

ANNUAL REPORT
2008

poised for
ACCELERATED
global **GROWTH**



IMASPRO CORPORATION BERHAD

(657527-H)



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CHAIRMAN'S STATEMENT

Dear Valued Shareholders

On behalf of the Board of Directors of Imaspro Corporation Berhad ("ICB"), it is my great pleasure to present the Annual Report and Audited Financial Statements of the Group and Company for a very successful financial year ended 30 June, 2008.



FINANCIAL PERFORMANCE

For the year under review, the Group revenue increased to RM150.7 million from RM85.9 million achieved in the previous year, while Group profit before tax rose to RM21.7 million as compared to RM12.9 million recorded in the previous year.

In tandem with our sterling financial performance, the earnings per share for the year under review increased by more than 50% to reach 20.40 sen.

The achievement of strong growth in revenue and profit in the current year was the more meaningful given the uncertainties in the global economy where the prices of raw materials and commodities, including that of palm oil, crude oil and rice, hit all time highs amidst a declining US Dollar. Despite these challenges, it is gratifying to report that the Group managed to increase its export sales by over 152% to RM95.1 million with Australia, Vietnam and Russia being our top export destinations. In fact, this export achievement signaled a turning point – for the first time in our corporate history, the volume of our export sales finally exceeded that of our local sales – a clear testimony that our motto "Poised for Accelerated Global Growth" is paying dividend.

In my previous Chairman's statement, I reported that towards the end of FY2007, we faced a disruption of supply of glyphosate which affected our production and subsequently some delays in fulfilling certain customer orders. This temporary setback was more than reversed within the first half of FY2008 where the growth momentum continued strongly into the second half of the financial year (the 3rd and 4th quarters being traditionally the stronger quarters), despite a more than 100% increase in the price of glyphosate between 1st and 4th Quarter of FY 2008. This strong profit performance of the current financial year was aided in part by selling price adjustments to mitigate the erosion of profit margin from upward movement of raw material input costs.

DIVIDENDS

The Board of Directors is pleased to recommend a single tier dividend of 3.5 sen per share in respect of the financial year ended 30 June 2008, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

OPERATIONS REVIEW

The principal activity of ICB is investment holding with wholly owned subsidiaries involved in the manufacturing of pesticides and plants



Imaspro's Australian distributor sharing crop protection information with wheat grower at Rockhampton wheat farm, Queensland.



MD C.H. Tong attending the Proceedings of the 2nd China International Forum on Procurement and Service of Crop Protection Products organized by the China Crop Protection Industry Association held in Nanjing, China.



Conducting commercial papaya field trial and experiment to evaluate the effectiveness and phyto-toxicity effects of a range of our insecticides as part of our R&D Program.



Providing food assistance / rice subsidy to factory personnel to help them cope with the impact of increase in the price of food and general cost of living.

micronutrients, the distribution and agency of pesticides and other agrochemicals as well as trading of pesticides and other agrochemicals. Our group products are widely used in the agricultural sectors as well as in the urban pest control.

Our bio-palm insecticide Envo-Cyber, commercialized in Malaysia on 1 July 2007, is currently being used in oil palm plantations and other farming areas. We are encouraged by the early acceptance of the product in the Malaysian market. Efforts are being made to market it overseas upon obtaining registration approval in the respective countries.

To support more eco-friendly and sustainable agriculture practice, our R&D team is working to expand our range of bio-palm insecticides. The base technology accumulated when developing Envo-Cyber will be adapted and applied to develop new bio-palm insecticide formulations without having to use petroleum-based inert ingredients.

During the current financial year, Imaspro launched two (2) additional products in Australia, made maiden export of our Preminator cockroach gel bait (developed in-house and launched in Malaysia in April 2007) to Lebanon and obtained product registration of glyphosate in China. Initial shipment of glyphosate to Cuba commenced in the 2nd Quarter of FY2008, while sales to China will commence upon finalization of distributorship agreement.

While we continued to build on our solid foundation for accelerated global growth during the financial year under review, we also paid close attention to the monitoring and control of our operational costs. The success of the current year was the direct result of being able to increase sales while keeping costs in check.

OUTLOOK AND PROSPECTS

Imaspro is in the agrochemical business and the growth and prospects of the agriculture industry, both locally and globally, have a significant impact on Imaspro's performance.

Agriculture commodity prices are expected to moderate over the coming year having hit record levels in early 2008. However, one of

the key underlying drivers pushing up the demand for agriculture commodities such as palm oil, soy beans, coffee and rice, i.e. demand from the growing population of major economies like China and India will likely remain for a long time. Another new source of demand for agriculture commodities is its use as input raw materials for the production of bio-fuel. As long as the price of crude oil stays above the magical USD100 per barrel, the switch to developing and using bio-fuels as an alternative energy source becomes increasingly more viable. As the increase in agricultural hectareage cannot be immediately translated into an increase in supply of agricultural commodities, pockets of price shocks as experienced in early 2008 can therefore be expected to recur unless appropriate actions are taken well in advance to increase investment in agriculture. As a result of the current world food crisis, the World Bank has recently pledged to make investment in agriculture its top priority once again. Sadly, over the last 27 years, the percentage of World Bank's loans used for investments in agriculture in developing countries has dropped from 35% in 1980 to a mere 11% in 2007, and this reversal policy by World Bank is significant as it provides a much needed boost to agriculture activities worldwide.

Closer back home, in response to global food crisis, the government of Malaysia announced a RM4 billion fund to counter food shortages and stabilize food prices. The allocation would include developing new paddy farming areas in states like Pahang, Sabah and Sarawak and increasing agriculture infrastructure, including more extensive irrigation system and more ready access to agrochemicals and nutrient fertilizer inputs. This RM4 billion allocation will certainly augment our country's aspiration to turn agriculture into the third engine of growth and to make the country self-sufficient in food by 2010. In the plantation sector, statistics on production and consumption suggest the world will increasingly depend on palm oil in view of its gradual acceptance globally as a healthier alternative to other vegetable oils. This demand would significantly increase the production of crude palm oil in the future and expansion oil palm areas.

From the above, we foresee continuous favourable growth prospects for our products in the plantation and crops sectors, both locally and in overseas markets, in the coming year. In tandem with our motto "Poised

Offsite team building retreats

for Accelerated Global Growth”, we will continue to explore and expand the reach of our overseas markets, focusing on countries which are less susceptible to a slowdown in US economy. At the same time, we will devote additional resources to improve the efficiency of our production and management processes and to enhance our market research and product innovation capabilities via both in-house training sessions and also external courses for our staff.

Globally, the sharp hike in price of crude oil to record highs and the recent pull-back to hover around USD65 per barrel have led to a chain of events resulting in a greatly uncertain world economy. And our Malaysian economy, being so much a part of the global economy, is bound to feel the impact. As such, uncertainties are likely to prevail both locally and globally, and I am therefore cautious, more so when at the time of writing the price of glyphosate has fallen drastically from its peak in 4th Quarter of FY2008. However, given the strong foundation of growth that we have developed and coupled with the unwavering commitment of the management and staff and the continued support of our business partners, I remain confident that we can weather the anticipated very challenging market environment in the coming financial year, and continue to perform satisfactorily.

CORPORATE SOCIAL RESPONSIBILITY

The Group is committed to Corporate Social Responsibility (“CSR”) by integrating it into the daily business operations. Key CSR initiatives undertaken by the Group during the financial year included the following:-

- Overseas customers and suppliers - Donations to funds set up to alleviate hardship of victims of Nargis Cyclone in Myanmar (customer) and earthquake disaster in China (supplier); and
- Employee - Provision of food assistance in the form of increased allowances and rice subsidy to help our factory personnel cope with the impact of increase in the price of fuel and rice and general cost of living. Training for all levels of non-factory employees was also intensified during the current financial year.

These activities do not only improve the skills and competency of personnel, they also create an awareness that the Group cares for their well-being.

The Group continues to place great importance on the need to protect our environment. The Group’s business responsibility, while geared towards increasing profitability, is also to maintain its good manufacturing practices and to adhere to national environmental policies at all times.

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board, I would like to record our thanks and gratitude to the Management and Staff for their continuous efforts towards ensuring the growth and expansion of the Group’s operations. To our shareholders, customers, business associates, bankers, regulators and advisors, we thank you once again and we look forward to your continued support.

To my fellow colleagues on the Board, I would like to express my appreciation and gratitude for their counsel, support and invaluable contributions to the Group throughout the year.

Mohd Shafek Bin Isa
CHAIRMAN



Penang - personnel from manufacturing plants



JogJakarta - personnel from techno-commercial department



Ho Chi Minh - senior executives from manufacturing plants



Taiwan - personnel from corporate head office

DIRECTORATE & CORPORATE INFORMATION

BOARD OF DIRECTORS

MOHD SHAFEK BIN ISA
(Non-Executive Chairman)

TONG CHIN HEN
(Managing Director)

TONG AH WAH @ TONG CHUN HWI
(Executive Director)

DR. LEONG WAN LEONG
(Independent Non-Executive Director)

TAI KEAT CHAI
(Independent Non-Executive Director)

SECRETARIES

ENG SOO FUNN (MACS 00044)

LAM LEE SAN (MAICSA 7048104)

REGISTERED OFFICE

Wisma Goshen, 2nd Floor
60 & 62 Jalan SS22/21
Damansara Jaya
47400 Petaling Jaya
Selangor Darul Ehsan

Tel No.: + (603) 7728 8485
Fax No.: + (603) 7728 8852

HEAD/MANAGEMENT OFFICE

37, Jalan 5, Kawasan 16, Taman Intan
41300 Klang
Selangor Darul Ehsan

Tel No.: + (603) 3343 1633
Fax No.: + (603) 3343 1868
E-mail : imaspro@imaspro.com
Website : <http://www.imaspro.com>

REGISTRAR

PFA Registration Services Sdn. Bhd.
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Tel No.: + (603) 2264 3883

AUDITORS

Roger Yue, Tan & Associates
Chartered Accountants

AUDIT COMMITTEE

TAI KEAT CHAI
(appointed as Chairman on 4 February 2008)

DR. LEONG WAN LEONG
(formerly Chairman, redesignated as
Member on 4 February 2008)

MOHD SHAFEK BIN ISA
(appointed on 11 October 2007)

TONG CHIN HEN
(resigned on 11 October 2007)

REMUNERATION COMMITTEE

DR. LEONG WAN LEONG
(appointed as Chairman on 27 May 2008)

TAI KEAT CHAI
(formerly Chairman, redesignated as Member
on 27 May 2008)

MOHD SHAFEK BIN ISA

NOMINATION COMMITTEE

DR. LEONG WAN LEONG
(appointed as Chairman on 28 August 2008)

MOHD SHAFEK BIN ISA
(formerly Chairman, redesignated as Member
on 28 August 2008)

TAI KEAT CHAI

GROUP PRINCIPAL BANKERS

Malayan Banking Berhad
Petaling Jaya Business Centre
1st & 2nd Floor, Wisma IJM Annexe
Jalan Yong Shook Lin
46050 Petaling Jaya
Selangor Darul Ehsan

HSBC Bank Malaysia Berhad
17-23, Jalan Sultan
46200 Petaling Jaya
Selangor Darul Ehsan

SOLICITORS

Teh & Lee
Unit 23-3, 3rd Floor
The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
(Second Board)
Stock Name : Imaspro
Stock Code : 7222

PROFILE OF DIRECTORS

MOHD SHAFEK BIN ISA

Non-Executive Chairman

Encik Mohd Shafek Bin Isa, a Malaysian, and aged 51, is the Non-Executive Chairman. He was appointed to the Board and elected Chairman since 15 November 2005. He serves as the Chairman of the Nomination Committee. On 28 August 2008, he has resigned the position as the Chairman and remained as a member of the Nomination Committee. In addition, he also serves as a member of both the Remuneration Committee and the Audit Committee. He was appointed as a member for the Audit Committee on 11 October 2007. He is also a Director of all subsidiary companies of Imaspro Corporation Berhad.

He holds a Diploma in Statistics from Mara Institute of Technology (now known as UiTM) and a Postgraduate Diploma from the Securities Institute of Australia. He began his career as an Investment Analyst with Malaysian National Reinsurance Berhad, Kuala Lumpur and left as an Investment Manager in 1986. Thereafter, he joined KAB Group as the Corporate Planning Manager. In KAB Group, he undertook various feasibility studies on the privatisation of toxic and hazardous waste management as well as on the cultivation of chilli and tomato. In 1991, he returned to the investment and securities industry when he joined BBMB Securities Sdn. Bhd. as Manager of Institutional Sales. He left BBMB Securities in 1992 to join UMBC Securities Sdn. Bhd. as Manager, Dealing before assuming the position of Senior Manager, Dealing in MGI Securities Berhad in 1995. He left MGI Securities in 1998 and was based in London as Fund Manager of TRIM Capital Management Ltd. In 2000, he returned to Malaysia and was employed as Head of Islamic Products Unit, a start-up division to participate in the evolving opportunities in Islamic banking, in Melor Permata Capital Management Sdn. Bhd. He left the company in the same year to pursue his personal interest in the investment and securities industry.

He has no directorship in other public companies.

Encik Mohd Shafek Bin Isa holds 150,000 shares directly in the Company and 19,118,704 shares indirectly (deemed interested by virtue of his interest in Sunbina Dunia Sdn. Bhd., a substantial shareholder of the Company, pursuant to Section 6A of the Companies Act, 1965). He does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted for offences within the past ten (10) years other than traffic offences, if any. He attended all five (5) Board meetings held in the financial year.

TONG CHIN HEN

Managing Director

Mr. Tong Chin Hen, a Malaysian and aged 52, is the Managing Director. He was appointed to the Board as Managing Director since 15 November 2005 and also a member of the Audit Committee. He resigned as a member of the Audit Committee on 11 October 2007. He is also a Director of all subsidiary companies of Imaspro Corporation Berhad.

