

UDS CAPITAL BERHAD
(502246-P)
(Incorporated in Malaysia)

FINANCIAL STATEMENTS
31 AUGUST 2009

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UDS CAPITAL BERHAD
(Incorporated in Malaysia)

CORPORATE INFORMATION

DIRECTORS:	Dato' Koh Low @ Koh Kim Toon (Executive Chairman) Neo Chee Kiat (Managing Director) Dato' Seri Tan King Tai @ Tan Khoon Hai Neo Tiam Hock Ng Sey Wee @ Ang Seh Wee Hj Ismail Bin Tunggak @ Hj Ahmad Ng Ah Leet @ Ah Heet Tan Kui Hwa Koh Ru Ching
SECRETARY:	Tan Wang Giap MACS 00523
AUDITORS:	John Lim & Associates Chartered Accountants
PRINCIPAL BANKERS:	Malayan Banking Berhad Maybank Islamic Berhad OCBC Bank (M) Berhad Public Bank Berhad Ambank (M) Berhad Amlslamic Bank Berhad
SOLICITORS:	Chris Lee & Partners
REGISTRARS:	Plantation Agencies Sdn Berhad Standard Chartered Bank Chambers Lebuh Pantai 10300 Penang Pulau Mutiara Tel: 04-2625333 Fax: 04-2622018
REGISTERED OFFICE:	67, 2nd Floor Room B, Jalan Ali 84000 Muar, Johor Darul Takzim Tel: 06-9541818 Fax: 06-9525823
PRINCIPAL PLACE OF BUSINESS:	PTD 6001, Jalan Perindustrian 5 Kawasan Perindustrian Bukit Bakri Batu 8, 84200 Muar Johor Darul Takzim Tel: 06-9865236 Fax: 06-9865239 Email: udholdings@myjaring.net
STOCK EXCHANGE LISTING:	Main Market of the Bursa Malaysia Securities Berhad

UDS CAPITAL BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 August 2009.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiary companies are as set out in note 7 to the financial statements.

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

RESULTS

	Group RM	Company RM
Loss for the financial year	<u>(4,354,898)</u>	<u>(5,647,647)</u>
Attributable to:		
Equity holders of the Company	(4,412,994)	(5,647,647)
Minority interests	<u>58,096</u>	<u>-</u>
	<u>(4,354,898)</u>	<u>(5,647,647)</u>

DIVIDEND

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

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

EMPLOYEES' SHARE OPTION SCHEME ('ESOS')

The Group's ESOS which is in force for a period of 5 years, was approved by the Securities Commission on 01 September 2004 and by the shareholders of the Company at the Extraordinary General Meeting held on 25 August 2004.

The ESOS became effective on 13 September 2004. Pursuant to the scheme, options to subscribe for ordinary shares of RM0.50 each are granted to eligible employees of the Group, including executive and non-executive directors of any company in the Group. The ESOS expired on 12 September 2009.

The salient features of the ESOS are as disclosed in note 17 (i) to the financial statements.

DIRECTORS' REPORT – continued**EMPLOYEES' SHARE OPTION SCHEME ('ESOS')** - continued

The summary of the movements of ESOS is as follows:

<u>Date granted</u>	<u>Expiry date</u>	Number of unissued ordinary shares under ESOS			
		<u>Exercised price</u> per share RM	<u>01 September</u> <u>2008</u>	<u>Exercised</u>	<u>31 August</u> <u>2009</u>
13.09.2004	12.09.2009	0.58	4,981,971	-	4,981,971

As at 31 August 2009, there is no eligible employee, other than directors, who has been granted option to subscribe for 360,000 and more ordinary shares of RM0.50 each.

WARRANTS

The Company had issued 21,084,250 warrants which were listed on Bursa Malaysia Securities Berhad on 02 December 2005 in conjunction with the rights issue on the basis of one (1) warrant attached to one (1) rights share subscribed.

The warrants are constituted by a Deed Poll dated 08 September 2005 executed by the Company. Each warrant entitles the registered holder during the exercise period to subscribe for one (1) new ordinary share at the exercise price of RM0.80 per share, subject to adjustment in accordance with the provisions of the Deed Poll.

The salient features of the warrants are as disclosed in note 17 (ii) to the financial statements.

The summary of movements of warrants is as follows:

<u>Date of issue</u>	<u>Exercise price</u> per warrant RM	Number of warrants		
		<u>01 September</u> <u>2008</u>	<u>Exercised</u>	<u>31 August</u> <u>2009</u>
02.12.2005	0.80	21,084,250	-	21,084,250

Details of directors' interest in the ESOS and warrants are disclosed in the section on Directors' shareholdings in this report.

DIRECTORS' REPORT - continued**DIRECTORS**

The directors in office since the date of the last report are:

Dato' Koh Low @ Koh Kim Toon
 Neo Chee Kiat
 Dato' Seri Tan King Tai @ Tan Khoon Hai
 Neo Tiam Hock
 Ng Sey Wee @ Ang Seh Wee
 Hj Ismail Bin Tunggak @ Hj Ahmad
 Ng Ah Leet @ Ah Heet
 Tan Kui Hwa (Appointed on 21.04.2009)
 Koh Ru Ching (Appointed on 02.09.2009)
 Teh Eng Aun (Resigned on 24.06.2009)
 Khairilnuar Bin Abdul Rahman (Resigned on 16.02.2009)

In accordance with the Company's articles of association, Messrs. Ng Sey Wee @ Ang Seh Wee, Ng Ah Leet @ Ah Heet, Tan Kui Hwa and Koh Ru Ching retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

REMUNERATION COMMITTEE

Remuneration committee comprises:

Chairman : Hj Ismail Bin Tunggak @ Hj Ahmad (Independent Non-Executive Director)
 Members : Mr. Tan Kui Hwa (Independent Non-Executive Director)
 Dato' Seri Tan King Tai @ Tan Khoon Hai (Executive Director)

DIRECTORS' SHAREHOLDINGS

The directors holding office at the financial year end and their interests in shares, options over shares and warrants in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares of RM0.50 each		
	01 September <u>2008</u>	<u>Bought/sold</u>	31 August <u>2009</u>
Direct interest			
Dato' Koh Low @ Koh Kim Toon	24,007,324	-	24,007,324
Neo Chee Kiat	5,858,210	-	5,858,210
Dato' Seri Tan King Tai @ Tan Khoon Hai	4,640,120	-	4,640,120
Neo Tiam Hock	6,336,896	-	6,336,896
Ng Sey Wee @ Ang Seh Wee	2,460,510	-	2,460,510
Ng Ah Leet @ Ah Heet	2,166,494	-	2,166,494
Indirect interest			
Dato' Koh Low @ Koh Kim Toon	330,050	-	330,050
Neo Chee Kiat	10,000	-	10,000
Dato' Seri Tan King Tai @ Tan Khoon Hai	1,218,050	-	1,218,050
Neo Tiam Hock	7,331,518	-	7,331,518
Tan Kui Hwa	690,000	-	690,000

DIRECTORS' REPORT - continued**DIRECTORS' SHAREHOLDINGS** - continued

Number of options over ordinary shares of RM0.50 each

	<u>01 September</u> 2008	<u>Granted/Exercised</u>	<u>31 August</u> 2009
Direct interest			
Dato' Koh Low @ Koh Kim Toon	225,372	-	225,372
Neo Chee Kiat	225,372	-	225,372
Dato' Seri Tan King Tai @ Tan Khoon Hai	225,372	-	225,372
Neo Tiam Hock	225,372	-	225,372
Ng Sey Wee @ Ang Seh Wee	225,372	-	225,372
Hj Ismail Bin Tunggak @ Hj Ahmad	135,223	-	135,223
Indirect interest			
Dato' Koh Low @ Koh Kim Toon	225,372	-	225,372
Neo Tiam Hock	355,586	-	355,586

Number of warrants

	<u>01 September</u> 2008	<u>Bought/Sold/Exercised</u>	<u>31 August</u> 2009
Direct interest			
Dato' Koh Low @ Koh Kim Toon	261,967	-	261,967
Neo Chee Kiat	68	-	68
Dato' Seri Tan King Tai @ Tan Khoon Hai	913,182	-	913,182
Neo Tiam Hock	431,149	-	431,149
Ng Sey Wee @ Ang Seh Wee	85	-	85
Indirect interest			
Dato' Koh Low @ Koh Kim Toon	105,275	-	105,275
Dato' Seri Tan King Tai @ Tan Khoon Hai	235,375	-	235,375
Neo Tiam Hock	952	-	952

By virtue of his interest in the shares of the Company, Dato' Koh Low @ Koh Kim Toon is also deemed to have interest in the shares of all the subsidiary companies to the extent that the Company has an interest.

