of financial year ended 31 December 2007		
- Final dividend of 2.30% per ordinary share less 26% tax paid on 15 September 2008	779,176	-
In respect of financial year ended 31 December 2006		
- Final dividend of 1.15% per ordinary share less 27% tax paid on 15 September 2007	-	384,323
	<u>779,176</u>	<u>384,323</u>

The Board of Directors proposed a final dividend of 1.50% per ordinary share less 25% tax in respect of the financial year ended 31 December 2008 subject to the shareholders' approval at the forthcoming Annual General Meeting.

The gross and net dividend per ordinary share as disclosed in the Income Statement takes into account the proposed final dividend of 1.50% per ordinary share less 25% tax for the financial year ended 31 December 2008.

22. Capital commitment - Group/Company

	2008	2007
	RM	RM
Plant and equipment		
Contracted but not provided for	<u>96,648</u>	<u>-</u>

23. Related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include certain Directors of the Company and of the Group.

23. Related parties (Cont'd)

The significant related party transactions of the Company, other than key management personnel compensation, are as follows:

i) Transactions between the Company and subsidiaries:

	Company	
	Transactions amount for the	
	year ended 31 December	
	2008	2007
	RM	RM
Commission payable to a subsidiary	2,265,670	2,394,890
Management fee charged to a subsidiary	-	120,000
Sale of manufactured inventories to a subsidiary	1,251,070	935,900
	1,251,070	935,900

ii) There were no transactions with the key management personnel other than the remuneration package paid to them in accordance with the terms and conditions of their appointment other than as disclosed in Note 18.

The terms and conditions for the above transactions are based on normal trade terms. All the amounts outstanding are unsecured and expected to be settled with cash.

24. Segmental information - Group

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure. Inter-segment pricing is determined based on a negotiated terms.

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

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business segments

The Group only comprises one business segment which is the manufacture and sale of self adhesive label stocks and tapes. Business segmental information has not been prepared as the Group's revenue, operating profits, assets employed, capital expenditure, depreciation and amortisation and non-cash expenses are mainly confined to one industry segment.

Geographical segments

The manufacture and sale of self-adhesive label stocks and tapes are operated in principal geographical areas, Malaysia, Singapore, Hong Kong and Australia.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of assets.

24. Segmental information - Group (Cont'd)
Geographical segments (Cont'd)

	Revenue from external customers by location of customers RM	Segment assets by location of assets RM	Capital expenditure by location of assets RM
2008			
Malaysia	39,194,434	72,387,773	382,183
Asia (excluding Malaysia)	16,599,224	2,781,981	6,573
Others	4,547,979	-	-
Total	<u>60,341,637</u>	<u>75,169,754</u>	<u>388,756</u>
2007			
Malaysia	36,920,348	70,419,620	611,354
Asia (excluding Malaysia)	10,797,794	2,235,982	-
Others	3,483,117	-	-
Total	<u>51,201,259</u>	<u>72,655,602</u>	<u>611,354</u>

25. Financial instruments
Financial risk management objectives and policies

Exposure to credit, foreign currency and interest rate risks arises in the normal course of the Group's business. The Group and the Company have informal risk management policies and guidelines which set out their overall business strategies, their tolerance to risk and their general risk management philosophy and have established processes to monitor and control the hedging of transactions in a timely and accurate manner. Such policies are reviewed to ensure that the Group's policy guidelines are adhered to.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluation is performed on all customers requiring credit over a certain amount.

At balance sheet date, there were no significant concentrations of credit risks. The maximum exposure to credit risk for the Group is represented by the carrying amount of each financial asset presented in the balance sheet.

Foreign currency risk

The Group incurs foreign currency risk on sales and purchases that are denominated in US dollar, Singapore dollar and Hong Kong dollar. In respect of other monetary assets and liabilities held in currencies other than RM, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rate where necessary to address short-term imbalances.

25. Financial instruments (Cont'd)

Interest rate risk

The Group borrows for its operations at variable rates using its banking facilities.

Effective interest rates and repricing analysis

In respect of interest-bearing financial liabilities, the following table indicates their average effective interest rates at the balance sheet date and the periods in which they reprice or mature, whichever is earlier.

Group/Company	Average effective interest rate per annum %	Total RM	Within 1 year RM	1 - 5 years RM
2008				
Financial liabilities				
Unsecured bank overdraft	8.00	751,651	751,651	-
Unsecured bankers' acceptances	4.62	11,632,000	11,632,000	-

Group/Company	Average effective interest rate per annum %	Total RM	Within 1 year RM	1 - 2 years RM
2007				
Financial liabilities				
Unsecured bank overdraft	7.75	484,526	484,526	-
Unsecured bankers' acceptances	4.69	8,135,000	8,135,000	-

Fair values

Recognised financial instruments

The carrying amounts of cash and cash equivalents, receivables, payables and short term borrowings, approximate fair values due to the relatively short term nature of these financial instruments.