He is a member of the Institute of Directors in the United Kingdom. His career started in 1975 when he joined Ancom Sdn. Bhd., which went public in 1990, and was the first agrochemical plant to be established in Malaysia. He left the company in end 1992 while he was the Executive Commercial Manager. His tenure at Ancom Berhad enabled him to experience first-hand most of the key activities of an international agrochemical company. Early signs of his entrepreneurship surfaced when he was with Ancom Berhad where he initiated and successfully opened up with the Pacific Islands markets for the company. He was also the first Ancom employee to initiate the sourcing of critical materials for production directly from suppliers in China to avoid mark-up by middlemen and traders. In June 1993, he bought a stake in Imaspro Resources Sdn. Bhd. ("IRSB") and assumed the position of General Manager. He has been solely responsible for the growth of the company to be a leading pesticide player in Malaysia over the last fourteen (14) years. He was also directly responsible for creating several export markets for the company, including pioneering exports of pesticides to Russia and Eastern European countries. To-date, the products of IRSB have been exported to approximately thirty (30) countries worldwide. His ability to lead a Malaysian agrochemical company to break into and increase its overseas presence amidst growing trade protectionism reflects his market-savvy approach to business and the extent of his networking in the international

PROFILE OF DIRECTORS (continued)

agrochemical business. He has been a regular participant in the Annual British Crop Protection Conference & Exhibition in the United Kingdom, the largest annual gathering of players in the global agrochemical industry since the 1990s.

He has no directorship in other public companies.

Mr. Tong Chin Hen holds 150,000 shares directly in the Company and 33,947,064 shares indirectly (deemed interested by virtue of his interest in Swiss Revenue Sdn. Bhd., a substantial shareholder of the Company, pursuant to Section 6A of the Companies Act, 1965). He is the younger brother of Mr. Tong Ah Wah @ Tong Chun Hwi and does not have any conflict of interest with the Company. He has not been convicted for offences within the past ten (10) years other than traffic offences, if any. He attended all five (5) Board meetings held in the financial year.

TONG AH WAH @ TONG CHUN HWI

Executive Director

Mr. Tong Ah Wah @ Tong Chun Hwi, a Malaysian and aged 59, is an Executive Director. He was appointed to the Board since 15 November 2005.

He holds a Bachelor of Science in Chemical Engineering from National Cheng Kung University in Taiwan and has been a member of Institute Kimia Malaysia since 1978. Upon his graduation in 1972, he joined Malaya Acid Works Sdn. Bhd. ("MAWSB") and was later promoted as a Process Engineer in 1977. During his tenure with MAWSB, he was extensively involved in various fields in chemical manufacturing industries including amongst others, project planning, product development, plant expansion, quality control and research and development. He achieved a Malaysian first in 1987 when he pioneered the development and manufacturing of potassium silicate glass and liquid on a commercial scale. The product is now supplied widely to the local and overseas markets. He retired from MAWSB in 2004 as Senior Chemical Engineer of the company.

He is currently an Independent Non-Executive Director of Stone Master Corporation Berhad. He is also a member of its Audit Committee.

Mr. Tong Ah Wah @ Tong Chun Hwi holds 2,671,498 shares directly in the Company. He is the elder brother of Mr. Tong Chin Hen and does not have any conflict of interest with the Company. He has not been convicted for offences within the past ten (10) years other than traffic offences, if any. He attended all five (5) Board meetings held in the financial year.

DR. LEONG WAN LEONG

Independent Non-Executive Director

Dr. Leong Wan Leong, a Malaysian and aged 58, is an Independent Non-Executive Director. He was appointed to the Board since 15 November 2005. He serves as the Chairman of the Audit Committee. On 4 February 2008, he has resigned the position as the Chairman and remained as a member of the Audit Committee. In addition, he is also a member of both the Remuneration Committee and the Nomination Committee. He was appointed as a Chairman for both the Remuneration Committee and the Nomination Committee on 27 May 2008 and 28 August 2008 respectively.

He holds a Bachelor of Science Degree in Chemical Engineering from the National Cheng Kung University, Taiwan and a Master of Science Degree in Process Analysis and Development from the University of Aston Birmingham, United Kingdom. He joined the University of Malaya in 1977 where he lectured, tutored and conducted research. He received his PhD Degree from the Department of Chemical Engineering, University of Malaya in 1984. Between mid 1980s until 1996, he held various positions at the Palm Oil Research Institute of Malaysia ("PORIM"), currently known as Malaysia Palm Oil Board. He is a trained assessor for the implementation and auditing of ISO 9000 Quality System for the palm oil industry and also the main assessing officer for PORIM's Certificate of Competency Schemes for palm oil refineries and palm oil mills. In addition, he is also responsible for organising Diploma and other certified training programs for palm

PROFILE OF DIRECTORS (continued)

oil mill engineers, production supervisors and laboratory conductors. Currently, he has interests over several private limited companies involved in marketing and trading of products.

He has no directorship in other public companies.

Dr. Leong Wan Leong holds 50,000 shares directly in the Company. He does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted for offences within the past ten (10) years other than traffic offences, if any. He attended all five (5) Board meetings held in the financial year.

TAI KEAT CHAI

Independent Non-Executive Director

Mr. Tai Keat Chai, a Malaysian and aged 54, is an Independent Non-Executive Director. He was appointed to the Board since 15 November 2005. He also serves as the Chairman of the Remuneration Committee and a member of both the Nomination Committee and the Audit Committee. On 4 February 2008, he was appointed as a Chairman of the Audit Committee. In addition, he has resigned as the Chairman of the Remuneration Committee on 27 May 2008 and remained as a member of the Remuneration Committee.

He is a Fellow of the Institute of Chartered Accountants in England & Wales and a member of the Malaysian Institute of Accountants. He began his career with KPMG London as an Audit Senior in 1977 and a year later joined PricewaterhouseCoopers in Kuala Lumpur, as a Qualified Assistant. In 1981, he joined Alliance Merchant Bank Berhad as an Assistant Manager and subsequently promoted to Senior Manager (Corporate Finance). In 1988, he returned to PricewaterhouseCoopers Consulting Sdn. Bhd. as Manager for about a year before joining Berjaya Group Berhad as a General Manager (Investment). Subsequently, in 1990, he ventured into the stockbroking industry and has worked in SJ Securities Sdn. Bhd., A.A. Anthony Securities Sdn. Bhd. and ECM Libra Avenue Securities Berhad as General Manager, Director and a dealer's representative respectively.

He is presently a Board member of Chuan Huat Resources Berhad, Disccomp Berhad, Toyochem Corporation Berhad, MESB Berhad, CUSCAPI Berhad, PECD Berhad, Opensys (M) Berhad, MIDF Amanah Investment Bank Berhad (Formerly known as Utama Merchant Bank Berhad), Sunway Infrastructure Berhad and several other private limited companies.

Mr. Tai Keat Chai holds 50,000 shares directly in the Company. He does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted for offences within the past ten (10) years other than traffic offences, if any. He attended all five (5) Board meetings held in the financial year.

CORPORATE GOVERNANCE STATEMENTS

The Board of Directors of Imaspro Corporation Berhad (“the Board”) fully appreciates the importance of adopting high standards of Corporate Governance within the Group as expressed in the Principles and Best Practices set out in the Malaysian Code of Corporate Governance (Revised 2007) (“the Code”). The Board has been committed to ensuring that the highest standards of Corporate Governance are consistently observed by the Group. Apart from observance of the Code, the Board has also moved to put in place stringent parameters and measures for adherence by the management.

By promoting integrity and professionalism the management of the Group’s affairs, the Board aims to enhance business efficacy, transparency, accountability and also to protect and achieve the ultimate objective of realising long-term shareholders’ value, the financial performance of the Group as well as the interests of other stakeholders.

The Board is therefore pleased to report that during the financial year ended 30 June 2008, it had practiced good Corporate Governance in directing and managing the business affairs of the Company and its subsidiaries (“the Group”).

BOARD OF DIRECTORS

Board Composition and Balance

The Board currently has five (5) members, comprising two (2) Executive Directors and three (3) Non-Executive Directors. Of the three (3) Non-Executive Directors, two (2) are independent and hence fulfill the prescribed requirements for one-third (1/3) of the membership of the Board to be independent Members.

The Board is a well-balanced Board with an effective mix of Executive Directors and Independent Non-Executive Directors, which is in line with the Code and is of the appropriate size and with the right mix of skills and experience. This balance enables the Board to provide clear and effective leadership to the Group and to bring informed and independent judgement to many aspects of the Group’s strategies and performances so as to ensure that the highest standards of professionalism, conduct, transparency and integrity are maintained by the Group.

The Executive Directors who have good knowledge of the business are responsible for implementing the corporate strategies and policies as well as charged with the management of the day-to-day operations of the business.

The Independent Directors play a pivotal role in corporate accountability. None of the Non-executive Directors participate in the day-to-day management of the Group. The presence of the Independent Non-Executive Directors are essential in providing the Group with a wider general experience of strategy formulation, unbiased and independent opinions, advice, judgements, objective view of the performance of the management and professionalism to ensure that adequate systems are used to safeguard the interests, not only to the Group, but also to minority shareholders and stakeholders of the Group.

The division of responsibilities between the Chairman and Managing Director is clearly defined to ensure that there is a balance of power and authority. The Chairman is responsible for ensuring Board effectiveness, organising the business of the Board, setting its agenda and facilitates the constructive relations between the Executive and Non-Executive Directors whilst the Managing Director has overall responsibility over the operating units, organisational effectiveness and coordinating the development and implementation of business and corporate strategy as well as the implementation of Board policies and decisions.

Board Responsibilities

The Board is primarily responsible for the Group’s overall Corporate Governance, strategic plans, business performance, succession planning, risk management, as well as reviewing the adequacy and integrity of its internal control and management information systems.

CORPORATE GOVERNANCE STATEMENTS (continued)

The Board meets regularly to review the Group's corporate strategies, business operations and financial performance. Matters significant to the Group's business and finances including approval of the quarterly results and annual report, annual budget, major capital expenditure, major acquisition and disposal of assets are also discussed at these meetings.

Board Meetings and Supply of Information

The Board meets regularly on a quarterly basis with additional meetings being convened as and when necessary. In the meeting, the Board will deliberate on and consider matters relating to the Group's financial performance, significant investments, corporate development, strategic issues and business plan. The Company Secretary is responsible for ensuring that Board policies and procedures are complied with and all proceedings of the Board and Board Committee are recorded and draft minutes are circulated to the Directors for confirmation prior to being approved.

During the financial year, five (5) Board Meetings took place. Details of the attendance of the Directors at the Board Meetings held in the financial year ended 30 June 2008 are as follows:

Name of Director	No. of Meetings Attended
Mohd Shafek Bin Isa	5/5
Tong Chin Hen	5/5
Tong Ah Wah @ Tong Chun Hwi	5/5
Dr. Leong Wan Leong	5/5
Tai Keat Chai	5/5

Directors' commitment, resources and time allocated to the Company are evident from the attendance record, where no Directors were absent from the Board Meetings held during the financial year ended 30 June 2008, hence complying with Paragraph 15.05 of Listing Requirements of Bursa Securities.

All Directors are provided with an agenda and a compilation of Board papers prior to each Board Meeting. The Board papers include minutes of the last Board Meeting, agenda for the current meeting and any report and documents pertaining to the issues to be discussed at the Board Meeting. The Board papers are issued in sufficient time to enable the Directors to obtain a comprehensive understanding of the issues to be deliberated upon to enable them to arrive at an informed decision. The Chairman of the Board chairs the Board Meetings while the Managing Director leads the presentation and provides explanations on the Board Reports. Senior Management staff may be invited to attend the Board Meetings to explain and clarify matters being tabled.

In exercising their duties, the Directors have unrestricted access to timely and accurate information within the Group, whether as a full Board or in their individual capacity. All Directors also have direct access to the advice and the services of the Group's Company Secretary. The Directors are regularly updated and advised by the Company Secretary on new statutory and regulatory requirements and their impact and the implication on the Company and Directors in carrying out their fiduciary duties and responsibilities. In addition, the Board may also seek professional opinion and independent advice from external consultants in the course of fulfilling their responsibilities, if necessary, at the Company's expense.

Appointment and Re-election of Board Members

The Board appoints its members through a formal process that is consistent with the Company's Articles of Association. The Nomination Committee has been entrusted with the responsibilities for proposing and recommending the right candidates to the Board for appointment. In addition, the Nomination Committee also has the function of assessing the effectiveness of the Board, reviewing the skills, professionalism, integrity and competences of individual Directors and the composition of the various committees of the Board.

CORPORATE GOVERNANCE STATEMENTS (continued)

In accordance to the Company's Articles of Association, any Director so appointed shall hold office only until the next following Annual General Meeting ("AGM") and shall then be eligible for re-election.

The Articles of Association also requires that at least one-third (1/3) of the Directors including Executive Directors, to retire from office by rotation and be eligible for re-election at every AGM. All Directors shall submit for re-election at least once every three (3) years from the date of appointment in compliance with the Listing Requirements of the Bursa Securities.

Pursuant to Section 129(2) of the Companies Act, 1965, Directors who are over seventy (70) years of age are required to submit themselves for re-appointment annually. None of the Directors of the Company has attained the age of seventy (70) years for the financial year under review.

Directors' Training

In compliance with the Listing Requirements of Bursa Securities, all Directors have attended and successfully completed the Mandatory Accreditation Programme ("MAP") conducted by the Research Institute of Investment Analysis Malaysia ("RIIAM").

In addition, the Board is constantly encouraged to attend programmes and seminars to keep abreast with the latest developments in the market place as well as the new statutory and regulatory requirements.

During the financial year, all Directors together with Senior Management have attended a one day course on "Risk Management". From time to time, the Directors also receive updates and briefings, particularly on regulatory and legal developments relevant to the Company's business.

Directors' Remuneration

The remuneration of the Executive Directors consists of basic salary and other emoluments. Other benefits customary to the Group are made available as appropriate. Any salary review takes into account market rates and the performance of the individual and the Group. The Non-Executive Directors' remuneration comprises fees that reflect their expected roles and responsibilities, including any additional work and contributions required. In addition, each Director is paid a meeting allowance for each Board and Committee meeting they attended. The Directors' fees are approved annually by the shareholders at the AGM.

Details of remuneration of Directors who served during the financial year ended 30 June 2008 are as follows:

Aggregate Remuneration by Category	Executive Directors RM	Non-Executive Directors RM
Salaries and bonuses	1,420,000	-
Fees	168,000	84,000
Pension costs – defined contribution plan	195,900	-
Total	1,783,900	84,000

CORPORATE GOVERNANCE STATEMENTS (continued)

For the financial year ended 30 June 2008, the numbers of Directors whose remuneration fall within the respective bands are as follows:

Range of Remuneration	Number of Directors	
	Executive Directors	Non-Executive Directors
RM50,000 & below	-	3
RM350,001 to RM400,000	-	-
RM400,001 to RM600,000	1	-
RM1,000,000 to RM1,200,000	1	-

Board Committees

In order to ensure the effective discharge of its fiduciary duties, the Board has established various Board Committees to assist the Board in the running of the Group. This is to allow the members of the Board Committees to deliberate and examine issues within their terms of reference in greater detail and subsequently recommend and report to the Board. The functions and terms of reference of the committees, as well as the authority delegated by the Board to these committees, have been clearly defined and approved by the Board. All Board Committees do not have executive powers but only the power to make recommendations to the Board. Directors serving on the Board's Committees together with their profiles are identified in the Directors' profile beginning on page 6.