DIRECTORS' REPORT - continued**DIRECTORS' BENEFITS**

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than remuneration shown in note 26 (c) 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 as disclosed in note 31 to the financial statements.

Neither during nor at the end of the financial year, was the Company or any of its subsidiary companies a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than arising from the exercise of the warrants and the options granted to eligible directors of the Company pursuant to the ESOS.

OTHER STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

- (a) Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance for doubtful debts had been made; and
 - (ii) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the Group and of the Company 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:
- (i) which would render the amounts written off for bad debts and the amounts allowed for as doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent,
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading,
 - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
 - (iv) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.
- (c) 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 liability 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.

DIRECTORS' REPORT - continued**OTHER STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS** – continued

- (d) No contingent or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet its obligations as and when they fall due.
- (e) In the opinion of the directors:
- (i) 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; and
 - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the current financial year.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- a) On 30 June 2008, a subsidiary company has entered into a Sale and Purchase Agreement to dispose two units of freehold warehouses with a carrying value of approximately RM710,000 for a total sale consideration of approximately RM800,000. The transaction has been completed during the financial year.
- b) On 29 August 2008, a subsidiary company has entered into Settlement Agreement to settle part of the outstanding balance owing by two suppliers amounting to RM2,282,824 by acquiring two parcels of vacant freehold industrial land from the supplier concerned. The transaction has been completed during the financial year.
- c) On 15 September 2008, a subsidiary company, Syarikat U.D. Trading Sdn. Bhd. has increased its investment in subsidiary company, Syarikat U.D. Trading Corporation Sdn. Bhd. by subscribing for 14,000 ordinary shares of RM1 each at par. As a result, the effective interest has increased from 51% to 65% since then.
- d) On 12 January 2009, a subsidiary company has entered into a Settlement Agreement to settle the outstanding balance owing by a vendor amounting to RM520,000 by acquiring two units of double storey semi-detached houses from the vendor concerned. The transaction has been completed during the financial year.
- e) On 29 May 2009, a subsidiary company, U.D. Panelform Sdn. Bhd. has disposed its 100% equity interest in Evergreen Trend Sdn. Bhd. for a total consideration of RM100.
- f) On 08 July 2009, a subsidiary company has entered into a Sale and Purchase Agreement to dispose a parcel of vacant freehold industrial land with a carrying value of approximately RM1,132,412 for sale consideration of approximately RM1,018,050. The transaction has been completed during the financial year.

SUBSEQUENT EVENT AFTER THE FINANCIAL YEAR

On 09 November 2009, a subsidiary company has entered into a Sale and Purchase Agreement to dispose a parcel of freehold industrial land with a carrying value of approximately RM1,150,412 for sale consideration of approximately RM1,150,412. As at the date of this report, the transaction has not been completed.

DIRECTORS' REPORT - continued

AUDITORS

John Lim & Associates have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors.

Dato' Koh Low @ Koh Kim Toon
Director

Neo Chee Kiat
Director

Muar

Date: 24 November 2009

UDS CAPITAL BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, the undersigned, being two of the directors of UDS Capital Berhad do hereby state that, in the opinion of the directors, the accompanying balance sheets, statements of income, of changes in equity and of cash flow together with the notes attached thereto are drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 August 2009 and of the results and the cash flows of the Group and of the Company for the financial year then ended.

Signed in accordance with a resolution of the directors.

Dato' Koh Low @ Koh Kim Toon
Director

Neo Chee Kiat
Director

Date: 24 November 2009

UDS CAPITAL BERHAD
(Incorporated in Malaysia)

STATUTORY DECLARATION

I, Dato' Koh Low @ Koh Kim Toon, the director primarily responsible for the financial management of UDS Capital Berhad., do solemnly and sincerely declare that the accompanying balance sheets, statements of income, of changes in equity and of cash flow together with the notes thereto are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declaration Act, 1960.

Subscribed and solemnly declared)
by the abovenamed at Muar in the)
State of Johore on 24 November 2009)

Dato' Koh Low @ Koh Kim Toon

Before me,

Hj. Salleh Bin Jamal
(No. J120)
Commissioner for Oaths

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
UDS CAPITAL BERHAD**

(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the accompanying financial statements of UDS Capital Berhad, which comprise the balance sheets as at 31 August 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 22 to 79.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 August 2009 and of its financial performance and cash flows for the financial year then ended.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
UDS CAPITAL BERHAD** - continued
(Incorporated in Malaysia)

Report on Other Legal and Regulatory Requirements

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

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the financial statements and the auditors' reports of all the subsidiary companies of which we have not acted as auditors, which are indicated in note 7 to the financial statements.
- c) We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) The audit reports on the financial statements of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

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.

JOHN LIM & ASSOCIATES
A.F. No. 0393
Chartered Accountants

FOO KEE FATT
1923/06/11(J)
Partner

Date: 24 November 2009

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Jalan Ali, 84000 Muar
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E-mail: johnlws@tm.net.my

UDS CAPITAL BERHAD
(Incorporated in Malaysia)

CONSOLIDATED BALANCE SHEET
AS AT 31 AUGUST 2009

	Note	2009 RM	2008 RM
ASSETS			
Non-current assets			
Property, plant and equipment	5	44,873,355	45,504,932
Prepaid lease payments	6	2,322,449	2,350,245
Investment properties	9	3,437,000	3,929,984
Other investments	10	1,523,475	1,523,475
		<u>52,156,279</u>	<u>53,308,636</u>
Current assets			
Inventories	11	22,352,316	38,065,193
Receivables	12	24,784,241	33,375,465
Tax assets	14	1,003,657	1,182,693
Fixed deposits with licensed banks	15	2,822,136	2,738,112
Cash and bank balances		5,750,267	4,644,619
Non-current asset held for sale	16	1,150,412	-
		<u>57,863,029</u>	<u>80,006,082</u>
TOTAL ASSETS		<u>110,019,308</u>	<u>133,314,718</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	17	63,252,750	63,252,750
Reserves	18	(6,956,736)	(2,543,742)
		<u>56,296,014</u>	<u>60,709,008</u>
Minority interests		<u>2,552,673</u>	<u>2,494,577</u>
Total equity		<u>58,848,687</u>	<u>63,203,585</u>
LIABILITIES			
Non-current liabilities			
Borrowings	19	3,148,172	4,245,983
Deferred taxation	21	108,618	112,351
		<u>3,256,790</u>	<u>4,358,334</u>
Current liabilities			
Payables	22	18,669,415	20,583,260
Tax liabilities	14	17,103	119,763
Borrowings	19	29,227,313	45,049,776
		<u>47,913,831</u>	<u>65,752,799</u>
Total liabilities		<u>51,170,621</u>	<u>70,111,133</u>
TOTAL EQUITY AND LIABILITIES		<u>110,019,308</u>	<u>133,314,718</u>

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

UDS CAPITAL BERHAD
(Incorporated in Malaysia)

**CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2009**

	Note	2009 RM	2008 RM
Revenue	23	137,655,279	139,526,621
Cost of sales	24	<u>(122,980,670)</u>	<u>(127,250,553)</u>
Gross profit		14,674,609	12,276,068
Other income	25	2,665,242	1,217,049
Administrative expenses		(12,087,948)	(11,953,603)
Selling and distribution expenses		(7,216,369)	(7,638,259)
Other expenses		<u>(941,196)</u>	<u>(579,839)</u>
Operating loss	26	(2,905,662)	(6,678,584)
Finance costs	27	<u>(1,465,636)</u>	<u>(2,026,933)</u>
Loss before taxation		(4,371,298)	(8,705,517)
Income tax expenses	14	<u>16,400</u>	<u>1,004,827</u>
Loss for the financial year		<u>(4,354,898)</u>	<u>(7,700,690)</u>
Attributable to:			
Equity holders of the Company		(4,412,994)	(7,339,523)
Minority interests		<u>58,096</u>	<u>(361,167)</u>
		(4,354,898)	(7,700,690)
Loss per share attributable to equity holders of the Company (sen)	28		
- basic		(3.5)	(5.8)
- diluted		(3.5)	(5.8)

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

UDS CAPITAL BERHAD
(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2009**

	← Attributable to equity holders of the Company →					
	Share capital RM	Non- Distributable Share premium RM	Accumulated losses RM	Total RM	Minority interests RM	Total equity RM
At 01 September 2007	63,252,750	12,494,536	(7,698,755)	68,048,531	2,855,744	70,904,275
Loss for the financial year, representing total recognised income and expense for the financial year	-	-	<u>(7,339,523)</u>	<u>(7,339,523)</u>	<u>(361,167)</u>	<u>(7,700,690)</u>
At 31 August 2008	63,252,750	12,494,536	(15,038,278)	60,709,008	2,494,577	63,203,585
At 01 September 2008	63,252,750	12,494,536	(15,038,278)	60,709,008	2,494,577	63,203,585
Loss for the financial year, representing total recognised income and expense for the financial year	-	-	<u>(4,412,994)</u>	<u>(4,412,994)</u>	<u>58,096</u>	<u>(4,354,898)</u>
At 31 August 2009	63,252,750	12,494,536	<u>(19,451,272)</u>	<u>56,296,014</u>	<u>2,552,673</u>	<u>58,848,687</u>

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

UDS CAPITAL BERHAD
(Incorporated in Malaysia)

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2009**

	Note	2009 RM	2008 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(4,371,298)	(8,705,517)
Adjustments for:			
Allowance for doubtful debts		678,580	907,794
Amortisation of prepaid lease payments		27,796	27,795
Bad debts written off		400,131	-
Depreciation		3,163,816	3,268,985
Impairment loss on goodwill		14,000	-
Impairment loss on other investment		-	151,802
Interest expenses		1,465,636	2,026,933
Levy fee forfeited		9,040	-
Loss on disposal of property, plant and equipment		114,362	-
Property, plant and equipment written off		17,945	1,596
Provision for foreseeable loss		247,284	-
Allowance for doubtful debts no longer required		(395,455)	(163,714)
Dividend income		(44,213)	(76,841)
Fair value adjustment on investment properties		(217,016)	40,000
Gain on disposal of a subsidiary company		(87)	-
Gain on disposal of investment property		(90,000)	-
Gain on disposal of property, plant and equipment		(2,771)	(145,390)
Interest income		(79,087)	(119,944)
Unrealised foreign exchange (gain)/loss		(35,346)	6,927
Operating profit/(loss) before working capital changes		903,317	(2,779,574)
Decrease in inventories		15,712,877	1,414,045
Decrease/(increase) in receivables		9,701,772	(1,108,118)
Increase in amount due from customer on contracts		(5,194,527)	-
Increase in amount due to customer on contracts		-	368,972
(Decrease)/increase in payables		(1,542,873)	2,943,295
Cash generated from operations		19,580,566	838,620
Income tax paid	14	(271,732)	(238,727)
Income tax refund	14	365,125	1,038,120
Interest paid		(1,465,636)	(2,026,933)
Net cash from/(used in) operating activities		18,208,323	(388,920)

CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2009 - continued

	Note	2009 RM	2008 RM
CASH FLOWS FROM INVESTING ACTIVITIES			
Additional investment in a subsidiary company		(14,000)	-
Cash flow from disposal of a subsidiary company net of cash and cash equivalents disposed	29	(1,913)	-
Purchase of property, plant and equipment	30(a)	(2,020,656)	(2,167,181)
Dividend received		39,863	72,317
Proceeds from disposal of investment property		800,000	-
Proceeds from disposal of property, plant and equipment		<u>1,037,293</u>	<u>1,747,715</u>
Net cash used in investing activities		<u>(159,413)</u>	<u>(347,149)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Net changes in short term borrowings		(15,509,090)	(2,173,586)
Repayment of term loans		(696,437)	(1,070,212)
Repayment of hire purchase payables		(763,836)	(941,513)
Withdrawal of fixed deposits		-	2,709,052
Placement of fixed deposits		(84,024)	(490,010)
Interest received		<u>87,036</u>	<u>162,925</u>
Net cash used in financing activities		<u>(16,966,351)</u>	<u>(1,803,344)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,082,559	(2,539,413)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		<u>2,719,649</u>	<u>5,259,062</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	30(b)	<u><u>3,802,208</u></u>	<u><u>2,719,649</u></u>

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

UDS CAPITAL BERHAD
(Incorporated in Malaysia)

BALANCE SHEET
AS AT 31 AUGUST 2009

	Note	2009 RM	2008 RM
ASSETS			
Non-current assets			
Property, plant and equipment	5	-	6,027
Investment in subsidiary companies	7	<u>30,238,699</u>	<u>35,960,246</u>
		<u>30,238,699</u>	<u>35,966,273</u>
Current assets			
Receivable	12	1,000	1,000
Amounts due by subsidiary companies	13	24,671,472	24,682,052
Tax asset	14	43,298	43,298
Bank balance		<u>164,141</u>	<u>182,382</u>
		<u>24,879,911</u>	<u>24,908,732</u>
TOTAL ASSETS		<u>55,118,610</u>	<u>60,875,005</u>
EQUITY AND LIABILITIES			
Equity attributable to the Company's equity holders			
Share capital	17	63,252,750	63,252,750
Reserves	18	<u>(8,153,503)</u>	<u>(2,505,856)</u>
Total equity		<u>55,099,247</u>	<u>60,746,894</u>
LIABILITIES			
Current liability			
Payables	22	<u>19,363</u>	<u>128,111</u>
Total liabilities		<u>19,363</u>	<u>128,111</u>
TOTAL EQUITY AND LIABILITIES		<u>55,118,610</u>	<u>60,875,005</u>

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

UDS CAPITAL BERHAD
(Incorporated in Malaysia)

INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2009

	Note	2009 RM	2008 RM
Revenue	23	250,000	263,000
Administrative expenses		(168,086)	(243,929)
Other expenses		<u>(5,729,561)</u>	<u>(1,403,061)</u>
Operating loss	26	(5,647,647)	(1,383,990)
Finance costs	27	<u>-</u>	<u>-</u>
Loss before taxation		(5,647,647)	(1,383,990)
Income tax expense	14	<u>-</u>	<u>-</u>
Loss for the financial year		<u>(5,647,647)</u>	<u>(1,383,990)</u>
Attributable to:			
Equity holders of the Company		<u>(5,647,647)</u>	<u>(1,383,990)</u>

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

UDS CAPITAL BERHAD
(Incorporated in Malaysia)

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2009**

	Share capital RM	<u>Non- distributable</u> Share premium RM	Accumulated losses RM	Total equity RM
At 01 September 2007	63,252,750	12,494,536	(13,616,402)	62,130,884
Loss for the financial year, representing total recognised income and expense for the financial year	<u>-</u>	<u>-</u>	<u>(1,383,990)</u>	<u>(1,383,990)</u>
At 31 August 2008	<u>63,252,750</u>	<u>12,494,536</u>	<u>(15,000,392)</u>	<u>60,746,894</u>
At 01 September 2008	63,252,750	12,494,536	(15,000,392)	60,746,894
Loss for the financial year, representing total recognised income and expense for the financial year	<u>-</u>	<u>-</u>	<u>(5,647,647)</u>	<u>(5,647,647)</u>
At 31 August 2009	<u>63,252,750</u>	<u>12,494,536</u>	<u>(20,648,039)</u>	<u>55,099,247</u>