25. Financial instruments (Cont'd)

Fair values (Cont'd)

Unrecognised financial instruments

The valuation of financial instruments not recognised in the balance sheet reflects their current market rates at the balance sheet date.

The contracted amount and fair value of financial instruments not recognised in the balance sheet as at 31 December are:

	2008 RM'000	2007 RM'000
Forward foreign exchange contracts		
- contracted value	-	611
- unrealised gain	-	(6)
	<u>-</u>	<u>605</u>

26. Subsequent event

Subsequent to balance sheet date, the Board of Directors has decided to extend the existing ESOS period for up to a maximum period of an additional five (5) years commencing 23 March 2009 and expiring on 22 March 2014 on the terms and conditions as set out in the ESOS bye-laws upon the recommendation of the ESOS Committee.

ANALYSIS OF SHAREHOLDINGS

AS AT 30 APRIL 2009

Authorised share capital	RM50,000,000
Issued and fully paid-up capital	RM45,780,000
Class of shares	Ordinary shares of RM1.00 each fully paid
Voting rights	One vote per RM1.00 share

BREAKDOWN OF SHAREHOLDINGS AS AT 30 APRIL 2009

Range of Shareholdings	No. of Holders	Percentage of Holders	No. of Shares	Percentage of Issued Capital
1 - 99	209	16.56	2,551	0.01
100 - 1,000	366	29.00	228,795	0.50
1,001 - 10,000	558	44.22	2,300,304	5.02
10,001 - 100,000	117	9.27	2,977,000	6.50
100,001 - 2,288,999(*)	9	0.71	6,343,250	13.86
2,289,000 And Above (**)	3	0.24	33,928,100	74.11
TOTAL	1,262	100.00	45,780,000	100.00

Remark : * - less than 5% of issued holdings
 ** - 5% and above of issued holdings

DIRECTORS' SHAREHOLDINGS AS AT 30 APRIL 2009

Name of Directors	Direct Interest	No. of Shares Held		
		%	Indirect Interest	%
1. Lai Kim Hean	349,000	0.76	-	-
2. Dato' Lim Chee Meng	-	-	12,232,000	26.72

SUBSTANTIAL SHAREHOLDERS AS AT 30 APRIL 2009

Name of Shareholders	Direct Interest	No. of Shares Held		
		%	Indirect Interest	%
1. Amanah Raya Nominees (Tempatan) Sdn. Bhd. - Skim Amanah Saham Bumiputera	15,756,100	34.42	-	-
2. Malar Segar Sdn. Bhd.	12,232,000	26.72	-	-
3. Grand Column Investments Limited (a)	5,940,000	12.98	-	-
4. L.G.B. Holdings Sdn. Bhd. (b)	-	-	12,232,000	26.72
5. Dato' Lim Chee Meng (c)	-	-	12,232,000	26.72
6. Lim Chin Sean (d)	-	-	12,232,000	26.72

Notes:-

- (a) Held through HSBC Nominees (Asing) Sdn. Bhd. - RBS Coutts SG for Grand Column Investments Limited.
- (b) Interested by virtue of its interest in Malar Segar Sdn. Bhd.
- (c) Interested by virtue of his interest in L.G.B. Holdings Sdn. Bhd.
- (d) Interested by virtue of his interest in L.G.B. Holdings Sdn. Bhd.

ANALYSIS OF SHAREHOLDINGS

AS AT 30 APRIL 2009 (CONT'D)