The Board Committees for the financial year under review are as follows:

(a) Audit Committee

The Audit Committee was established pursuant to a resolution of the Board of Directors on 15 November 2005. The Audit Committee operates under a clearly defined terms of reference stating its roles and responsibilities in ensuring the quality and integrity of the practices of the Group.

The Audit Committee presently comprises three (3) members of the Board of which two (2) are Independent Non-Executive Directors and one (1) is Non-Executive Chairman:

- i) Tai Keat Chai (Independent Non-Executive Director) – Appointed as Chairman on 4 February 2008
- ii) Dr. Leong Wan Leong (Independent Non-Executive Director) – Formerly Chairman, redesignated as Member on 4 February 2008
- iii) Mohd Shafek Bin Isa (Non-Executive Chairman) – Appointed on 11 October 2007
- iv) Tong Chin Hen (Managing Director) - Resigned on 11 October 2007

The Audit Committee has held a total of five (5) meetings during the course of the financial year ended 30 June 2008. The terms of reference, attendance for the meetings and activities of the Audit Committee are stated in the Audit Committee Report beginning on page 17.

(b) Nomination Committee

The Nomination Committee was established on 17 January 2006. The Nomination Committee is responsible for ensuring the Board has the appropriate balance and size, and recommending the right candidates with the necessary mix of skills, experience and competencies to be appointed to the Board.

CORPORATE GOVERNANCE STATEMENTS (continued)

The Nomination Committee comprises three (3) members, all of whom are Non-Executive Directors. Of the three (3) Non-Executive Directors, two (2) are independent:

- i) Dr. Leong Wan Leong (Independent Non-Executive Director) - Appointed as Chairman on 28 August 2008
- ii) Mohd Shafek Bin Isa (Non-Executive Chairman) - Formerly Chairman, redesignated as Member on 28 August 2008
- iii) Tai Keat Chai (Independent Non-Executive Director)

During the financial year ended 30 June 2008, the Committee met once and the meeting was attended by all its members.

The terms of reference of the Nomination Committee are as follows:

- to review, recommend and consider suitable candidates to the Board of the Company and subsidiaries of the Group, including committees of the Board;
- to recommend to the Board the optimum size of the Board, formalise a transparent procedure for proposing new nominees to the Board and Board Committees and ensure that the investment of the minority shareholders are fairly reflected on the Board;
- to review and determine the mix of skills, experience and other qualities, including core competencies of Non-Executive Directors, on an annual basis;
- to assess the Directors on an on-going basis and the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director;
- to ensure that there is an orientation and education programme for newly appointed Directors with respect to the business and management of the Group;
- to consider and recommend training or skills upgrade for Directors in furtherance of their duties as appropriate;
- to provide feedbacks to Directors in respect of their individual performance;
- to provide constructive input to each individual Director as to how he or she may be better contribute to the functioning of the Board; and
- to ensure the composition of the Board is in accordance with the Memorandum and Articles of Association and the requirements for Best Practice of Corporate Governance.

All recommendations of the Nomination Committee are subject to the endorsement of the Board.

(c) Remuneration Committee

The Remuneration Committee was established on 17 January 2006. The Committee is responsible for carrying out annual reviews whereupon recommendations are submitted to the Board on the overall remuneration policy for Directors and Key Senior Management Officers, to ensure that the remuneration policy remains in support of its corporate objectives and shareholder value, and is in tandem with its culture and strategy.

The Remuneration Committee comprises three (3) members, all of whom are Non-Executive Directors. Of the three (3) Non-Executive Directors, two (2) are independent:

CORPORATE GOVERNANCE STATEMENTS (continued)

- i) Dr. Leong Wan Leong (Independent Non-Executive Director) – Appointed as Chairman on 27 May 2008
- ii) Tai Keat Chai (Independent Non-Executive Director) – Formerly Chairman, redesignated as Member on 27 May 2008
- iii) Mohd Shafek Bin Isa (Non-Executive Chairman)

Meetings of the Remuneration Committee are held as and when required, and at least once a year. During the financial year ended 30 June 2008, the Committee met twice and the meeting was attended by all its members.

The terms of reference of the Remuneration Committee are as follows:

- to establish and review the terms and conditions of employment and remuneration of Executive Directors and Key Senior Management Officers of the Group to ensure that rewards commensurate with their contributions to the Group's growth and profitability; and supports the Group's objectives and shareholder value and is consistent with the Group's culture and strategy;
- to review annually the performance of the Executive Directors and recommend to the Board specific adjustments in remuneration and/or reward payments if any reflecting their contributions for the year;
- to ensure the level of remuneration for Non-Executive Directors and Independent Directors reflects their experience and level of responsibilities undertaken and contribution to the effective functioning of the Board. Reviews and recommends changes to the Board where necessary; and
- to keep abreast of the terms and conditions of service of the Executive Directors including their total remuneration package for market comparability. Reviews and recommends changes to the Board where necessary.

All recommendations of the Remuneration Committee are subject to the endorsement of the Board.

INVESTORS RELATIONS AND SHAREHOLDERS COMMUNICATION

The Board clearly recognises the importance of transparency and accountability to all its stakeholders, particularly its shareholders and investors as it ensures that market credibility and investors' confidence are maintained. Through extensive disclosures of appropriate and relevant information, using various channels of communication on a timely basis, the Group aims to effectively provide shareholders and investors with information to fulfill transparency and accountability objectives.

At this juncture, the channel of communication to shareholders, stakeholders and general public for the overall performance and operations of the Group's business activities are press releases, public announcements on quarterly basis, annual report and disclosures to the Bursa Securities.

Meetings with institutional investors, fund managers and analysts from time to time provide an additional avenue for the Board and Management to convey information about Group performance, strategy and other matters affecting shareholders' interests.

The Company's Annual General Meeting ("AGM") is the principal forum for dialogue with all shareholders and the Board encourages shareholders to attend and participate in the AGM. The notice of meeting and the annual report are sent out to shareholders at least 21 days before the date of the meeting in accordance with the Company's Articles of Association. A presentation is given by the Chairman to explain the Group's strategy, performance and major developments to shareholders during the AGM. Shareholders are accorded both the opportunity and time to raise questions or offer constructive criticism pertaining to the operations and financial matters of the Group; whilst the Board and Senior

CORPORATE GOVERNANCE STATEMENTS (continued)

Management will provide the answers and appropriate clarifications to issues raised. The external auditors will also be present to provide their professional and independent clarification on issues and concerns raised by the shareholders, if necessary.

Besides the key channels of communication through the annual report, general meetings and announcements to Bursa Securities as well as analyst and media briefings, there is also continuous effort to enhance the Group's website at www.imaspro.com as a channel of communication and information dissemination. Continuous improvement and development of the website will be undertaken by the Group to ensure easy and convenient access.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to present a clear, balanced, insightful and timely assessment of the Group's financial position, performance and prospects by ensuring quality financial reporting through the annual audited financial statements and quarterly financial results to its stakeholders, in particular, shareholders, investors and the regulatory authorities.

In presenting the annual financial statements and quarterly announcements of results to the shareholders, the Directors aims to ensure that the financial statements and quarterly announcements are prepared in accordance with the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group. The accounting policies and methods once adopted, are consistently applied and supported by reasonable judgements and estimates.

The Audit Committee assists the Board in scrutinising information for disclosure to ensure the quality of financial reporting and adequacy of such information, prior to submission to the Board for its approval.

The Directors have responsibility for ensuring that the Group keeps proper accounting records which disclose with reasonable accuracy at any time, the financial position of the Group and to enable them to ensure that the financial statements comply with the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

In addition, the Directors are also responsible for taking reasonable steps to safeguard the assets for the Group and to prevent and detect fraud as well as other irregularities.

Internal Control

The Board acknowledges its overall responsibility for maintaining a sound system of internal controls that provides reasonable assessment of effective and efficient operations, internal financial controls and compliance with laws and regulations as well as with internal procedures and guidelines. Such a system is 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, errors, frauds or losses. The effectiveness of the systems of internal controls of the Group is reviewed periodically by the Audit Committee.

The Statement on Internal Control, which provides an overview of the state of the internal control within ICB Group, is set out in page 21-22 of this Annual Report.

Relationship with Auditors

The Group's external auditors continue to provide independent assurance to shareholders on the Group's operational

CORPORATE GOVERNANCE STATEMENTS (continued)

control and financial statements. The Board has maintained a closed and transparent relationship with the external auditors in seeking professional advice.

The auditors are invited to attend the Audit Committee meetings as and when required apart from the scheduled meeting when the external auditors present the audited financial statements of the Group to the Committee. During such meetings, the auditors highlight and discuss the nature, scope of the audit, internal controls and problems that may require the attention of the Board.

The Audit Committee meets with the external auditors to discuss their audit plan, audit findings and the financial statements. The Audit Committee also meets the external auditors without the presence of the Executive Directors and the Management at least twice a year.

A summary of activities and the role of the Audit Committee in relation to both the internal and external auditors are described in the Audit Committee Report beginning on page 17.

Compliance with the Code

The Board is satisfied that the Group has maintained a high standard of Corporate Governance and has strived to achieve the highest level of integrity and ethical standard, in all its business dealings, including compliance with the Code throughout the financial year ended 30 June 2008.

This statement is made in accordance with the resolution of the Board.

AUDIT COMMITTEE REPORT

The Board of Directors of Imaspro Corporation Berhad is pleased to present the Audit Committee Report for the financial year ended 30 June 2008.

MEMBERSHIP AND MEETINGS

The Audit Committee presently comprises three (3) members of the Board, of which two (2) are Independent Non-Executive Directors and one (1) is the Non-Executive Chairman. During the financial year under review, the Audit Committee held five (5) meetings. In addition to the above meetings, the Audit Committee also met with the external auditors in separate private sessions twice during the financial year without the presence of management.

The members of the Committee and the attendance at the meetings during the financial year ended 30 June 2008 are stated below:

Name of Director	Designation	No. of Meetings Attended
Tai Keat Chai	Chairman, Independent Non-Executive Director (Appointed as Chairman on 4 February 2008)	5/5
Dr. Leong Wan Leong	Independent Non-Executive Director (Formerly Chairman, redesignated as Member on 4 February 2008)	5/5
Mohd Shafek Bin Isa	Non-Executive Chairman (Appointed on 11 October 2007)	3/3
Tong Chin Hen	Managing Director (Resigned on 11 October 2007)	2/2

TERMS OF REFERENCE

1. Membership

The Audit Committee shall be appointed by the Board of Directors from amongst its Directors and shall consist of not less than three (3) members, all of whom must be Non-Executive Directors, with majority of them being Independent. The Chairman, who shall be elected by the Audit Committee, shall be an Independent Non-Executive Director. No alternate Director shall be appointed as a member of the Audit Committee.

The Board shall at all times ensure that at least one (1) member of the Audit Committee:

- (i) must be a member of the Malaysian Institute of Accountants ("MIA"); or
- (ii) if he is not a member of the MIA, he must have at least three (3) years' working experience and:
 - he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
 - 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.

At least once in every three (3) years, the Board of Directors must review the term of office and performance of the Audit Committee and each of its members to determine whether the Audit Committee and its members carried out their duties in accordance to the terms of reference.

AUDIT COMMITTEE REPORT (continued)

2. Meetings and reporting procedures

The Audit Committee shall convene meetings as and when required, and at least four (4) times during the financial year. The Chairman of the Audit Committee, or the Secretary on the requisition of any members, the internal auditors or the external auditors, shall at any time summon a meeting by giving reasonable notice. A quorum shall be two (2) members present and majority of which must be Independent Directors.

The chief executive officer, the chief financial officer and the Company Secretary shall normally attend all meetings of the Audit Committee but may be requested to leave a meeting as and when deemed necessary by the Audit Committee. The presence of the internal and external auditors will be requested, if required. Other Board members may attend meetings upon the invitation of the Audit Committee. The Audit Committee shall meet the external auditors without the presence of the Executive Directors and employees at least twice a year.

The Company Secretary shall act as Secretary of the Audit Committee responsible for drawing up the agenda for each meeting in consultation with the Chairman of the Committee. The agenda shall be distributed to all members of the Audit Committee and the internal and external auditors before the meeting together with supporting papers. The minutes of the meeting of the Audit Committee shall be circulated to all members of the Board. The Chairman of the Audit Committee shall report on each meeting to the Board and all recommendations of the Audit Committee shall be submitted to the Board for approval.

3. Authority

The Audit Committee is authorised by the Board and at the cost of the Company to:

- investigate any activity within its terms of reference, or as directed by the Board;
- determine and obtain the resources required to perform its duties, including approving the budget for the external and internal audit functions;
- have full and unrestricted access to any information pertaining to the Company or the Group for the purpose of discharging its functions and responsibilities;
- have direct communication channels with the external auditors and persons carrying out the internal audit function for the Group;
- direct the internal audit function in the Group;
- approve the appointment of the head of internal audit;
- engage independent professional advisors and to secure the attendance of outsiders with relevant experience and expertise if necessary;
- to review the adequacy of the structure and Terms of Reference of the Board Audit Committees; and
- 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.

4. Responsibilities and Duties

The responsibilities and duties of the Audit Committee shall include the following:

Corporate Financial Reporting

- i) to review and recommend acceptance or otherwise of accounting policies, principles and practices;
- ii) to review the quarterly and annual financial statements of the Group and the Company for recommendation to the Board for approval, focusing particularly on:
 - any changes in or implementation of new accounting policies and practices;
 - major judgemental areas, significant and unusual events;

AUDIT COMMITTEE REPORT (continued)

- significant adjustments arising from the audit;
 - the going concern assumptions; and
 - compliance with the applicable approved accounting standards in Malaysia, Listing Requirement of the Bursa Securities and other legal and statutory requirements.
- iii) to review with management and the external auditors the results of the audit, including any difficulties encountered.