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

UDS CAPITAL BERHAD
(Incorporated in Malaysia)

**CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2009**

	Note	2009 RM	2008 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(5,647,647)	(1,383,990)
Adjustments for:			
Depreciation		6,027	1,080
Impairment loss on investment in subsidiary companies		5,721,547	1,400,000
Dividend income		(250,000)	(263,000)
Operating loss before working capital changes		(170,073)	(245,910)
Decrease in payables		(108,748)	(4,473)
Cash used in operations		(278,821)	(250,383)
Income tax refund	14	-	1,500
Net cash used in operating activities		(278,821)	(248,883)
CASH FLOWS FROM INVESTING ACTIVITIES			
Advance to subsidiary companies		(65,000)	(38,000)
Dividend received from subsidiary companies		250,000	263,000
Repayment from a subsidiary company		75,580	-
Net cash from investing activities		260,580	225,000
NET DECREASE IN CASH AND CASH EQUIVALENTS		(18,241)	(23,883)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		182,382	206,265
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	30(b)	164,141	182,382

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

UDS CAPITAL BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009

1. GENERAL

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are as set out in note 7. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

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

The registered office of the Company is at 67, 2nd Floor, Room B, Jalan Ali, 84000 Muar, Johor Darul Takzim, and the principal place of business is at PTD 6001, Batu 8, Jalan Perindustrian 5, Kawasan Perindustrian Bukit Bakri, 84200 Muar, Johor Darul Takzim.

The Board has authorised the issuance of the financial statements on 24 November 2009.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements comply with Financial Reporting Standards ('FRSs') and the Companies Act 1965 in Malaysia.

The preparation of financial statements in conformity with FRSs and the Companies Act 1965 in Malaysia requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Estimates and judgements are evaluated by the management on an on-going basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed in note 4.

The financial statements of the Group and of the Company are prepared under the historical cost convention except for the revaluation of certain freehold land included in property, plant and equipment and investment properties have been measured at their fair value.

The financial statements are presented in Ringgit Malaysia ('RM').

3. SIGNIFICANT ACCOUNTING POLICIES

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

a) Subsidiary companies

Subsidiary companies are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued**3. SIGNIFICANT ACCOUNTING POLICIES - continued****b) Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies as at the balance sheet date. Subsidiary companies are those enterprises in which the Company has power to exercise control over the financial and operating policies so as to obtain benefits from their activities. Subsidiary companies are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiary companies. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition, irrespective of the extent of any minority interest.

Minority interests represent the portion of the profit or loss and net assets of subsidiary companies attributable to equity interests that are not owned by the Group. It is measured at the minorities' share of the fair value of identifiable assets and liabilities of the subsidiary companies at the acquisition date and the minorities' share of changes in the equity of the subsidiary companies since then. Minority interests are presented in the consolidated balance sheet as part of the equity and are segregated from the shareholders' equity of the parent, and are separately disclosed in the consolidated income statement.

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are also eliminated on consolidation unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiary companies to ensure consistency of accounting policies with those of the Group.

The gain or loss on disposal of a subsidiary company is the difference between the net disposal proceeds and the Group's share of its net assets together with the carrying amount of goodwill.

c) Investment in subsidiary companies

Investment in subsidiary companies, which are eliminated on consolidation, are stated at cost in the Company's financial statements, and are reviewed for impairment at the end of the financial year if events or changes in circumstances indicate that their carrying values may not be recoverable.

On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is charged or credited to income statement.

d) Goodwill

Goodwill represents the excess of cost of an acquisition over the sum of the fair value of the identifiable net assets of the subsidiary companies at the date of acquisition. It includes goodwill on consolidation and purchased goodwill.

Goodwill acquired in a business combination is initially measured at cost. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Any impairment loss is recognised in income statement and subsequent reversal is not allowed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Any excess of the Group's interest in the fair value of the identifiable net assets over the cost of an acquisition is recognised immediately in income statement.

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued
3. SIGNIFICANT ACCOUNTING POLICIES - continued**e) Property, plant and equipment**

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 except for freehold land are stated at cost less accumulated depreciation or amortisation and accumulated impairment losses.

Freehold land of the Group has not been revalued since they were first revalued in 1997. The directors have not adopted a policy of regular revaluation of such assets. As permitted under the transitional provisions of IAS 16 (Revised): Property, Plant and Equipment, these assets continue to be stated at their 1997 valuation less accumulated depreciation.

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 taken into income statement and the unutilised portion of the revaluation surplus on that item is transferred to retained profit.

f) Depreciation

Freehold land is not amortised as it is deemed to have an infinite life.

Depreciation for all the other property, plant and equipment is calculated so as to write off the cost of the assets or their revalued amounts to their residual value on a straight line basis over the estimated useful lives of the assets concerned.

The annual rates in use are as follows:

Air-conditioners	10%
Computers	20%
Electrical installation	2% - 20%
Freehold buildings	2%
Freehold and long leasehold buildings	2%
Furniture and fittings	10%
Motor vehicles	20%
Office equipment	10%
Plant, machinery and equipment	10% - 20%
Renovation	20%
Signboard	10%
Worker quarter	2%

The residual values, useful lives and depreciation methods 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.

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued**3. SIGNIFICANT ACCOUNTING POLICIES - continued****g) Investment properties**

Investment properties are properties which are held either to earn long-term rental yields or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by an independent professional valuer. Investment properties are not subject to depreciation.

Gains or losses arising from changes in the fair values of investment properties are taken to the income statement.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are taken to the income statement.

h) Construction contracts

Where the outcome of construction contracts can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the surveys of work performed as a percentage of the total contract value.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the financial period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the total of costs incurred on construction contracts plus, recognised profits (less recognised losses), exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

i) Inventories

Inventories are valued at the lower of cost (determined principally on first-in first-out method) and net realisable value.

The cost of raw materials comprises costs of purchase. The cost of finished goods and work-in-progress represents raw materials, direct labour and the appropriate production overheads.

Net realisable value is the estimate of the selling price in the ordinary course of business, less cost of completion and selling expenses.

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued**3. SIGNIFICANT ACCOUNTING POLICIES - continued****j) Receivables**

Receivables are carried at anticipated realisable value.

Known bad debts are written off when identified while allowance for doubtful debts is made for debts considered to be doubtful of collection based on a review of all outstanding amounts at the balance sheet date.

k) Payables

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

l) Leases**i) Finance leases**

Leases of assets in which the Group assumes substantially the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments, less accumulated depreciation and impairment losses. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is taken to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases is depreciated over the estimated useful life of the asset in accordance with the depreciation policy of the Group.

Hire purchase transactions which have similar criteria with finance lease are accounted for as finance lease.

ii) Operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to the income statement on a straight-line basis over the period of the lease.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment for land represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

The prepaid lease payments are amortised evenly over the respective lease term of the land which ranges from 84 to 97 years. Operating lease payments are recognised as an expense in the income statement.

The Group had previously revalued its leasehold land and has retained the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments in accordance with the transitional provisions in FRS 117.67A.

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued**3. SIGNIFICANT ACCOUNTING POLICIES - continued****m) Income taxes**

Income taxes on the income statement for the financial year comprise 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 differences arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the financial 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 income statement for the financial 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, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

n) Provisions

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

o) Interest bearing borrowings

Interest bearing bank borrowings are recorded at the amount of proceeds received, net of transaction cost incurred. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Borrowings costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. For borrowings made specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the financial period.