THIRTY (30) LARGEST SHAREHOLDERS as at 30 APRIL 2009

Name of Shareholders	No. of Shares	Percentage (%)
1. Amanah Raya Nominees (Tempatan) Sdn. Bhd. - Skim Amanah Saham Bumiputera	15,756,100	34.42
2. Malar Segar Sdn. Bhd.	12,232,000	26.72
3. HSBC Nominees (Asing) Sdn. Bhd. RBS Coutts SG for Grand Column Investments Limited	5,940,000	12.98
4. Lambang Progresif Sdn. Bhd.	2,000,000	4.37
5. Ng Oi Han	1,300,000	2.84
6. Phang Wai Hoong	1,200,000	2.62
7. Juliet Yap Swee Hwang	620,200	1.35
8. Kembangan Sepadu Sdn. Bhd.	511,150	1.12
9. Lai Kim Hean	349,000	0.76
10. Yong Wo Moi	143,700	0.31
11. Khaw Chin Hong	115,000	0.25
12. Irene Yap Yin Fei	104,200	0.23
13. Balakrisnen A/L Subban	100,000	0.22
14. Inter-Pacific Equity Nominees (Asing) Sdn. Bhd. Kim Eng Securities Pte Ltd for Tan How Nguang	100,000	0.22
15. Lau Mui Sen	100,000	0.22
16. Public Invest Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lai Miau Fong (M)	84,000	0.18
17. Citigroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chen Choong Fatt (470421)	70,000	0.15
18. ECML Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Khaw Chin Hong (002)	66,000	0.14
19. Koh Nai Cheng @ Koh Nai Chin	54,900	0.12
20. Mayban Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kuan Shin Nyiap	52,000	0.11
21. Teoh Cheng Hoe	51,900	0.11
22. Lim Yen, Hsiu-Chuan	51,400	0.11
23. Khaw Kean Teck	50,000	0.11
24. Raymond Choo Pow Yoon	50,000	0.11
25. Law Seng @ Law Kim Swee	48,400	0.11
26. Mayban Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chung Chit Min	46,500	0.10
27. Mayban Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Khaw Chin Hong (STF)	42,400	0.09
28. Goh Chin Giap	40,000	0.09
29. Niew Lay Cha	40,000	0.09
30. Lee Nyet Ngor	40,000	0.09
Total	41,358,850	90.34

LIST OF MAJOR PROPERTIES HELD

AS AT 31 DECEMBER 2008

Address/Location	Tenure	Year of Revaluation/ Acquisition	Area	Age of Building (Years)	Description/ Existing Use	Net Book Value (RM)
Lot 683, Mukim 1, Prai Industrial Estate Province Wellesley Prai	Leasehold (Expiry : 2072)	1982	87,120 sq. ft.	34	Land with factory	2,644,301
P.T. 8558/8559, Mukim Sungai Pasir Kuala Muda Kedah	Leasehold (Expiry : 2050)	2001	347,836 sq. ft.	18	Land with factory	10,492,343
No. 5-13.1, 5-13.2, 5-14.1, 5-14.2, 5-15.1, 5-15.2, 5-16.1, 5-16.2, 5-17.1, 5-17.2 and 5-18 Block A, Plaza Dwitasik, Phase 1, Bandar Sri Permaisuri, Off Jalan Permaisuri 1, Cheras, 56000 Kuala Lumpur.	Leasehold (Expiry : 2098)	2006	11,368 sq. ft.	10	Office Building	2,186,950



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Central Industrial Corporation Berhad
12186-K

PROXY FORM

Number of shares held	
-----------------------	--

I/We _____
of _____
being a member of **CENTRAL INDUSTRIAL CORPORATION BERHAD** hereby appoint _____
of _____
or failing him/her _____
of _____

as my/our proxy, to vote for me/us and on my/our behalf at the Thirty-Sixth Annual General Meeting of the Company to be held at Conference Room, Level 3, Eastin Hotel, 13, Jalan 16/11, Pusat Dagang Seksyen 16, 46350 Petaling Jaya, Selangor on Wednesday, 10 June 2009 at 11.00 a.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below:-

No	Resolutions	For	Against
1.	To receive and consider the Audited Financial Statements for the financial year ended 31 December 2008		
2.	To approve declaration of a final dividend of 1.5% less 25% income tax		
3.	To approve the payment of the Directors' fees		
4.	To re-elect Ms. Lim Shiak Ling, the Director who retires pursuant to Article 84 of the Company's Articles of Association.		
	To re-elect the following Directors, who retire pursuant to Article 90 of the Company's Articles of Association:-		
5.	(a) Dato' Wira Zainuddin Bin Mahmud		
6.	(b) Mr. Koay Then Hin		
7.	(c) Mr. Foo Kee Fatt		
8.	To re-appoint Messrs KPMG as Auditors and authorising Directors to fix their remuneration		

Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. If you do not indicate how you wish to vote on any resolutions, the proxy will vote as he thinks fit or, at his discretion, abstain from voting.

Signed this _____ day of _____ 2009

Signature/Common Seal of Appointer

NOTES:

1. A member of the Company 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 and a member may appoint any person to be his proxy without limitation. The provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply.
2. A member may appoint more than 2 proxies to attend at the same meeting. Where a member appoints two or more proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its attorney.
5. All forms of proxy must be deposited at the Registered Office of the Company situated at Suite 3A33, Block A2, Leisure Commerce Square, No. 9, Jalan PJS 8/9, 46150 Petaling Jaya, Selangor not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

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Affix Stamp
Here

The Company Secretary
CENTRAL INDUSTRIAL CORPORATION BERHAD (12186-K)

Suite 3A33, Block A2,
Leisure Commerce Square
No. 9, Jalan PJS 8/9
46150 Petaling Jaya, Selangor

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