Enterprise-wide Risk Management

- i) to review the adequacy of and to provide independent assurance to the Board of the effectiveness of risk management functions of the Group; and
- ii) to ensure that the principles and requirements of managing risk are consistently adopted throughout the Group.

Internal Control

- i) to assess the quality and effectiveness of the systems of the internal control and the efficiency of the Group's operations;
- ii) to review the findings on the internal control in the Group by internal and external auditors; and
- iii) to review and approve the Statement on Internal Control for the annual report as required under Listing Requirements of Bursa Securities.

Internal Audit

- i) to approve the corporate audit charters of internal audit functions in the Group;
- ii) to ensure that the internal audit functions have appropriate standing in the Group and have the necessary authority and resources to carry out their work. This includes a review of the organisational structure, resources, budgets and qualifications of the internal audit personnel;
- iii) to review internal audit reports and management's response and actions taken in respect of these and report to the Board accordingly;
- iv) to review the adequacy of internal audit plans and the scope of audits, functions, competency and resources of the internal audit functions and ensure that they are carried out without any hindrance;
- v) to be informed of resignations and transfers of senior internal audit staff and providing resigning/transferred staff an opportunity in expressing their views; and
- vi) to direct any special investigation to be carried out by internal audit.

External Audit

- i) to consider the appointment, resignation and dismissal of external auditors and their audit fee;
- ii) to review external audit reports, major findings and management responses and actions taken thereto. Where actions are not taken within an adequate timeframe by the management, the Audit Committee will report the matter to the Board; and
- iii) to review external audit plans and scope of the audit work.

Corporate Governance

- i) to review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow up (including disciplinary action) any instances of non-compliance;
- ii) to review the findings of any examinations by regulatory authorities;
- iii) to consider any related party transaction and conflict of interest that may arise within the Group including any transaction, procedure or course of conduct that raises questions of integrity;
- iv) to review and approve the Statement of Corporate Governance for the annual report as required under Listing Requirements of Bursa Securities;
- v) to review the investor relations programme and shareholder communications policy for the Company;
- vi) to examine instances and matters that may have compromised the Principles of Corporate Governance and report back to the Board;

AUDIT COMMITTEE REPORT (continued)

- vii) to develop and regularly review the Group's Code of Corporate Governance and Business Ethics; and
- viii) where the Audit Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved, resulting in a breach of the Listing Requirements of the Bursa Securities, the Audit Committee must promptly report such matters to Bursa Securities.

SUMMARY OF ACTIVITIES

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

The main activities undertaken by the Audit Committee included the following:

- a) reviewed the interim financial reports relating to the quarterly reporting of the Group to ensure adequacy of disclosure of information essential to a fair and full presentation of the financial affairs of the Group for recommendation to the Board for approval for the release of the said quarterly reporting;
- b) reviewed the audited financial statements before submitting them to the Board, ensuring that the financial statements were prepared in accordance with the applicable approved accounting standards in Malaysia and provisions of the Companies Act, 1965. Any significant issues resulting from the audit of the financial statements by the external auditors were deliberated;
- c) evaluated the performance of the external auditors, reviewed the external auditors' scope of work, audit plan and their audit fees and recommending the appointment of external auditors at the Annual General Meeting;
- d) reviewed with the external auditors the results of the audit and the management letter (if any), including management's response;
- e) discussed the internal audit plan, programmes and resources requirement and skill levels of the internal auditors for the year and assessed the performance of the internal audit function;
- f) reviewed the internal auditor's report, which highlighted the audit issues, recommendations and management's response. Discussed with Management, actions taken to improve the system of internal control based on improvement opportunities identified in the internal audit reports;
- g) reviewed the application of Corporate Governance principles and the extent of the Group's compliance with the Best Practices set out under the Malaysian Code on Corporate Governance for the purpose of preparing the Corporate Governance Statements and Statement on Internal Control pursuant to the Listing Requirements of the Bursa Securities; and
- h) reviewed and discussed Related Party Transaction ("RPT") and Recurrent Related Party Transactions ("RRPT") to ascertain if the transactions are conducted at arm's length and on normal commercial terms, and that the internal control procedures with regards to such transactions are sufficient.

This statement is made in accordance with the resolution of the Board.

STATEMENT ON INTERNAL CONTROL

Introduction

The Malaysian Code on Corporate Governance stipulates that the Board of Directors of listed companies should maintain a sound system of internal control to safeguard shareholders' investment and the companies' assets.

In accordance with the listing requirement of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board of Directors of Imaspro Corporation Berhad is pleased to provide the following statement on the state of internal control of the Group for the financial year ended 30 June 2008. The statement has been prepared in accordance with the "Statement on Internal Control – Guidance for Directors of Public Listed Companies" issued by the Institute of Internal Auditors Malaysia and adopted by Bursa Malaysia Securities Berhad.

Directors' Responsibilities

The Board acknowledges its responsibilities for maintaining a sound system of internal control to safeguard shareholders' investment and the assets of the Group and for reviewing the adequacy and integrity of the system. The system of internal control covers not only financial controls but operational and compliance controls. However, the Board recognises that reviewing of the Group's systems of internal control is a concerted and continuing process, designed to manage rather than to eliminate the risk of failure to achieve business objectives. Accordingly, the Group's system of internal control can only provide reasonable but not absolute assurance against material misstatement, fraud or losses. Furthermore, because of changing circumstances and conditions, the effectiveness of an internal control system may vary over time. The system of internal controls is to enable the Group to achieve its corporate objectives within an acceptable risk profile and cannot be expected to eliminate all the risks identified.

Current Risk Management Framework

Risk management is an integral part of the Group business operations and it is subject to periodic review by the Board of Directors. The Group adopted a structured risk management framework with discussions involving different levels of managements to identify and address risks faced by the Group. Based on the assessment of the internal control systems of the Group, the Board of Directors is of the view that there is an on-going process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives in their daily activities throughout the financial year up to the date of approval of the annual report.

The Audit Committee and Internal Audit Function

The Audit Committee reviews internal control issues identified by internal auditors, external auditors and Management and evaluates the adequacy and effectiveness of the Group's internal control systems.

During the financial year, the Group outsourced its internal audit function to an independent firm of consultants.

The internal audit team will assist the Audit Committee in discharging internal control function in which to assess the adequacy and effectiveness of the system of internal controls and accounting control procedures of the Group. The internal audit team independently reported to the Audit Committee its activities, significant results, findings and the necessary recommendations or changes. The Board will further review the minutes of the Audit Committee Report and Internal Audit Progress Report to gain assurance on the effectiveness, adequacy and integrity of the system of internal controls in operations. At the onset, the annual audit programme will be presented to the Audit Committee for its approval before commencement of the following financial year. The internal audit team is totally independent. It has no involvement in the operations of the Group and is not involved in providing any form of advisory to the Management of the Group.

STATEMENT ON INTERNAL CONTROL (continued)

Other Key Internal Control Features

Key features of the process established within the Group which can contribute to a sound system of internal control are as follows:

- Within the Group, there are organisational structures in place for each operating unit with clearly defined responsibilities and levels of authority. Management of each operating unit has clear responsibility for identifying risk affecting their unit and the overall Group's business as a whole. They are also charged with instituting adequate procedures and internal controls to mitigate and monitor such risks on an ongoing basis.
- Operating policies and procedures that serve as general management guide for daily operation. These policies and procedures are reviewed on a regularly basis to reflect changing risks or to resolve any operational deficiencies. It is also to promote efficiency and accountability for the Group.
- As part of the performance monitoring process, management information in the form of forecasts and quarterly management accounts and reports are provided to the Board for review and approval.
- There has been active participation by the Executive Directors in the day-to-day running of business operations, and regular dialogue with senior management of the respective operating units. Management meetings attended by the Managing Director, Executive Director and respective Head of the operating units are held to identify, discuss and report on operational performance, business strategy, financial and key management issue of each operating units.
- Adequate insurance provision and security measures on major assets of the Group are provided to ensure that it sufficiently safeguards against any mishap that will result in material losses to the Group.
- Training and development programmes are established to ensure that staff is constantly kept up-to-date with the constant technological changing environment in order to be competent in the industry in line with achieving the Group's business objectives.

The Board confirms that the Group's system of internal control was generally satisfactory throughout the financial year and up to the date of approval of the annual report. There were no major internal control weaknesses that require disclosure in the annual report and corrective actions have been taken on control exceptions identified. The Board continues to take measures to strengthen the control environment.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.24 of the Bursa Securities Listing Requirements, the external auditors have reviewed this Statement on Internal Control for inclusion in the annual report for the financial year ended 30 June 2008. This review was performed in accordance with Recommended Practice Guide ("RPG") 5 issued by Malaysian Institute of Accountants. Based on the review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

This statement is made in accordance with the resolution of the Board.



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DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are set out in Note 7 to the financial statements. There were no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the year	16,322,391	3,071,918
Attributable to:		
Equity holders of the Company	16,322,391	3,071,918
Minority interest	-	-
	16,322,391	3,071,918

There were no material transfers to or from reserves and provisions during the financial year other than as disclosed in the statements of changes in equity.

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

DIVIDENDS

The amount of dividend paid by the Company since 30 June 2007 was as follows:

In respect of the financial year ended 30 June 2007:

	RM
First and final dividend of 2.0 sen tax exempt and 1.5 sen less 26% income tax on 80,000,000 ordinary shares, paid on 23 January 2008	2,488,000

At the forthcoming Annual General Meeting, a single tier first and final dividend in respect of the financial year ended 30 June 2008 of 3.5 sen on 80,000,000 ordinary shares amounting to RM2,800,000 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of unappropriated profit in the financial year ending 30 June 2009.

DIRECTORS' REPORT (continued)

DIRECTORS

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

Mohd Shafek Bin Isa
Tong Chin Hen
Tong Ah Wah @ Tong Chun Hwi
Dr. Leong Wan Leong
Tai Keat Chai

In accordance with Article 75 of the Company's Articles of Association, Mohd Shafek Bin Isa and Tai Keat Chai shall retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that financial year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit, (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown in the notes to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except for as disclosed in the notes to the financial statements.

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM0.50 each in the Company			
	At 1.7.2007	Acquired	Disposed	At 30.6.2008
Shareholdings in the name of the Director:				
Mohd Shafek Bin Isa	150,000	-	-	150,000
Tong Chin Hen	150,000	-	-	150,000
Tong Ah Wah @ Tong Chun Hwi	100,000	2,571,498 #	-	2,671,498
Dr. Leong Wan Leong	50,000	-	-	50,000
Tai Keat Chai	50,000	-	-	50,000
Shareholdings in which the Director is deemed to have an interest:				
Mohd Shafek Bin Isa	19,118,704	-	-	19,118,704 *
Tong Chin Hen	33,947,064	-	-	33,947,064 **
Tong Ah Wah @ Tong Chun Hwi	2,571,498	-	2,571,498 #	-

Notes:

* Deemed interest by virtue of interest in Sunbina Dunia Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965

** Deemed interest by virtue of interest in Swiss Revenue Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965

Transfer of shares from his wife, Fang Lie Lie's direct interest in the Company

DIRECTORS' REPORT (continued)

ISSUE OF SHARES

There were no changes in the issued and paid-up share capital of the Company during the financial year ended 30 June 2008.

OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) it necessary to write off any bad debts or the amount of allowance for doubtful debts inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets and liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year, except for as disclosed in the notes to the financial statements.
- (f) In the opinion of the Directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

DIRECTORS' REPORT (continued)

AUDITORS

The auditors, Roger Yue, Tan & Associates have expressed their willingness to continue in office.

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

TONG CHIN HEN
Director

MOHD SHAFEK BIN ISA
Director

Petaling Jaya

Date : 8 September 2008

STATEMENT BY DIRECTORS

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

We, the undersigned, being two of the Directors of IMASPRO CORPORATION BERHAD do hereby state on behalf of the Directors that in our opinion, the accompanying financial statements together with the notes thereon, are drawn up in accordance with MASB Approved Accounting Standards for Entities Other Than Private Entities and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2008 and of the results and cash flows of the Group and of the Company for the financial year then ended.

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

TONG CHIN HEN

Director

Petaling Jaya

Date : 8 September 2008

MOHD SHAFEK BIN ISA

Director

STATUTORY DECLARATION

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

I, TONG CHIN HEN, being the Director primarily responsible for the financial management of IMASPRO CORPORATION BERHAD do solemnly and sincerely declare that the accompanying financial statements together with the notes thereon, are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared)

by the abovenamed at Petaling Jaya)

in Selangor Darul Ehsan)

on 8 September 2008)

Before me

Commissioner for Oaths

S. Selvarajah

Petaling Jaya

Selangor Darul Ehsan

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF IMASPRO CORPORATION BERHAD

Report on the Financial Statements

We have audited the financial statements of IMASPRO CORPORATION BERHAD, which comprise the balance sheets as at 30 June 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out.

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 MASB Approved Accounting Standards for Entities Other Than Private Entities and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with MASB Approved Accounting Standards for Entities Other Than Private Entities 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 at 30 June 2008 and of its financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

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

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies have been properly kept in accordance with the provisions of the Act.
- b) We are satisfied that the accounts of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- c) Our audit reports on the accounts of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT (continued)

TO THE MEMBERS OF IMASPRO CORPORATION BERHAD

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.

ROGER YUE, TAN & ASSOCIATES

AF : 0134

Chartered Accountants

ROGER YUE SAU YIN

M.B.A., C.A. (M), F.C.A.