All other borrowing costs are recognised as an expense in the income statement in the financial period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued**3. SIGNIFICANT ACCOUNTING POLICIES - continued****p) Currency translations****(a) Functional and presentation currency**

Items included in the 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 the Company's functional and presentation currency.

(b) Foreign currency transactions

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

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

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

q) Employee benefits**i) Short term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial period 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 absence. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued**3. SIGNIFICANT ACCOUNTING POLICIES - continued****q) Employee benefits - continued****ii) Post-employment benefits**

The Group contributes to the Employees Provident Fund, the national defined contribution plan. Such contributions are charged to the income statement in the financial period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

iii) Share-based compensation

The Company's Employees' Share Option Scheme ('ESOS'), and equity-settled, share-based compensation plan, allows the Group's employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an expense in the income statement with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained profit.

Under the transitional provisions of FRS 2, this FRS will apply to share options which were granted after 31 December 2004 and had not yet vested on 01 January 2006. The adoption of this FRS has not resulted in any financial impact to the Group as there were no new shares options issued after 31 December 2004 which remain unvested on 01 January 2006.

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

iv) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

r) 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:

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued**3. SIGNIFICANT ACCOUNTING POLICIES - continued****r) Revenue recognition - continued****i) Sale of goods**

Revenue is recognised net of sales taxes and upon transfer of significant risks and rewards of 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) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method.

iii) Rental income

Rental income is recognised on a straight-line basis over the term of the lease.

iv) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

v) Dividend income

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

s) Financial instruments

Financial instrument is any contract that gives rise to both a financial asset of a company and a financial liability or equity instrument of other entities. The particular recognition methods adopted relating to financial instruments carried on balance sheet are disclosed in the individual accounting policy statements associated with each items.

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.

Derivative financial instruments

Derivative financial instruments are not recognised in the financial statements.

Unrecognised financial instruments of the Group consist of forward exchange contracts which are used to hedge the exposure to currency risk. These derivative financial instruments are accounted for on an equivalent basis as the underlying assets, liabilities or net positions. Any gain or loss arising is recognised on the same basis as that arising from the related assets, liabilities or net positions.

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued**3. SIGNIFICANT ACCOUNTING POLICIES - continued****t) Impairment of non-financial assets**

The carrying amount of assets, other than investment properties, construction contract assets, inventories, receivables and non-current assets (or disposal groups) held for sale, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

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

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

An impairment loss is recognised in income statement in the financial period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

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

u) Equity instruments

Ordinary shares are classified as equity. Dividends payments are accounted for in shareholders' equity as an appropriation of retained profit in the financial year in which the shareholders' rights to receive payment are established.

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued**3. SIGNIFICANT ACCOUNTING POLICIES - continued****v) Other investments**

Other investments are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted basis while market value is determined based on quoted market values. Increases or decrease in the carrying amount of other investment are recognised in income statement. On disposal of other investment, the differences between net disposal proceeds and the carrying amount is charged or credited to income statement.

w) Non-current assets (or disposal groups) held for sale and discontinued operation

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

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

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

x) Contingent liabilities

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

y) Cash flow statements

The cash flow statements are prepared by using the indirect method.

Cash and cash equivalents for the purpose of the cash flow statements include cash in hand, demand deposits and short term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value, against which the bank overdraft balances, if any, are deducted.

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued**3.1 CHANGES IN ACCOUNTING POLICY**

Prior to 01 September 2008, where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

However, the Group has changed the basis of measurement from proportion of contract costs incurred for work performed to date to the estimated total contract costs to survey of work performed. The reason for the change is that the value of work certified or surveyed as a percentage of the total contract value better reflect the work performed. The change in accounting policy is applied retrospectively and there were no effects on the balance sheet of the Group as at 31 August 2008 and the income statement of the Group for the financial year then ended.

3.2 FRSs, AMENDMENTS TO FRSs AND ISSUES COMMITTEE ('IC') INTERPRETATIONS ISSUED BUT NOT ADOPTED YET

The MASB has issued the following FRSs, Amendments to FRSs and IC Interpretations that are effective for annual periods beginning after 01 September 2008 and that have not been applied in preparing these financial statements:

	For financial period beginning on or after
Amendments to FRS 1 and FRS 127 First-time adoption of Financial Reporting Standards; and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Joint Controlled Entity or Associate	01 January 2010
Amendment to FRS 2 Share-based Payment Vesting Conditions and Cancellations	01 January 2010
Amendments to FRS 132 Financial Instruments: Presentation	01 January 2010
Amendments to FRS 139, Financial Instruments: Recognition and Measurement; and FRS 7 Financial Instrument: Disclosures; and IC Interpretation 9 Reassessment of Embedded Derivatives	01 January 2010
FRS 4 Insurance Contracts	01 January 2010
FRS 7 Financial Instruments : Disclosures	01 January 2010
FRS 8 Operating Segments	01 July 2009
FRS 101 Presentation of Financial Statements	01 January 2010
FRS 123 Borrowing Costs	01 January 2010
FRS 139 Financial Instruments: Recognition and Measurement	01 January 2010
IC Interpretation 9 Reassessment of Embedded Derivatives	01 January 2010
IC Interpretation 10 Interim Financial Reporting and Impairment	01 January 2010
IC Interpretation 11 FRS 2 : Group and Treasury Share Transactions	01 January 2010
IC Interpretation 13 Customer Loyalty Programmes	01 January 2010
IC Interpretation 14 FRS 119 :The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction	01 January 2010
Amendment to FRS 5, 8, 107, 108, 110, 116, 117, 118, 119, 120, 123, 127, 128, 129, 131, 134, 136, 138 and 140	01 January 2010

The above FRSs, Amendments to FRSs and IC Interpretation are expected to have no significant impact on the financial statements of the Group and Company upon their initial application except possibly for FRS 139 which is exempted from disclosure and changes in disclosure arising from the adoption of FRS 7, FRS 8 and amendment to FRS 117.

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued**4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS****Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Depreciation of property, plant and equipment

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

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

The depreciation charge will increase when useful lives are less than previously estimated.

(ii) Income taxes

There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise tax liabilities based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the financial period in which such determination is made.

(iii) Allowance for doubtful debts

The collectibility of receivables is assessed on an on-going basis. An allowance for doubtful debts is made for any account considered to be doubtful of collection.

The carrying amount of the Group's receivables as at 31 August 2009 was RM24,784,241 (2008 - RM33,375,465).

Allowance for doubtful debts is made based on a review of all outstanding accounts as at the balance sheet date. A considerable amount of judgement and estimate is required in assessing the ultimate realisation of these receivables, including the creditworthiness, the past collection history of each customer and subsequent collection up to date of report. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued**4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS - continued****Key sources of estimation uncertainty - continued**

(iv) Inventories obsolescence and inventories write down

Inventories are stated at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of committed sales prices.

Inventories are reviewed on a regular basis and the Group will make allowance for excess or obsolete inventories and write down to net realisable value based primarily on historical trends and management estimates of expected and future product demand and related pricing.

The carrying amount of the Group's inventories as at 31 August 2009 was RM22,352,316 (2008 - RM38,065,193).

Demand levels, exchange rates, technological advances and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group may be required to reduce the value of its inventories and additional allowance for slow moving inventories may be required.

(v) Construction contracts

The Group recognise contract revenues and expenses in the income statement using the stage of completion method. The stage of completion is determined by surveys of work performed where the financial outcome of a development activity can be reliably estimated.

Significant judgment is required in determining the stage of completion, the extent of the contract cost, the estimated contract revenue and costs as well as the recoverability of the construction projects. In making of the judgment, the Group evaluates based on management past experiences and by relying on the work of specialist.

A 10% difference in the estimated total contract revenue or costs would result in approximately 1% variance in the Group's revenue and 1% variance in the Group's cost of sales.

(vi) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use ('VIU') of the CGU to which goodwill is allocated. Estimating a VIU amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of that cash flow. Further details are disclosed in note 8.