Partner of Firm

838/3/10 (J)

Petaling Jaya

Date : 8 September 2008

BALANCE SHEETS

As At 30 June 2008

	Note	Group		Company	
		2008 RM	Restated 2007 RM	2008 RM	2007 RM
ASSETS					
Non – current assets					
Property, plant and equipment	4	17,344,486	12,207,141	-	-
Investment properties	5	157,633	256,358	-	-
Prepaid lease payments	6	3,182,019	1,219,936	-	-
Investment in subsidiary companies	7	-	-	31,467,619	31,467,619
		<u>20,684,138</u>	<u>13,683,435</u>	<u>31,467,619</u>	<u>31,467,619</u>
Current assets					
Inventories	8	20,296,547	10,439,307	-	-
Trade receivables	9	48,930,816	33,808,750	-	-
Other receivables	10	1,410,130	4,010,789	18,750	-
Amount due from subsidiary companies	11	-	-	11,045,722	6,982,750
Short term investment	12	9,862,872	9,274,366	3,460,933	6,952,810
Cash and bank balances	13	3,342,567	6,491,322	6,600	16,717
Tax recoverable		101,363	955,000	55,000	32,250
		<u>83,944,295</u>	<u>64,979,534</u>	<u>14,587,005</u>	<u>13,984,527</u>
TOTAL ASSETS		<u>104,628,433</u>	<u>78,662,969</u>	<u>46,054,624</u>	<u>45,452,146</u>
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	14	40,000,000	40,000,000	40,000,000	40,000,000
Share premium		2,857,032	2,857,032	2,857,032	2,857,032
Unappropriated profit	15	39,328,380	25,493,989	3,165,352	2,581,434
Total equity		<u>82,185,412</u>	<u>68,351,021</u>	<u>46,022,384</u>	<u>45,438,466</u>
Non – current liability					
Deferred tax liabilities	16	1,033,218	749,649	-	-
Current liabilities					
Borrowings – secured	17	838,097	701,844	-	-
Trade payables	18	16,298,662	7,059,772	-	-
Other payables	19	3,314,711	1,795,220	32,240	13,680
Tax payable		958,333	5,463	-	-
		<u>21,409,803</u>	<u>9,562,299</u>	<u>32,240</u>	<u>13,680</u>
Total liabilities		<u>22,443,021</u>	<u>10,311,948</u>	<u>32,240</u>	<u>13,680</u>
TOTAL EQUITY AND LIABILITIES		<u>104,628,433</u>	<u>78,662,969</u>	<u>46,054,624</u>	<u>45,452,146</u>

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

INCOME STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
Continuing Operations					
Revenue	20	150,678,784	85,926,442	4,500,000	2,275,000
Cost of sales		(121,770,695)	(68,394,819)	-	-
Gross profit		<u>28,908,089</u>	<u>17,531,623</u>	<u>4,500,000</u>	<u>2,275,000</u>
Other operating income	21	649,987	821,263	34,594	275,893
Distribution cost		(215,076)	(156,113)	-	-
Administration expenses		(6,722,495)	(4,300,965)	(282,926)	(240,687)
Other operating expenses		(801,545)	(885,389)	-	-
Operating profit		<u>21,818,960</u>	<u>13,010,419</u>	<u>4,251,668</u>	<u>2,310,206</u>
Finance costs	22	(130,099)	(75,371)	-	-
Profit before tax	23	<u>21,688,861</u>	<u>12,935,048</u>	<u>4,251,668</u>	<u>2,310,206</u>
Income tax expense	26	(5,366,470)	(2,060,486)	(1,179,750)	(194,847)
Profit for the year		<u>16,322,391</u>	<u>10,874,562</u>	<u>3,071,918</u>	<u>2,115,359</u>
Attributable to:					
Equity holders of the Company		16,322,391	10,874,562	3,071,918	2,115,359
Minority interest		-	-	-	-
		<u>16,322,391</u>	<u>10,874,562</u>	<u>3,071,918</u>	<u>2,115,359</u>
Earnings per share					
Basic (sen)	27	<u>20.40</u>	<u>13.59</u>		

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2008

Group	<----- Attributable to equity holders of the Company ----->				
	Share Capital RM	Non - Distributable Share Premium RM	Distributable Unappropriated Profit RM	Total RM	
	Note				
At 1 July 2006		40,000,000	2,857,032	16,859,427	59,716,459
Profit for the year		-	-	10,874,562	10,874,562
Dividends	28	-	-	(2,240,000)	(2,240,000)
At 30 June 2007		40,000,000	2,857,032	25,493,989	68,351,021
At 1 July 2007		40,000,000	2,857,032	25,493,989	68,351,021
Profit for the year		-	-	16,322,391	16,322,391
Dividends	28	-	-	(2,488,000)	(2,488,000)
At 30 June 2008		40,000,000	2,857,032	39,328,380	82,185,412
Company					
At 1 July 2006		40,000,000	2,857,032	2,706,075	45,563,107
Profit for the year		-	-	2,115,359	2,115,359
Dividends	28	-	-	(2,240,000)	(2,240,000)
At 30 June 2007		40,000,000	2,857,032	2,581,434	45,438,466
At 1 July 2007		40,000,000	2,857,032	2,581,434	45,438,466
Profit for the year		-	-	3,071,918	3,071,918
Dividends	28	-	-	(2,488,000)	(2,488,000)
At 30 June 2008		40,000,000	2,857,032	3,165,352	46,022,384

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

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

	Group		Company	
	2008 RM	Restated 2007 RM	2008 RM	2007 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	21,688,861	12,935,048	4,251,668	2,310,206
Adjustments for:				
Gain on disposal of property, plant and equipment	(29,796)	(12,596)	-	-
Interest expenses	130,099	75,371	-	-
Interest income	(234,189)	(503,365)	(34,594)	(275,893)
Gain on foreign exchange - unrealised	(76,087)	(53,296)	-	-
Allowance for doubtful debts	324,482	142,968	-	-
Allowance for doubtful debts no longer required	(29,739)	(188,406)	-	-
Depreciation for property, plant and equipment	1,261,093	939,078	-	-
Depreciation for investment properties	2,591	4,145	-	-
Amortisation of prepaid lease payments	40,218	15,836	-	-
Property, plant and equipment written off	13,773	-	-	-
Dividend income	-	-	(4,500,000)	(2,275,000)
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES				
INCREASE IN INVENTORIES	23,091,306	13,354,783	(282,926)	(240,687)
INCREASE IN RECEIVABLES	(9,857,240)	(1,132,950)	-	-
INCREASE IN PAYABLES	(12,448,740)	(3,458,422)	(18,750)	-
CASH GENERATED FROM/(DEPLETED IN) OPERATIONS				
Interest paid	10,485,445	734,015	18,560	7,145
Interest received	11,270,771	9,497,426	(283,116)	(233,542)
Taxes paid	(130,099)	(75,371)	-	-
	234,189	503,365	34,594	275,893
	(3,276,393)	(4,023,404)	(32,500)	(39,847)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES				
	8,098,468	5,902,016	(281,022)	2,504
CASH FLOWS FROM INVESTING ACTIVITIES				
Prepayment of land lease (Note 6)	(2,002,301)	-	-	-
Purchase of property, plant and equipment	(6,316,081)	(3,955,115)	-	-
Proceeds from disposal of property, plant and equipment	29,800	12,600	-	-
Advances to subsidiary companies	-	-	(6,155,722)	(2,490,000)
Dividends received	-	-	5,422,750	2,672,000
NET CASH (USED IN) / GENERATED FROM INVESTING ACTIVITIES				
	(8,288,582)	(3,942,515)	(732,972)	182,000

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

CASH FLOW STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2008

	Group		Company	
	2008 RM	Restated 2007 RM	2008 RM	2007 RM
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of term loan	(134,131)	(259,013)	-	-
Net proceeds of bills payable	238,331	(200,954)	-	-
Dividends paid	(2,488,000)	(2,240,000)	(2,488,000)	(2,240,000)
NET CASH USED IN FINANCING ACTIVITIES	(2,383,800)	(2,699,967)	(2,488,000)	(2,240,000)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,573,914)	(740,466)	(3,501,994)	(2,055,496)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	13,665	42,931	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	15,765,688	16,463,223	6,969,527	9,025,023
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 13)	13,205,439	15,765,688	3,467,533	6,969,527

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are set out in Note 7 to the financial statements. There were no significant changes in the nature of these activities during the financial year.

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

The registered office of the Company is located at Wisma Goshen, 2nd Floor, 60 & 62 Jalan SS 22/21, Damansara Jaya, 47400 Petaling Jaya, Selangor Darul Ehsan and the principal place of business of the Company is located at 37 Jalan 5, Kawasan 16, Taman Intan, 41300 Klang, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 8 September 2008.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The financial statements comply with MASB Approved Accounting Standards for Entities Other Than Private Entities and the Companies Act, 1965 in Malaysia.

The following Financial Reporting Standards (FRSs) and amendments to FRSs are effective and applicable for accounting periods beginning on or after 1 July 2007:

FRSs / Amendments to FRSs	Effective Date
i) FRS 117, Leases	1 October 2006
ii) FRS 124, Related Party Disclosures FRS 124 has been early adopted by the Group in the previous financial year ended 30 June 2007.	1 October 2006
iii) FRS 107, Cash Flow Statements This revised standard has no significant changes as compared to the original standard.	1 July 2007
iv) FRS 112, Income Taxes The revised standard removes the requirements that prohibit recognition of deferred tax on unutilised reinvestment allowances or other allowances in excess of capital allowances. There is no significant impact to the financial statements of the Group upon initial application of this revised standard.	1 July 2007
v) FRS 118, Revenue This revised standard has no significant changes as compared to the original standard.	1 July 2007
vi) FRS 134, Interim Financial Reporting This revised standard has no significant changes as compared to the original standard.	1 July 2007
vii) FRS 137, Provisions, Contingent Liabilities and Contingent Assets This revised standard has no significant changes as compared to the original standard.	1 July 2007

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (continued)

(a) Statement of Compliance (continued)

The principal changes in accounting policies and their effects resulting from the adoption of FRS 117, Leases are disclosed in Note 33.

At the date of authorisation of these financial statements, the following FRS was issued and applicable to the Group and the Company but not yet effective and has not been early adopted by the Group and the Company:

FRS 139, Financial Instruments: Recognition and Measurement (effective date yet to be determined by MASB). The Group will apply this standard when effective. The Group has applied the transitional provision in FRS 139 which exempts entities from disclosing the possible impact arising from the initial application of this standard on the financial statements of the Group and of the Company.

The following FRSs, amendments to FRSs and Interpretations were issued and effective for the accounting periods beginning on or after 1 July 2007 but not relevant to the Group and the Company are as follows:

FRSs / Amendments to FRSs / Interpretations	Effective Date
i) FRS 6, Exploration for and Evaluation of Mineral Resources	1 January 2007
ii) Amendment to FRS 119 ₂₀₀₄ , Employees Benefits: Actuarial Gains and Losses, Group Plans and Disclosures	1 January 2007
iii) Amendment to FRS 121, The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation	1 July 2007
iv) FRS 111, Construction Contracts	1 July 2007
v) FRS 120, Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
vi) IC Interpretation 1, Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
vii) IC Interpretation 2, Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
viii) IC Interpretation 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
ix) IC Interpretation 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment	1 July 2007
x) IC Interpretation 7, Applying the Restatement Approach under FRS 129 ₂₀₀₄ Financial Reporting in Hyperinflationary Economies	1 July 2007
xi) IC Interpretation 8, Scope of FRS 2	1 July 2007

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (continued)

(b) Basis of Measurement

The financial statements of the Group and of the Company have been prepared under the historical cost convention except for those indicated in the individual policy notes.

(c) Functional and Presentation Currency

The financial statements are presented in Ringgit Malaysia (RM), which is the Group'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.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are as follows:

(i) Depreciation of property, plant and equipment and investment properties

Property, plant and equipment and investment properties are depreciated on a straight-line basis over their useful life. The Group will periodically review the useful lives and residual values of property, plant and equipment and investment properties in accordance with the accounting policies. Changes in the expected level of usage and technological developments may impact the economic useful life and the residual values of these assets, therefore future depreciation charges may be revised.

(ii) Allowance for doubtful debts

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

(iii) Income taxes

Significant estimation is involved in determining the Group provision for income tax. There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimates. The Group recognised tax liabilities based on their understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final tax outcome of these matters is different from the amounts initially recognised, the difference will impact the tax provision in the period in which the outcome is determined.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Subsidiary Companies and Basis of Consolidation

(i) Subsidiary companies

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

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(ii) Basis of consolidation

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

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

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

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Goodwill on consolidation is stated at cost less accumulated impairment losses.

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

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

(b) Property, Plant and Equipment and Depreciation

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Property, Plant and Equipment and Depreciation (continued)

Freehold land has an unlimited useful life and therefore is not depreciated. Long term leasehold land and building are depreciated over its lease periods range from 79 years to 82 years. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2%
Office equipment	20%
Furniture and fittings	10% - 15%
Renovation	25%
Motor vehicles	20%
Plant and machinery	10%

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

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

(c) Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties will continue to be measured at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Investment properties carried at cost are depreciated over the estimated economic useful life of 50 years.

Investment properties are derecognised when either they have been disposed or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year in which it arises.

(d) Prepaid Lease Payments

Leasehold land that normally has a finite useful 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 payments made on entering into or acquiring leasehold land is accounted as prepaid lease payments.

The Group has previously classified leases of land as finance lease and had recognised the amount of prepaid lease payments as property within its property, plant and equipment. Upon adoption of FRS 117, Leases, the unamortised carrying amount of the leasehold land is classified as prepaid lease payments as allowed by the transitional provisions of FRS 117.

Prepaid lease payments are recognised in the income statement on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Inventories

Inventories which comprise raw materials, packaging materials, work-in-progress and finished goods are stated at the lower of cost and net realisable value.

Cost is determined using the weighted average method. The costs of raw materials and packaging materials comprise the original cost of purchase plus the cost of bringing the inventories to their present location. The costs of finished goods and work-in-progress comprise cost of raw materials, direct labour, other direct costs and appropriate production overheads.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(f) Financial Instruments

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

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Cash and cash equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposit at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(ii) Trade receivables

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

(iii) Trade payables

Trade payables are stated at the fair value of the consideration to be paid in the future for goods and services received.

(iv) Interest-bearing borrowings

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

(v) Equity instruments

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Income Tax

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

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity.

(h) Borrowing Costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

(i) Employee Benefits

(i) Short term benefits

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

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit and loss as incurred. As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF").

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

Revenue relating to sale of goods is recognised net of discounts, if any and upon the transfer of risks and rewards of the ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Interest income

Interest income is recognised on an accrual basis using the effective interest method unless collectibility is in doubt, in which case it is recognised on a receipt basis.

(iii) Rental income

Rental income from investment properties is recognised on a straight-line basis over the term of the lease. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

(iv) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(k) Foreign Currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Group's functional currency.

(ii) Foreign currency transactions

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

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period.

(l) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Contingent Liabilities and Contingent Assets

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

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

(n) Impairment of Assets

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

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated to reduce the carrying amount of the assets in the unit or groups of units on pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises.