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued**4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS - continued****Key sources of estimation uncertainty - continued**

(vii) Impairment investment in subsidiary companies

The Group determines whether there is any indication of impairment to the cost of investment in subsidiary companies annually. This requires an estimation of the VIU of the CGU to which cost of investment in subsidiary companies is allocated. Estimating a VIU amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of that cash flow. Further details are disclosed in note 7.

(viii) Fair value estimates for certain financial assets and liabilities

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

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NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued**5. PROPERTY, PLANT AND EQUIPMENT****Group**

	Note	Land and buildings*	Plant, machinery and equipment	Motor vehicles	Other assets#	Total
		RM	RM	RM	RM	RM
At 31 August 2009						
Cost/valuation						
At 01 September 2008		37,365,940	16,895,649	8,214,476	4,621,178	67,097,243
Additions		3,153,113	1,437,964	26,000	232,403	4,849,480
Disposals		(1,132,412)	(93,948)	(8,000)	-	(1,234,360)
Write-offs		-	(26,382)	(1,600)	(1,720)	(29,702)
Reclassification	16	(1,150,412)	-	-	-	(1,150,412)
At 31 August 2009		38,236,229	18,213,283	8,230,876	4,851,861	69,532,249
Accumulated depreciation and impairment loss						
At 01 September 2008		3,654,695	10,269,402	5,850,651	1,817,563	21,592,311
Depreciation charge for the financial year		700,292	1,199,735	929,298	334,491	3,163,816
Disposals		-	(81,343)	(4,133)	-	(85,476)
Write-offs		-	(9,512)	(1,600)	(645)	(11,757)
At 31 August 2009		4,354,987	11,378,282	6,774,216	2,151,409	24,658,894
Net carrying amount						
At cost		32,809,637	6,835,001	1,456,660	2,700,452	43,801,750
At valuation		1,071,605	-	-	-	1,071,605
At 31 August 2009		33,881,242	6,835,001	1,456,660	2,700,452	44,873,355

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued

5. PROPERTY, PLANT AND EQUIPMENT – continued

Group

	Land and buildings*	Plant, machinery and equipment	Motor vehicles	Other assets#	Construction- in-progress	Total
	RM	RM	RM	RM	RM	RM
At 31 August 2008						
Cost/valuation						
At 01 September 2007	35,914,591	15,805,805	7,705,890	4,367,535	2,594,709	66,388,530
Additions	560,603	1,156,369	1,296,306	258,203	-	3,271,481
Disposals	(1,703,963)	(66,525)	(787,720)	-	-	(2,558,208)
Write-off	-	-	-	(4,560)	-	(4,560)
Reclassification	2,594,709	-	-	-	(2,594,709)	-
At 31 August 2008	<u>37,365,940</u>	<u>16,895,649</u>	<u>8,214,476</u>	<u>4,621,178</u>	<u>-</u>	<u>67,097,243</u>
Accumulated depreciation and impairment loss						
At 01 September 2007	3,243,186	9,041,978	5,500,214	1,496,795	-	19,282,173
Depreciation charge for the financial year	715,472	1,266,453	963,328	323,732	-	3,268,985
Disposals	(303,963)	(39,029)	(612,891)	-	-	(955,883)
Write-off	-	-	-	(2,964)	-	(2,964)
At 31 August 2008	<u>3,654,695</u>	<u>10,269,402</u>	<u>5,850,651</u>	<u>1,817,563</u>	<u>-</u>	<u>21,592,311</u>
Net carrying amount						
At cost	32,639,640	6,626,247	2,363,825	2,803,615	-	44,433,327
At valuation	<u>1,071,605</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,071,605</u>
At 31 August 2008	<u><u>33,711,245</u></u>	<u><u>6,626,247</u></u>	<u><u>2,363,825</u></u>	<u><u>2,803,615</u></u>	<u><u>-</u></u>	<u><u>45,504,932</u></u>

Other assets comprise office equipment, furniture and fittings, computers, air-conditioners and signboard.

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued

5. PROPERTY, PLANT AND EQUIPMENT – continued

Group

* Land and buildings

	Freehold land	Long leasehold building	Freehold building	Electrical installation	Renovation	Worker quarter	Total
	RM	RM	RM	RM	RM	RM	RM
At 31 August 2009							
Cost/valuation							
At 01 September 2008	8,879,023	10,606,747	16,581,051	770,681	528,438	-	37,365,940
Additions	2,282,824	-	551,878	-	40,000	278,411	3,153,113
Disposal	(1,132,412)	-	-	-	-	-	(1,132,412)
Reclassification	(1,150,412)	-	-	-	-	-	(1,150,412)
At 31 August 2009	8,879,023	10,606,747	17,132,929	770,681	568,438	278,411	38,236,229
Accumulated depreciation and impairment loss							
At 01 September 2008	15,250	1,288,991	1,519,576	408,366	422,512	-	3,654,695
Depreciation charge for the financial year	-	212,136	335,690	89,355	60,958	2,153	700,292
At 31 August 2009	15,250	1,501,127	1,855,266	497,721	483,470	2,153	4,354,987
Net carrying amount							
At cost	7,792,168	9,105,620	15,277,663	272,960	84,968	276,258	32,809,637
At valuation	1,071,605	-	-	-	-	-	1,071,605
At 31 August 2009	8,863,773	9,105,620	15,277,663	272,960	84,968	276,258	33,881,242

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued

5. PROPERTY, PLANT AND EQUIPMENT

Group

* Land and buildings

	Freehold land	Long leasehold building	Freehold building	Electrical installation	Renovation	Total
	RM	RM	RM	RM	RM	RM
At 31 August 2008						
Cost/valuation						
At 01 September 2007	10,568,445	10,606,747	13,596,294	640,601	502,504	35,914,591
Additions	7,733	-	396,856	130,080	25,934	560,603
Disposals	(1,697,155)	-	(6,808)	-	-	(1,703,963)
Reclassification	-	-	2,594,709	-	-	2,594,709
At 31 August 2008	8,879,023	10,606,747	16,581,051	770,681	528,438	37,365,940
Accumulated depreciation and impairment loss						
At 01 September 2007	312,405	1,076,855	1,197,305	295,246	361,375	3,243,186
Depreciation charge for the financial year	-	212,136	329,079	113,120	61,137	715,472
Disposals	(297,155)	-	(6,808)	-	-	(303,963)
At 31 August 2008	15,250	1,288,991	1,519,576	408,366	422,512	3,654,695
Net carrying amount						
At cost	7,792,168	9,317,756	15,061,475	362,315	105,926	32,639,640
At valuation	1,071,605	-	-	-	-	1,071,605
At 31 August 2008	8,863,773	9,317,756	15,061,475	362,315	105,926	33,711,245

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued**5. PROPERTY, PLANT AND EQUIPMENT – continued**

Group	2009 RM	2008 RM
<u>Net carrying amount</u>		
a) Property, plant and equipment acquired by mean of hire purchase plans:		
Motor vehicles	1,012,707	1,756,362
Plant, machinery and equipment	454,775	1,650,680
	<u>1,467,482</u>	<u>3,407,042</u>
b) Property, plant and equipment pledged for banking facilities granted to subsidiary companies as disclosed in note 19:		
Freehold buildings	11,978,418	13,654,763
Freehold land	4,698,986	4,698,986
Long leasehold buildings	8,589,505	7,227,344
	<u>25,266,909</u>	<u>25,581,093</u>
c) Property, plant and equipment carried at valuation:		
Freehold land	<u>1,071,605</u>	<u>1,071,605</u>
Had this property, plant and equipment been carried at cost:		
Freehold land	<u>575,643</u>	<u>575,643</u>
Company	2009 RM	<u>Signboard</u> 2008 RM
At 31 August		
At cost		
At beginning and end of the financial year	<u>10,797</u>	<u>10,797</u>
Accumulated depreciation		
At 01 September	4,770	3,690
Depreciation charge for the financial year	6,027	1,080
At 31 August	<u>10,797</u>	<u>4,770</u>
Net carrying amount		
At 31 August	<u>-</u>	<u>6,027</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2008 – continued
6. PREPAID LEASE PAYMENTS

	Leasehold land Unexpired period more than 50 years Group	
	2009 RM	2008 RM
At 31 August		
At cost		
At beginning and end of the financial year	<u>2,490,005</u>	<u>2,490,005</u>
Accumulated amortisation		
At 01 September	139,760	111,965
Amortisation for the financial year	<u>27,796</u>	<u>27,795</u>
At 31 August	<u>167,556</u>	<u>139,760</u>
Net carrying amount		
At 31 August	<u>2,322,449</u>	<u>2,350,245</u>

Leasehold land is pledged for banking facilities as disclosed in note 19.

7. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2009 RM	2008 RM
At cost		
Unquoted shares		
At beginning and end of the financial year	<u>40,637,105</u>	<u>40,637,105</u>
Less:		
Accumulated impairment losses		
At 01 September	4,676,859	3,276,859
Additions	<u>5,721,547</u>	<u>1,400,000</u>
At 31 August	<u>10,398,406</u>	<u>4,676,859</u>
Net carrying amount		
At 31 August	<u>30,238,699</u>	<u>35,960,246</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued**7. INVESTMENT IN SUBSIDIARY COMPANIES** - continued

a) The subsidiary companies, all were incorporated in Malaysia, are as follows:

<u>Name</u>	<u>Gross equity interest</u>		<u>Principal activities</u>
	2009 (%)	2008 (%)	
Syarikat U.D. Trading Sdn. Bhd.	100.00	100.00	Dealing of furniture, plywood, small hardware, parts, equipment and construction materials
U.D. Industries Sdn. Bhd.	99.42	99.42	Staples, nails and polyethylene foam manufacturing
U.D. Panelform Sdn. Bhd.	100.00	100.00	Furniture manufacturing and lamination
Sin Wee Seng Industries Sdn. Bhd.*	100.00	100.00	Settee and sofa manufacturing
Poh Keong Industries Sdn. Bhd.*	51.00	51.00	Furniture and parts manufacturing
Subsidiary companies of U.D. Panelform Sdn. Bhd.			
U.D. Wood Products Sdn. Bhd.	100.00	100.00	Veneered woods manufacturing
Evergreen Trend Sdn. Bhd.	-	100.00	Dormant and disposed during the financial year (note 29)
Subsidiary companies of Sin Wee Seng Industries Sdn. Bhd.			
Starlight Industry Sdn. Bhd. *	100.00	100.00	Property investment
Oriena Industry Sdn. Bhd.*	100.00	100.00	Property investment

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued
7. INVESTMENT IN SUBSIDIARY COMPANIES - continued

- a) The subsidiary companies, all were incorporated in Malaysia, are as follows: - continued

<u>Name</u>	<u>Gross equity interest</u>		<u>Principal activities</u>
	2009 (%)	2008 (%)	
Subsidiary company of Syarikat U.D. Trading Sdn. Bhd.			
Syarikat U.D. Trading Corporation Sdn. Bhd.	65.00	51.00	Log houses manufacturing and construction

* Not audited by John Lim & Associates

On 15 September 2008, as disclosed in note 37(c), Syarikat U.D. Trading Sdn. Bhd. ('UDT') has acquired additional 14,000 ordinary of RM1 each in the Syarikat U.D. Trading Corporation Sdn. Bhd. ('UDTC'). As a result of this acquisition, UDTC becomes a 65% owned subsidiary of UDT since then.

- b) Impairment of investment in subsidiary companies

During the financial year, the Company recognised an impairment loss on the cost of investment in subsidiary companies, of which RM5,721,547 relates to the impairment of the Company's investment in Syarikat U.D. Trading Sdn. Bhd., U.D. Industries Sdn. Bhd. and U.D. Panelfrom Sdn. Bhd.. The Company carried out an impairment assessment on the carrying values of subsidiary companies which have indications of impairment using pre-tax cash flow projections and discount rates that reflect the specific risks relating to the CGUs. Accordingly, an impairment loss is recognised on the carrying values of subsidiary companies.

The recoverable amounts of the respective CGUs are determined based on VIU calculations, using pre-tax cash flow projections approved by management based on past performance and expectations of market development.

Management estimates discount rates using pre-tax rates that reflect current market assessment of the time value of money and the risks specific to the CGU. The estimated discount rate is 4.70%.

The growth rates are based on past experience and industry growth forecasts. Management expects revenue to recover to pre-global financial crisis level within 2 to 3 years and thereafter at a growth rate of 8%. Changes in selling price and direct costs are based on past practices, expected internal resource efficiency improvements and expectation of future changes in market.

If the management's estimated gross margin had been lower by 10%, the cost of investment in subsidiary companies would be further impaired by approximately RM7,837,000. If the management's estimated pre-tax discount rate applied to the discounted cash flows had been raised by 1%, the cost of investment in subsidiary companies would be further impaired by approximately RM1,262,000.

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued
8. INTANGIBLE ASSET

	2009	Group
	RM	2008
		RM
Goodwill		
At cost		
Arising from additional investment in a subsidiary company	<u>14,000</u>	<u>-</u>
At 31 August	<u>14,000</u>	<u>-</u>
Accumulated impairment loss		
Impairment loss charged to income statement	<u>14,000</u>	<u>-</u>
At 31 August	<u>14,000</u>	<u>-</u>
Net carrying amount		
At 31 August	<u>-</u>	<u>-</u>

During the financial year, the Group recognised an impairment loss of RM14,000 in respect of the goodwill arising from the additional investment in subsidiary company, UDTG. The Group carried out an impairment assessment on the carrying values of goodwill which have indications of impairment based on VIU calculations using pre-tax cash flow projections and discount rates that reflect the specific risks relating to the cash generating units. Accordingly, an impairment loss is recognised on the carrying values of goodwill which is not supported by the VIU calculations.

The recoverable amounts of the CGU to which goodwill has been allocated is determined based on VIU calculations, using pre-tax cash flow projections on discounted cash flows of the construction order book for the next five years.

Management estimates discount rates using pre-tax rates that reflect current market assessment of the time value of money and the risks specific to the CGU. The discount rate is estimated at 4.70%. The growth rates are based on the construction order book and the expected order.

9. INVESTMENT PROPERTIES

	2009	Group
	RM	2008
		RM
At fair value		
At 01 September	<u>3,929,984</u>	<u>3,969,984</u>
Fair value adjustments	<u>217,016</u>	<u>(40,000)</u>
Disposals	<u>(710,000)</u>	<u>-</u>
	<u>(492,984)</u>	<u>(40,000)</u>
At 31 August	<u>3,437,000</u>	<u>3,929,984</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued
9. INVESTMENT PROPERTIES - continued

	2009	Group
	RM	2008
		RM
At fair value		
- Freehold land	1,325,000	1,244,984
- Freehold shophouse	430,000	350,000
- Freehold condominium	140,000	140,000
- Freehold warehouses	-	710,000
- Long leasehold land and buildings	1,542,000	1,485,000
	<u>3,437,000</u>	<u>3,929,984</u>

- a) Investment properties with carrying amount of RM2,947,000 (2008 - RM3,265,000) are pledged for banking facilities granted to subsidiary companies as disclosed in note 19.
- b) Long leasehold land with carrying amount of RM227,000 (2008 - RM240,000) is in the midst of being transferred to the name of a subsidiary company.
- c) A subsidiary company has entered into agreement on 16 April 2007 with a third party to develop its freehold land with a carrying value of RM350,000 (2008 - RM284,984). As at balance sheet date, development has not been completed yet.
- d) On 30 June 2008, a subsidiary company has entered into Sale and Purchase Agreement for the disposal of the freehold warehouses with a carrying value of RM710,000 for a total sale consideration of RM800,000 as disclosed in note 37(a).
- e) The fair value of the investment properties of the Group at 31 August 2009 is determined by valuation carried out by Messrs. Rahim & Co., Colliers, Jordan Lee & Jaafar (M'cca) Sdn. Bhd. and VPC Alliance (Sabah) Sdn. Bhd., independent professional valuers, using comparison basis to reflect the market value. The valuers have relevant recognised professional qualification and have recent experience in valuing properties in the relevant locations.
- f) The aggregate rental income and direct operating expenses arising from investment properties that generate rental income during the financial year are RM127,100 (2008 - RM126,000) and RM14,237 (2008 - RM11,100) respectively.
- g) The aggregate direct operating expenses arising from investment properties that do not generate rental income during the financial year are RM960 (2008 - RM290).