An impairment loss for an asset is reversed only when there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

(o) 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. PROPERTY, PLANT AND EQUIPMENT

The Group	Freehold land	Buildings	Office equipment	Furniture and fittings	Renovation	Motor vehicles	Plant and machinery	Total
30 June 2008	RM	RM	RM	RM	RM	RM	RM	RM
Cost								
At 1 July 2007	2,730,326	3,753,130	696,249	504,199	587,360	971,149	7,324,662	16,567,075
Additions	-	3,572,946	70,470	1,800	79,671	472,091	2,119,103	6,316,081
Disposals	-	-	(4,800)	-	-	(160,473)	-	(165,273)
Written off	-	-	(247,757)	(97,188)	(315,644)	-	(60,780)	(721,369)
Transfer from investment properties (Note 5)	32,400	77,725	-	-	-	-	-	110,125
At 30 June 2008	2,762,726	7,403,801	514,162	408,811	351,387	1,282,767	9,382,985	22,106,639
Accumulated depreciation								
At 1 July 2007	-	156,908	421,522	428,688	413,919	698,996	2,239,901	4,359,934
Depreciation charge for the year	-	103,268	101,708	17,469	83,960	114,076	840,612	1,261,093
Disposals	-	-	(4,799)	-	-	(160,470)	-	(165,269)
Written off	-	-	(235,976)	(97,030)	(315,622)	-	(58,968)	(707,596)
Transfer from investment properties (Note 5)	-	13,991	-	-	-	-	-	13,991
At 30 June 2008	-	274,167	282,455	349,127	182,257	652,602	3,021,545	4,762,153
Net carrying amount								
At 30 June 2008	2,762,726	7,129,634	231,707	59,684	169,130	630,165	6,361,440	17,344,486

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group 30 June 2007	Freehold land RM	Buildings RM	Office equipment RM	Furniture and fittings RM	Renovation RM	Motor vehicles RM	Plant and machinery RM	Total RM
Cost								
At 1 July 2006	1,675,126	3,358,330	629,219	473,402	474,478	845,741	5,252,347	12,708,643
Additions	1,055,200	394,800	69,780	30,797	112,882	179,341	2,112,315	3,955,115
Disposals	-	-	(2,750)	-	-	(53,933)	(40,000)	(96,683)
At 30 June 2007	2,730,326	3,753,130	696,249	504,199	587,360	971,149	7,324,662	16,567,075
Accumulated depreciation								
At 1 July 2006	-	102,002	328,679	398,889	332,580	644,869	1,710,516	3,517,535
Depreciation charge for the year	-	54,906	95,592	29,799	81,339	108,058	569,384	939,078
Disposals	-	-	(2,749)	-	-	(53,931)	(39,999)	(96,679)
At 30 June 2007	-	156,908	421,522	428,688	413,919	698,996	2,239,901	4,359,934
Net carrying amount								
At 30 June 2007	2,730,326	3,596,222	274,727	75,511	173,441	272,153	5,084,761	12,207,141

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. PROPERTY, PLANT AND EQUIPMENT (continued)

Buildings with an aggregate carrying value of Nil (2007: RM2,165,501) was pledged as security for borrowings as at 30 June 2008.

5. INVESTMENT PROPERTIES

	Group	
	2008 RM	2007 RM
Cost		
At 1 July	293,666	293,666
Transfer to property, plant and equipment (Note 4)	(110,125)	-
At 30 June	183,541	293,666
Accumulated depreciation		
At 1 July	37,308	33,163
Depreciation charge for the year	2,591	4,145
Transfer to property, plant and equipment (Note 4)	(13,991)	-
At 30 June	25,908	37,308
Net carrying amount		
At 30 June	157,633	256,358

In year 2008, the fair values on the above investment properties stated at cost approximated RM650,000 (2007: RM1,040,000). These fair values were obtained based on Directors' informal enquiries made with registered valuers.

Investment properties comprise freehold land and buildings. There were no direct operating expenses incurred for the investment properties during the financial year.

6. PREPAID LEASE PAYMENTS

	Group	
	2008 RM	2007 RM
At 1 July (Note 33)	1,219,936	1,235,772
Additions	2,002,301	-
Amortisation for the year (Note 23)	(40,218)	(15,836)
At 30 June	3,182,019	1,219,936
Analysed as:		
Long term leasehold land with unexpired lease period of more than 50 years	3,182,019	1,219,936

Prepaid lease payments with an aggregate carrying value of Nil (2007: RM1,219,936) were pledged as security for borrowings as at 30 June 2008.

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2008 RM	2007 RM
Unquoted shares – at cost	31,467,619	31,467,619

The details of the subsidiary companies, all of which are incorporated in Malaysia are as follows:-

Name of Subsidiary Companies	Effective Ownership Interest		Principal Activities
	2008 (%)	2007 (%)	
Direct subsidiaries of Imaspro Corporation Berhad			
Imaspro Resources Sdn. Bhd.	100	100	Manufacturing of pesticides and plant micronutrients, distribution and agency of pesticides and other agrochemicals, and trading of pesticides and other agrochemicals
Ideal Command Sdn. Bhd.	100	100	Investment holding
Direct subsidiary of Imaspro Resources Sdn. Bhd.			
Imaspro Biotech Sdn. Bhd.	100	100	Manufacturing, distribution, research and development of pesticides and agrochemicals

All of the subsidiary companies are audited by Roger Yue, Tan & Associates

8. INVENTORIES

	Group	
	2008 RM	2007 RM
At cost:		
Raw materials	12,056,959	6,556,533
Finished goods	6,580,965	2,919,625
Packaging materials	918,814	710,225
Work-in-progress	739,809	252,924
	20,296,547	10,439,307

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. TRADE RECEIVABLES

	Group	
	2008 RM	2007 RM
Trade receivables	49,699,605	34,282,796
Less : Allowance for doubtful debts	(768,789)	(474,046)
	48,930,816	33,808,750

The Group's normal trade credit terms ranges from 30 days to 270 days. Other credit terms are assessed and approved on a case by case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

10. OTHER RECEIVABLES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Deposits	46,370	585,570	-	-
Prepayments	1,363,279	3,425,219	18,750	-
Sundry receivables	481	-	-	-
	1,410,130	4,010,789	18,750	-

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

11. AMOUNT DUE FROM SUBSIDIARY COMPANIES

These are unsecured, interest free and there is no fixed term of repayment.

12. SHORT TERM INVESTMENT

The amount represents investment in short-term fixed income unit trust fund which provides a stream of monthly income by investing in money market and fixed income instruments. Interest received from the investment is exempted from tax.

Short term investment is highly liquid which have an insignificant risk of changes in value which bore weighted average effective interest rates at the balance sheet date of 2.42% and 2.42% (2007: 2.78% and 2.85%) for the Group and the Company respectively.

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Cash on hand and at banks	3,331,567	4,480,322	6,600	16,717
Deposits with licensed banks	11,000	2,011,000	-	-
Cash and bank balances	3,342,567	6,491,322	6,600	16,717
Short term investment (Note 12)	9,862,872	9,274,366	3,460,933	6,952,810
Cash and cash equivalents	13,205,439	15,765,688	3,467,533	6,969,527

One of the deposits with licensed banks in respect of a subsidiary company amounting to RM11,000 (2007: RM11,000) is held under lien with a licensed bank as security for a bank guarantee issued in favour of Tenaga Nasional Berhad.

The weighted average effective interest rates of deposits with licensed banks at the balance sheet date were as follows:

	Group		Company	
	2008 %	2007 %	2008 %	2007 %
Licensed banks	3.70	2.61	-	-

The average maturities of deposits with licensed banks as at the end of the financial year were as follows:

	Group		Company	
	2008 Days	2007 Days	2008 Days	2007 Days
Licensed banks	365	14	-	-

14. SHARE CAPITAL

	Group and Company			
	Number of Ordinary Shares of RM0.50 Each		Amount	
	2008	2007	2008 RM	2007 RM
Authorised:				
At 1 July/30 June	200,000,000	200,000,000	100,000,000	100,000,000
Issued and fully paid:				
At 1 July/30 June	80,000,000	80,000,000	40,000,000	40,000,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. UNAPPROPRIATED PROFIT

The Malaysian Budget 2008 introduced a single tier company income tax which is effective from 1 January 2008. Under this single tier, tax on a Company's profit is a final tax, and dividends distributed to shareholders will be exempted from tax. Companies with credit balance in Section 108 account will be given an irrevocable option to elect for single tier tax system. As such, the Section 108 tax credit as at 31 December 2007 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transition period on 31 December 2013, whichever is earlier.

The Company has made an irrevocable election to move to a single tier system to frank tax exempt dividend up to maximum amount of unappropriated profit. As a result, there are no longer restrictions on the Company to frank the payment of dividends out of its entire unappropriated profit as at the balance sheet date.

16. DEFERRED TAX LIABILITIES

	Group	
	2008 RM	2007 RM
At 1 July	749,649	731,230
Recognised in income statement (Note 26)	283,569	18,419
At 30 June	1,033,218	749,649
Presented after appropriate offsetting as follows:		
Deferred tax assets	(85,986)	(11,739)
Deferred tax liabilities	1,119,204	761,388
	1,033,218	749,649

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

Deferred tax assets of the Group

	Property, plant and equipment RM	Payables RM	Total RM
At 1 July 2007	-	(11,739)	(11,739)
Recognised in income statement	(989)	(73,258)	(74,247)
At 30 June 2008	(989)	(84,997)	(85,986)
At 1 July 2006	-	-	-
Recognised in income statement	-	(11,739)	(11,739)
At 30 June 2007	-	(11,739)	(11,739)

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. DEFERRED TAX LIABILITIES (continued)

Deferred tax liabilities of the Group

	Property, plant and equipment RM	Payables RM	Total RM
At 1 July 2007	746,954	14,434	761,388
Recognised in income statement	268,231	89,585	357,816
At 30 June 2008	1,015,185	104,019	1,119,204
At 1 July 2006	731,230	-	731,230
Recognised in income statement	15,724	14,434	30,158
At 30 June 2007	746,954	14,434	761,388

17. BORROWINGS - secured

	Group	
	2008 RM	2007 RM
Term loan	-	134,131
Bills payable	838,097	567,713
	838,097	701,844
Repayable:		
Within one year	838,097	701,844
More than 1 year and less than 2 years	-	-
	838,097	701,844
Analysed as:		
Under current liabilities	838,097	701,844
Under non-current liabilities	-	-
	838,097	701,844

The weighted average effective interest rate of term loan as at the balance sheet date were Nil (2007: 8.25%) per annum. The term loan was fully settled during the financial year.

Commission on bills payable drawdown was charged at 0.10% flat, subject to minimum charge of RM30 per bill and bills payable are repayable from 120 days to 180 days.

The bills payable are secured by the following:

- (i) General Security Agreement Relating to Goods;
- (ii) Letter of pledge; and
- (iii) Corporate guarantee by the Company.

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. TRADE PAYABLES

Trade payables comprise amounts outstanding for trade purchases. The normal trade credit terms granted to the Group ranges from 30 days to 90 days.

19. OTHER PAYABLES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Deposits received	14,500	20,700	-	-
Accruals	3,141,870	544,361	17,200	5,000
Sundry payables	158,341	1,230,159	15,040	8,680
	3,314,711	1,795,220	32,240	13,680

20. REVENUE

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Sale of goods	150,678,784	85,926,442	-	-
Dividend income	-	-	4,500,000	2,275,000
	150,678,784	85,926,442	4,500,000	2,275,000

21. OTHER OPERATING INCOME

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Allowance for doubtful debts no longer required	29,739	188,406	-	-
Interest income	234,189	503,365	34,594	275,893
Rental income	30,600	63,600	-	-
Insurance claim	66,728	-	-	-
Gain on disposal of property, plant and equipment	29,796	12,596	-	-
Gain on foreign exchange				
- realised	182,848	-	-	-
- unrealised	76,087	53,296	-	-
	649,987	821,263	34,594	275,893

NOTES TO THE FINANCIAL STATEMENTS (continued)

22. FINANCE COSTS

	Group	
	2008 RM	2007 RM
Interest expenses on:		
Term loan	3,078	22,831
Bills payable	127,021	52,540
	130,099	75,371

23. PROFIT BEFORE TAX

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

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Employee benefits expense (Note 24)	4,416,823	2,847,544	48,000	48,000
Non-executive Directors' remuneration (Note 25)	84,000	84,000	84,000	84,000
Auditors' remuneration				
- statutory audit	38,200	21,700	17,200	5,000
- other services	14,600	13,500	14,100	13,500
Loss on foreign exchange - realised	-	321,573	-	-
Allowance for doubtful debts	324,482	142,968	-	-
Depreciation of property, plant and equipment (Note 4)	1,261,093	939,078	-	-
Depreciation of investment properties (Note 5)	2,591	4,145	-	-
Amortisation of prepaid lease payments (Note 6)	40,218	15,836	-	-
Property, plant and equipment written off	13,773	-	-	-
Factory rental	-	8,800	-	-
	4,416,823	2,847,544	48,000	48,000

24. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Wages, salaries, bonuses and allowances	4,041,511	2,598,890	48,000	48,000
Social security contribution	19,899	16,659	-	-
Contribution to defined contribution plan	355,413	231,995	-	-
	4,416,823	2,847,544	48,000	48,000

Included in employee benefits expense of the Group and of the Company are Executive Directors' remuneration amounting to RM1,783,900 (2007: RM1,008,000) and RM48,000 (2007: RM48,000) respectively as further disclosed in Note 25.

NOTES TO THE FINANCIAL STATEMENTS (continued)

25. DIRECTORS' REMUNERATION

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Executive:				
- Salaries and other emoluments	1,420,000	750,000	-	-
- Fees	168,000	168,000	48,000	48,000
- Contribution to defined contribution plan	195,900	90,000	-	-
	1,783,900	1,008,000	48,000	48,000
Non-Executive:				
- Fees	84,000	84,000	84,000	84,000
TOTAL	1,867,900	1,092,000	132,000	132,000

26. INCOME TAX EXPENSE

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Income tax:				
Malaysian income tax	(5,018,290)	(2,016,000)	(1,140,000)	(175,000)
Underprovided in prior year	(64,611)	(26,067)	(39,750)	(19,847)
	(5,082,901)	(2,042,067)	(1,179,750)	(194,847)
Deferred tax (Note 16):				
Relating to origination and reversal of temporary differences	(333,238)	(67,983)	-	-
Effect to changes in tax rate	41,329	55,149	-	-
Over/(under)provided in prior year	8,340	(5,585)	-	-
	(283,569)	(18,419)	-	-
TOTAL	(5,366,470)	(2,060,486)	(1,179,750)	(194,847)

Domestic current income tax is calculated at the statutory tax rate of 26% (2007: 27%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 25% from the current year's rate of 26% effective year of assessment 2009. The computation of deferred tax as at 30 June 2008 has reflected these changes.

Taxation for small and medium scale subsidiary company with paid-up share capital of RM2,500,000 and below is calculated at the rate of 20% (2007: 20%) on chargeable income up to RM500,000 (2007: RM500,000). For chargeable income in excess RM500,000, the statutory tax rate of 26% (2007: 27%) is applicable.

NOTES TO THE FINANCIAL STATEMENTS (continued)

26. INCOME TAX EXPENSE (continued)

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

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Profit before tax	21,688,861	12,935,048	4,251,668	2,310,206
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	(5,639,104)	(3,492,463)	(1,105,434)	(623,756)
Tax benefits for small and medium companies in Malaysia	4,003	16,212	-	-
Effect of changes in tax rates on opening balance of deferred tax	28,512	52,629	-	-
Deferred tax recognised at different tax rates	12,817	2,520	-	-
Expenses not deductible for tax purposes	(136,089)	(132,150)	(34,566)	(25,589)
Income not subject to tax	33,007	79,766	-	474,345
Expenditure qualified for double deduction	92,787	42,256	-	-
Utilisation of reinvestment allowances	311,511	52,396	-	-
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	(138,080)	-	-	-
Temporary differences in respect of property, plant and equipment not recognised	120,437	-	-	-
Tax deduction granted on investment in subsidiary that undertakes the commercialisation of research and development findings	-	1,350,000	-	-
Under provision of tax expense in prior year	(64,611)	(26,067)	(39,750)	(19,847)
Over/(under) provision of deferred tax in prior year	8,340	(5,585)	-	-
Tax expense for the year	(5,366,470)	(2,060,486)	(1,179,750)	(194,847)

27. EARNINGS PER SHARE - GROUP

(a) Basic

Basic earnings per share is calculated based on the profit for the year attributable to ordinary equity holders of the Company divided by the weighted average number of ordinary shares of RM0.50 each in issue during the financial year held by the Company.

	Group	
	2008	2007
Profit attributable to ordinary equity holders of the Company (RM)	16,322,391	10,874,562
Weighted average number of ordinary shares in issue	80,000,000	80,000,000
Basic earnings per share (sen)	20.40	13.59

(b) Diluted

No diluted earnings per share is presented as there are no diluted potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS (continued)

28. DIVIDENDS

	Group and Company	
	2008	2007
	RM	RM
For financial year ended 30 June 2008:		
- 2.0 sen per share tax exempt on 80,000,000 ordinary shares paid on 23 January 2008	1,600,000	-
- 1.5 sen per share less 26% income tax on 80,000,000 ordinary shares paid on 23 January 2008	888,000	-
For financial year ended 30 June 2007:		
- 1.0 sen per share tax exempt on 80,000,000 ordinary shares paid on 23 January 2007	-	800,000
- 2.5 sen per share less 28% income tax on 80,000,000 ordinary shares paid on 23 January 2007	-	1,440,000
	2,488,000	2,240,000

At the forthcoming Annual General Meeting, a single tier first and final dividend in respect of the financial year ended 30 June 2008 of 3.5 sen on 80,000,000 ordinary shares amounting to RM2,800,000 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of unappropriated profit in the financial year ending 30 June 2009.

29. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Significant transactions with related parties in the financial statements are as follow:

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Dividends received/receivable from a subsidiary company - Imaspro Resources Sdn. Bhd.	-	-	4,500,000	2,275,000

Information regarding outstanding balances arising from related party transactions as at 30 June 2008 is disclosed in Note 11.

(b) Transactions with other related parties

	Group	
	2008	2007
	RM	RM
Sales to Hap Seng Chemicals Sdn. Bhd. (formerly known as Dewana Sdn. Bhd.), a company in which the Director, Tong Chin Hen has equity interest via his shareholding in Imaspro Process Technology Sdn. Bhd.	33,550	38,456
Sales to Hap Seng Fertiliser Sdn. Bhd., a holding company of Hap Seng Chemicals Sdn. Bhd.	7,750	-
Salaries and other related expenses paid/payable to persons related to certain Directors	89,600	72,800

The Directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

NOTES TO THE FINANCIAL STATEMENTS (continued)

29. SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(c) Compensation of key management personnel

The remuneration of Directors and other members of key management during the financial year are as follows:-

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Short term employee benefits	2,309,629	1,443,360	132,000	132,000
Post-employment benefits:				
- Defined contribution plan	272,094	140,348	-	-
	<u>2,581,723</u>	<u>1,583,708</u>	<u>132,000</u>	<u>132,000</u>

Other members of key management personnel comprise persons other than Directors of the Group, having authority and responsibility of planning, directing and controlling the activities of the Group either directly or indirectly.

Included in the total key management personnel are:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Directors' remuneration (Note 25)	1,867,900	1,092,000	132,000	132,000

30. CAPITAL COMMITMENT

	Group	
	2008 RM	2007 RM
Capital expenditure		
Approved and contracted for:		
- Property, plant and equipment	-	4,860,000

31. CONTINGENT LIABILITIES

During the financial year, the Company is contingently liable for the following:

	Company	
	2008 RM	2007 RM
Unsecured:		
- Corporate guarantee given to a licensed bank for credit facilities granted to a subsidiary company	4,850,000	4,850,000

NOTES TO THE FINANCIAL STATEMENTS (continued)

32. SEGMENT INFORMATION

(a) Geographical Segments

The Group's business segments operate substantially from Malaysia. In determining the geographical segments of the Group, segment revenue is based on the geographical location of customers as listed below:

	Group	
	2008	2007
	RM	RM
Revenue (from external customers)		
Malaysia	55,565,955	48,213,911
Overseas countries	95,112,829	37,712,531
	150,678,784	85,926,442

There are no inter-segment revenues. No segment results, assets and capital expenditure are presented as the Group does not have a legal presence in any other country other than Malaysia.

(b) Business Segments

No business segment information has been presented as the Group is solely involved in the manufacturing of pesticides and plant micronutrients, distribution and agency of pesticides and other agrochemicals and trading of pesticides and other agrochemicals which are substantially within a single business segment.

NOTES TO THE FINANCIAL STATEMENTS (continued)

33. CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FRSs

The adoption of the new and revised FRSs that are mandatory for financial period beginning on or after 1 July 2007 does not result in significant changes in accounting policies of the Group except as stated below:

FRS 117, Leases

Prior to 1 July 2007, leasehold land was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. Upon the adoption of the revised FRS 117 on 1 July 2007, the unamortised carrying amount of the leasehold land is classified as prepaid lease payments as allowed by the transitional provisions of FRS 117. The adoption of the revised FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land. The up-front payments made for the leasehold land represents prepaid lease payments and are amortised on a straight-line basis over the lease term. A lease of land and building is apportioned into a lease of land and a lease of building in proportion to the relative fair values of the leasehold interests in the land element and the building element of the lease at the inception of the lease.

Upon adoption of the revised FRS 117 from 1 July 2007, the unamortised amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and the comparative figures of leasehold land being restated as follows:

Group	As previously stated RM	Effect on adoption of FRS 117 RM	As restated RM
Consolidated Balance Sheet			
As At 30 June 2007			
Property, plant and equipment	13,427,077	(1,219,936)	12,207,141
Prepaid lease payments	-	1,219,936	1,219,936
Consolidated Income Statement			
For The Year Ended 30 June 2007			
Depreciation of property, plant and equipment	15,836	(15,836)	-
Amortisation of prepaid lease payments	-	15,836	15,836

NOTES TO THE FINANCIAL STATEMENTS (continued)

34. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign currency, liquidity and credit risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

(b) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debts; the Group had no substantial long term interest-bearing assets as at 30 June 2008. The investments in financial assets are mainly short term in nature and have been mostly placed in fixed deposits or occasionally, in short term commercial papers.

The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings and manages its interest rates risk by placing the financial assets on varying maturities and interest rate terms. The Group reviews its debts portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

(c) Foreign Currency Risk

The Group is exposed to foreign currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations which they relate. The currencies giving rise to this risk are primarily United States Dollars (USD), Australian Dollars (AUD) and Euro (EUR). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The Group does not consider it necessary to enter into foreign exchange contracts in managing its foreign exchange risk resulting from cash flows from transactions denominated in foreign currency, given the nature of the business for the time being.

The net unhedged financial assets of the Group that are not denominated in its functional currency is as follows:

Functional currency of the Group	Net Financial Assets Held in Non-Functional Currency			
	United States Dollar RM	Australian Dollar RM	Euro RM	Total RM
At 30 June 2008				
Ringgit Malaysia	16,070,373	3,435,375	(17,204)	19,488,544
At 30 June 2007				
Ringgit Malaysia	9,693,377	3,729,957	-	13,423,334

NOTES TO THE FINANCIAL STATEMENTS (continued)

34. FINANCIAL INSTRUMENTS (continued)

(d) Liquidity Risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position.

(e) Credit Risk

The Group's credit risk is primarily attributable to trade receivables. Credit risks, or the risk of counterparties defaulting, are controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored by limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

The credit risk of the Group's other financial asset, such as cash and cash equivalents arises from default of the counterparty, with a maximum exposure equal to the carrying amount of this financial asset. However, management does not expect any counterparty to fail to meet its obligations.

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

(f) Fair Values

The carrying amounts of financial assets and liabilities such as cash and cash equivalent, receivables, payables and short term borrowings of the Group and of the Company at the balance sheet date approximated their fair values due to relatively short term nature of these financial instruments, except for the following:

Financial Assets	Note	Group		Company	
		Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
At 30 June 2008:					
Amount due from subsidiary companies	11	-	-	11,045,722	*
Short term investment	12	9,862,872	9,862,872	3,460,933	3,460,933
At 30 June 2007:					
Amount due from subsidiary companies	11	-	-	6,982,750	*
Short term investment	12	9,274,366	9,274,366	6,952,810	6,952,810

* It is not practical to estimate the fair values of amount due from subsidiary companies due principally to a lack of fixed repayment terms entered into by the parties involved and without incurring excessive costs.

NOTES TO THE FINANCIAL STATEMENTS (continued)

34. FINANCIAL INSTRUMENTS (continued)

(f) Fair Values (continued)

The nominal/notional amounts and net fair values of financial instruments not recognised by the Company as at the end of the financial year are:

Note	30 June 2008		30 June 2007		
	Nominal/ Notional Amount RM	Net Fair Value RM	Nominal/ Notional Amount RM	Net Fair Value RM	
Contingent liabilities	31	4,850,000	838,097#	4,850,000	567,713 #

This represents the amount drawdown as at the financial year end.

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

i) Short Term Investment

The fair value of quoted short term investment is determined by reference to the stock exchange quoted market bid prices at the close of the business on the balance sheet date.

ii) Borrowings

Fair value has been determined using discounted estimated cash flows. The discount rates used are the current market incremental lending rates for similar types of lending and borrowing arrangements.

35. COMPARATIVE FIGURES

As mentioned in Note 33, certain comparative figures have been restated as a result of the change in accounting policies arising from the adoption of the new and revised FRSs.

ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the financial year ended 30 June 2008:

Material Contracts Involving Directors and Substantial Shareholders

Save as otherwise disclosed in Significant Related Party Transactions in the Financial Statements, there are no material contracts including contracts relating to any loan entered into by the Company and its subsidiaries involving Directors and major shareholders' interests.

Sanctions and Penalties

There were no sanctions or penalties imposed by any regulatory authorities on the Company and its subsidiaries, Directors or management during the financial year ended 30 June 2008.

Share Buy-Backs

The Company did not make any share buy-backs during the financial year ended 30 June 2008.

Non-Audit Fees

Non-audit fees paid to external auditors during the financial year ended 30 June 2008 amounted to RM14,600.

Options, Warrants or Convertible Securities Exercised

No options, warrants or convertible securities were issued during the financial year ended 30 June 2008.

Variation in Results for the Financial Year

There was no deviation of 10% or more between the audited results for the financial year and the unaudited financial results previously announced.

American Depository Receipt ("ADR")/Global Depository Receipt ("GDR")

The Company did not sponsor any ADR or GDR programme during the financial year ended 30 June 2008.

Profit Estimate, Forecast or Projection

The Company has not provided a profit forecast for the financial year ended 30 June 2008.

Profit Guarantee

There was no profit guarantee given by the Company during the financial year ended 30 June 2008.

ADDITIONAL COMPLIANCE INFORMATION (continued)

Utilisation of Proceeds from Corporate Proposals

As an integral part of the listing of Imaspro Corporation Berhad ("ICB") on the Second Board of Bursa Securities, a Public Issue of 17,064,758 ICB Shares at an issue/offer price of RM0.75 per ICB Share raised a total of RM12,798,569 in proceeds. The proceeds from the Public Issue have been utilised in the following manner:

	Total amount of proceeds RM'000	Amount utilised as at 30 June 2008 RM'000	Balance unutilised as at 30 June 2008 RM'000
Acquisition of a property	5,500	(5,400)	*100
Acquisition of plant and machineries	3,500	(3,500)	-
Working capital requirements	2,099	(2,099)	-
Estimated listing expenses	1,700	(1,409)	** 291
Total	12,799	(12,408)	391

Note:

* The actual acquisition of a property was lower than the estimated. As such, the unutilised balance of RM100,000 allocated for the acquisition of a property was utilised for working capital of the Group.

** The actual listing expenses were lower than the estimated. As such, the unutilised balance of proceeds of RM291,000 allocated for listing expenses was utilised for working capital of the Group.

Revaluation of Properties

The Group does not have a revaluation policy on landed properties.

PROPERTIES OF THE GROUP

The details of landed properties of ICB Group are as follows:

Company/ Location	Description/ Existing use	Land Area/Built-up Area (Sq ft)	Tenure	Age of Building (years)	Net Book Value RM'000	Date of Acquisition
Imaspro Resources Sdn. Bhd.						
H.S.(D) 13013, Lot No. P.T. 11539 Mukim of Kapar, District of Klang, State of Selangor.	3-storey shophouse/ Rented out	Land area: 1,540 Built-up area: 4,386	Freehold	24	158	1 March 1990
33, Jalan 5, Kawasan 16, Taman Intan, 41300 Klang, Selangor.						
H.S. (D) 13012, Lot No. P.T. 11538, Mukim of Kapar, District of Klang, State of Selangor.	3-storey shophouse/ Administrative head office	Land area: 1,540 Built-up area: 4,386	Freehold	24	158	10 April 1990
35, Jalan 5, Kawasan 16, Taman Intan, 41300 Klang, Selangor.						
H.S. (D) 13011, Lot No. P.T. 11537, Mukim of Kapar, District of Klang, State of Selangor.	3-storey shophouse/ Administrative head office	Land area: 1,540 Built-up area: 4,386	Freehold	24	639	21 May 2004
37, Jalan 5, Kawasan 16, Taman Intan, 41300 Klang, Selangor.						
H.S. (M) No. 175, 176, 177, 178, 179, 180, 181 and 182, Mukim of RIM, District of Jasin, State of Melaka.	Freehold land with agricultural research centre comprising a single storey office block and laboratory/ Research and development centre of ICB Group	Land area: 43 acres Built-up area: 168,653	Freehold	6	1,991	8 November 2004
Same as above						

PROPERTIES OF THE GROUP (continued)

The details of landed properties of ICB Group are as follows:

Company/ Location	Description/ Existing use	Land Area/Built-up Area (Sq ft)	Tenure	Age of Building (years)	Net Book Value RM'000	Date of Acquisition
Ideal Command Sdn. Bhd.						
H.S.(M) 6289 No. P.T. 4258, Mukim of Kapar, District of Klang, State of Selangor.	Manufacturing plant for agrochemicals/ Housing of manufacturing facilities for the production of agrochemicals	Land area: 73,378	Leasehold interest for 99 years expiring on 9 June 2086 leaving an unexpired term of 78 years	20	3,344	15 November 1996
Lot 2, Solok Sultan Hishamuddin 7, Kawasan 20, Selat Klang Utara, 42000 Port Klang, Selangor.		Built-up area: 31,621				
H.S.(M) 6288 No. P.T. 4257, Mukim of Kapar, District of Klang, State of Selangor.	Manufacturing plant for agrochemicals/ Housing of manufacturing facilities for the production of agrochemicals	Land area: 88,146	Leasehold interest for 99 years expiring on 9 June 2086 leaving an unexpired term of 78 years	26	5,505	17 January 2007
Lot 4, Solok Sultan Hishamuddin 7, Kawasan 20, Selat Klang Utara, 42000 Port Klang, Selangor.		Built-up area: 44,000				
Imaspro Biotech Sdn. Bhd.						
H.S.(D) 60122 No. P.T. 60621, Mukim and District of Klang, State of Selangor.	Manufacturing, plant and research and development centre of pesticides and agrochemicals	Land area: 11,016	Freehold	10	845	17 November 2006
No. 24, Lorong Seri Gambut 1, Off Jalan Kebun, 41100 Klang, Selangor.		Built-up area: 3,290				
H.S.(D) 60123 No. P.T. 60622, Mukim and District of Klang, State of Selangor.	Manufacturing, plant and research and development centre of pesticides and agrochemicals	Land area: 7,800	Freehold	10	593	17 November 2006
No. 22, Lorong Seri Gambut 1, Off Jalan Kebun, 41100 Klang, Selangor.		Built-up area: 3,290				

SHAREHOLDERS' INFORMATION

ANALYSIS OF SHAREHOLDINGS AS AT 17 OCTOBER 2008

Authorised Share Capital	: RM100,000,000
Issued and Paid Up Capital	: RM40,000,000
Class of Shares	: Ordinary shares of RM0.50 each
Voting Right	: One vote for every ordinary share

DISTRIBUTION OF SHAREHOLDINGS AS AT 17 OCTOBER 2008

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100	1	0.17	50	0.00
100 – 1,000	299	51.29	88,900	0.11
1,001 – 10,000	194	33.28	857,350	1.07
10,001 – 100,000	55	9.43	1,980,600	2.48
100,001 to less than 5% of issued shares	31	5.32	19,443,032	24.30
5% and above of issued shares	3	0.51	57,630,068	72.04
Grand total	583	100.00	80,000,000	100.00

SUBSTANTIAL SHAREHOLDERS AS AT 17 OCTOBER 2008

Name	Direct Interest		Deemed Interest	
	No. of shares held	%	No. of shares held	%
Swiss Revenue Sdn. Bhd.	33,947,064	42.43	-	-
Sunbina Dunia Sdn. Bhd.	19,118,704	23.90	-	-
Lembaga Tabung Haji	4,564,300	5.71	-	-
Mohd Shafek Bin Isa	150,000	0.19	19,118,704 *	23.90
Tong Chin Hen	150,000	0.19	33,947,064 #	42.43

Deemed interest through Swiss Revenue Sdn. Bhd.

* Deemed interest through Sunbina Dunia Sdn. Bhd.

DIRECTORS' SHAREHOLDINGS AS AT 17 OCTOBER 2008

Name	Direct Interest		Deemed Interest	
	No. of shares held	%	No. of shares held	%
Mohd Shafek Bin Isa	150,000	0.19	19,118,704 *	23.90
Tong Chin Hen	150,000	0.19	33,947,064 #	42.43
Tong Ah Wah @ Tong Chun Hwi	2,671,498	3.34	-	-
Dr. Leong Wan Leong	50,000	0.06	-	-
Tai Keat Chai	50,000	0.06	-	-

Deemed interest through Swiss Revenue Sdn. Bhd.

* Deemed interest through Sunbina Dunia Sdn. Bhd.

SHAREHOLDERS' INFORMATION (continued)

LIST OF THIRTY LARGEST REGISTERED SHAREHOLDERS AS AT 17 OCTOBER 2008

No.	Name of Shareholders	No. of shares held	%
1.	Swiss Revenue Sdn Bhd	33,947,064	42.43
2.	Sunbina Dunia Sdn Bhd	19,118,704	23.90
3.	Lembaga Tabung Haji	4,564,300	5.71
4.	Tong Ah Wah @ Tong Chun Hwi	2,671,498	3.34
5.	Chin Wei Ching	2,373,692	2.97
6.	HLG Nominee (Asing) Sdn Bhd - Commerzbank (SEA) Ltd for Spice World Investments Inc	2,120,000	2.65
7.	HLG Nominee (Asing) Sdn Bhd - Commerzbank (SEA) Ltd for Pyco Holdings Ltd	2,100,000	2.63
8.	Universal Trustee (Malaysia) Berhad - CIMB - Principal Small Cap Fund 2	1,794,700	2.24
9.	Universal Trustee (Malaysia) Berhad - CIMB Islamic Small Cap Fund	1,472,900	1.84
10.	Agrimart Sdn Bhd	940,000	1.18
11.	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for UBS AG	850,000	1.06
12.	M & A Nominee (Asing) Sdn Bhd - Lewey Marketing Aktiengesellschaft	806,000	1.01
13.	Ku Kooi Khang	630,838	0.79
14.	Neo Khoo Seng	350,700	0.44
15.	Kamol Lertdetdecha	266,500	0.33
16.	Stephen Kuek Hock Eng	256,604	0.32
17.	M & A Nominee (Asing) Sdn Bhd - Multivers Aktiengesellschaft	234,300	0.29
18.	Wong Klin Chai @ Wong Kum Heng	233,100	0.29
19.	Lim Boon Liat	210,000	0.26
20.	Sabah Development Bank Berhad - As Beneficial Owner	207,000	0.26
21.	Cimsec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Khoo Nee Meng	195,000	0.24
22.	Teh Kiat Hock	165,000	0.21
23.	Ong Kong Beng	157,400	0.20
24.	Mohd Shafek Bin Isa	150,000	0.19
25.	Tong Chin Hen	150,000	0.19
26.	Tan Chong Seng	145,000	0.18
27.	Amsec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Pang Sar	143,500	0.18
28.	Lee Tan Yan	142,000	0.18
29.	Lee Kim Heage	135,000	0.17
30.	Yap Kim Yok	119,000	0.15
TOTAL		76,649,800	95.83

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fourth Annual General Meeting of IMASPRO CORPORATION BERHAD will be held at Kelab Golf Sultan Abdul Aziz Shah, No 1, Rumah Kelab, Jalan Kelab Golf 13/6, 40100 Shah Alam, Selangor Darul Ehsan on Thursday, 18 December 2008 at 10.30 a.m. for the following purposes:-

AGENDA

As Ordinary Business

- | | |
|--|-----------------------|
| 1. To receive the Audited Financial Statements and the Reports of the Directors and Auditors thereon for the year ended 30 June 2008. | |
| 2. To approve the payment of a single tier first and final dividend of 3.5 sen per share, in respect of the financial year ended 30 June 2008. | Ordinary Resolution 1 |
| 3. To approve the payment of Directors' fees in respect of the financial year ended 30 June 2008. | Ordinary Resolution 2 |
| 4. To re-elect Encik Mohd Shafek Bin Isa who is retiring pursuant to Article 75 of the Company's Articles of Association. | Ordinary Resolution 3 |
| 5. To re-elect Mr. Tai Keat Chai who is retiring pursuant to Article 75 of the Company's Articles of Association. | Ordinary Resolution 4 |
| 6. To re-appoint Messrs. Roger Yue, Tan & Associates as Auditors of the Company and to authorise the Directors to fix their fees. | Ordinary Resolution 5 |

As Special Business

To consider and, if thought fit, to pass the following resolution, with or without modifications:-

- | | |
|---|-----------------------|
| 7. Authority to Allot and Issue Shares Pursuant to Section 132D of the Companies Act, 1965 | Ordinary Resolution 6 |
|---|-----------------------|

"THAT, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

NOTICE OF ANNUAL GENERAL MEETING (continued)

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT, subject to the approval of the shareholders at the Fourth Annual General Meeting of the Company, a single tier first and final dividend of 3.5 sen per share in respect of the financial year ended 30 June 2008 will be paid to the shareholders on 23 January 2009. The entitlement date for the said dividend shall be 9 January 2009.

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

- a. Shares transferred into the Depositors' Securities Account before 4.00 p.m. on 9 January 2009 in respect of ordinary transfers;
- b. Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

ENG SOO FUNN (f) **(MACS 00044)**
LAM LEE SAN (f) **(MAICSA 7048104)**
 Secretaries

Petaling Jaya

Date: **26 November 2008**

NOTES:

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. To be valid, the instrument appointing a proxy, duly completed must be deposited at the Share Registrar of the Company at PFA Registration Services Sdn. Bhd., Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than 48 hours before the time for holding the meeting provided that in the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the member(s).
3. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

Where the appointer is a corporation, the instrument appointing a proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised.

5. 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 (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

NOTICE OF ANNUAL GENERAL MEETING (continued)

Explanatory Notes on Special Business

Ordinary Resolution No. 6 on the Authority to Allot and Issue Shares Pursuant to Section 132D of the Companies Act, 1965

Ordinary Resolution No. 6 is proposed pursuant to Section 132D of the Companies Act, 1965 and if passed, will give the Directors of the Company, from the date of the above Annual General Meeting, authority to issue and allot shares from the unissued share capital of the Company for such purposes as the Directors may deem fit and in the interest of the Company. This authority, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

STATEMENT ACCOMPANYING NOTICE OF FOURTH ANNUAL GENERAL MEETING

(Pursuant to the Paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad)

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

- a. Encik Mohd Shafek Bin Isa
- b. Mr. Tai Keat Chai

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

Further details of the above Directors who are standing for re-election are set out on pages 6 to 8 of this Annual Report.



IMASPRO CORPORATION BERHAD

(Incorporated in Malaysia)

(657527-H)

FORM OF PROXY

No. of Shares held

I/We _____ of _____
 _____ being a member/members of IMASPRO CORPORATION
 BERHAD, hereby appoint _____
 of _____ or failing him, _____
 _____ of _____
 _____ or failing him, the Chairman of the Meeting as my/our proxy to
 vote for me/us and on my/our behalf at the Fourth Annual General Meeting of the Company to be held at KELAB GOLF SULTAN ABDUL AZIZ
 SHAH, No 1, Rumah Kelab, Jalan Kelab Golf 13/6, 40100 Shah Alam, Selangor Darul Ehsan on Thursday, 18 December 2008 at 10.30 a.m. and at
 any adjournment thereof.

AGENDA 1

Receipt of the Audited Financial Statements and the Reports of the Directors and Auditors for the year ended 30 June 2008.

My/our proxy is to vote as indicated below:

AGENDA 2-7

ORDINARY RESOLUTIONS		FOR	AGAINST
Ordinary Resolution 1	Approval on the payment of a First and Final Dividend.		
Ordinary Resolution 2	Approval on the payment of Directors' Fees.		
Ordinary Resolution 3	Re-election of Encik Mohd Shafek Bin Isa as Director.		
Ordinary Resolution 4	Re-election of Mr. Tai Keat Chai as Director.		
Ordinary Resolution 5	Re-appointment of Messrs. Roger Yue, Tan & Associates as Auditors of the Company.		
Ordinary Resolution 6	Authority to Allot and Issue Shares Pursuant to Section 132D of the Companies Act, 1965.		

(Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he thinks fit.)

Signed this _____ day of _____ 2008

Signature of Member/Common Seal

NOTES:

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. To be valid, the instrument appointing a proxy, duly completed must be deposited at the Share Registrar of the Company at PFA Registration Services Sdn. Bhd., Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than 48 hours before the time for holding the meeting provided that in the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the member(s).
3. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
Where the appointer is a corporation, the instrument appointing a proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised.
5. 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 (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

FOLD THIS FLAP FOR SEALING

THEN FOLD HERE

AFFIX
STAMP

The Company

IMASPRO CORPORATION BERHAD (COMPANY NO. 657527-H)
(Incorporated in Malaysia)

PFA REGISTRATION SERVICES SDN. BHD.
LEVEL 17, THE GARDENS NORTH TOWER
MID VALLEY CITY, LINGKARAN SYED PUTRA
59200 KUALA LUMPUR

FIRST FOLD HERE



poised for
ACCELERATED
global **GROWTH**

IMASPRO CORPORATION BERHAD (657527-H)

37, Jalan 5, Kawasan 16, Taman Intan, 41300 Klang, Selangor Darul Ehsan, Malaysia

Tel: +(603) 3343 1633 Fax: +(603) 3343 1868

E-mail: imaspro@imaspro.com Website: www.imaspro.com