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued
10. OTHER INVESTMENTS

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
At cost				
Quoted shares				
- in Malaysia	217,312	217,312	-	-
- outside Malaysia	1,585,981	1,585,981	-	-
Unquoted shares	420,000	420,000	420,000	420,000
	2,223,293	2,223,293	420,000	420,000
Less:				
Accumulated impairment loss				
- At 01 September	699,818	548,016	420,000	420,000
- Additions	-	151,802	-	-
- At 31 August	699,818	699,818	420,000	420,000
Net carrying amount	1,523,475	1,523,475	-	-

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Market value of quoted shares				
- in Malaysia	250,125	202,275	-	-
- outside Malaysia	1,321,200	1,321,200	-	-
	1,571,325	1,523,475	-	-

11. INVENTORIES

	Group	
	2009	2008
	RM	RM
At cost:		
Raw materials	10,266,622	20,516,462
Work-in-progress	3,571,459	3,962,029
Finished goods	8,514,235	13,586,702
	22,352,316	38,065,193

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued**12. RECEIVABLES**

	2009	Group		2009	Company
	RM	2008		RM	2008
		RM			RM
Trade receivables	17,023,651	27,161,275		-	-
Less:					
Allowance for doubtful debts					
- At 01 September	776,605	375,293			
- Additions	678,580	565,026		-	-
- No longer required	(52,687)	(163,714)		-	-
- At 31 August	1,402,498	776,605		-	-
	15,621,153	26,384,670		-	-
Amounts due by customers on contracts					
Aggregate costs to date	13,893,242	-		-	-
Less:					
Attributable losses	(448,447)	-		-	-
Foreseeable loss	(247,284)	-		-	-
	13,197,511	-		-	-
Less:					
Progress billing					
Transfer from amount due to customers on contract (note 22)	(368,972)	-		-	-
Additions	(8,002,984)	-		-	-
At 31 August	(8,371,956)	-		-	-
Amount due by customers					
Contracts	4,825,555	-		-	-
Other receivables, deposits and prepayments	4,337,533	7,333,563		1,000	1,000
Less:					
Allowance for doubtful debts					
- At 01 September	342,768	-		-	-
- Additions	-	342,768		-	-
- No longer required	(342,768)				
- At 31 August	-	342,768		-	-
	4,337,533	6,990,795		1,000	1,000
Total	24,784,241	33,375,465		1,000	1,000

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued**12. RECEIVABLES - continued**

- a) The normal credit terms of receivables ranging from 14 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.
- b) Included in trade receivables are advance payments made to a supplier amounting to RM Nil (2008 - RM1,610,995). A Settlement Agreement has been entered into with the supplier for the settlement of the outstanding balance. The transaction has been completed during the financial year as disclosed in note 37(b).
- c) Included in other receivables are:
- i) advance to a supplier for the supply of rubberwood amounting to RM592,830 (2008 - RM1,553,179). A settlement Agreement has been entered into with the supplier to settle part of the outstanding balance. The transaction has been completed during the financial year as disclosed in note 37(b).
- ii) amount owing by a vendor amounting to RM Nil (2008 - RM876,813) for the purchase of freehold land in prior financial years. During the financial year, the subsidiary company has entered into a Settle Agreement with the vendor to settle part of the outstanding balance amounting to RM520,000 by acquired two units of double storey semi-detached house from the vendor as disclosed in note 37(d).

- d) The foreign currency exposures of receivables are as follows:

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
United States Dollar	2,378,647	2,370,228	-	-
Ringgit Malaysia	22,405,594	31,005,237	1,000	-
	24,784,241	33,375,465	1,000	1,000

- e) The cost incurred to date on construction contracts include the following charges made during the financial year:

	2009	Group	2008
	RM		RM
Rental of hostel	7,376		-
Rental of factory	98,648		-

13. AMOUNTS DUE BY SUBSIDIARY COMPANIES**Company**

The amounts due by subsidiary companies are non-trade in nature, unsecured, repayable on demand and to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued
14. TAXATION

a) Movements in the taxation statements are:

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
At 01 September	(1,062,930)	(1,942,391)	(43,298)	(44,798)
Taxation charge for the financial year				
- Malaysian income tax	29,695	128,189	-	-
- Foreign tax	-	8,916	-	-
	29,695	137,105	-	-
Overprovision in prior financial year	(42,362)	(52,513)	-	-
Income tax paid				
- Malaysian income tax	(271,732)	(229,811)	-	-
- Foreign tax	-	(8,916)	-	-
	(271,732)	(238,727)	-	-
Income tax refund	365,125	1,038,120	-	1,500
Tax deducted at source	(4,350)	(4,524)	-	-
At 31 August	<u>(986,554)</u>	<u>(1,062,930)</u>	<u>(43,298)</u>	<u>(43,298)</u>
Disclosed as:				
Tax assets	(1,003,657)	(1,182,693)	(43,298)	(43,298)
Tax liabilities	<u>17,103</u>	<u>119,763</u>	<u>-</u>	<u>-</u>
	<u>(986,554)</u>	<u>(1,062,930)</u>	<u>(43,298)</u>	<u>(43,298)</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued
14. TAXATION - continued

b) The income tax expenses comprise:

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Taxation charge for the financial year				
-Malaysian income tax	29,695	128,189	-	-
-Foreign tax	-	8,916	-	-
	29,695	137,105	-	-
Overprovision in prior financial year	(42,362)	(52,513)	-	-
Transfer from deferred taxation (note 21)				
- current provision	27,777	(24,040)	-	-
- overprovision in prior financial year	305	(616,987)	-	-
- effect on opening deferred tax resulting from a change in income tax rate	(31,815)	(448,392)	-	-
	(3,733)	(1,089,419)	-	-
Income tax expenses for the financial year	(16,400)	(1,004,827)	-	-

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued**14. TAXATION - continued**

- c) A reconciliation of the statutory tax rates to the Group's and the Company's effective tax rates applicable to pre-tax loss is as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Loss before taxation	<u>(4,371,298)</u>	<u>(8,705,517)</u>	<u>(5,647,647)</u>	<u>(1,383,990)</u>
Taxation at statutory tax rate of 25% (2008 - 26%)	(1,092,825)	(2,263,434)	(1,411,912)	(359,837)
Tax effects of:				
- opening deferred tax resulting from a reduction in income tax rate	(31,815)	(448,392)	-	-
- tax incentive obtained for preferential tax rate of 20%	-	34,676	-	-
- income not subject to tax	(88,401)	(86,403)	(62,500)	(68,380)
- double deduction expenses	(347,404)	(320,355)	-	-
- non-allowable expenses	579,978	733,091	1,474,412	428,217
Utilisation of previously unrecognised unused capital allowances	-	(746)	-	-
Effect of different tax rate in other country	-	2,972	-	-
Tax incentives	-	(36,591)	-	-
Deferred tax recognised at different tax rate	-	30,928	-	-
Deferred tax assets not recognised by certain subsidiary companies	1,218,613	2,018,120	-	-
Utilisation of previously unrecognised deferred tax assets by a subsidiary company	(212,538)	-	-	-
Others	49	807	-	-
	25,657	(335,327)	-	-
(Over)/underprovision in prior financial year				
- income tax	(42,362)	(52,513)	-	-
- deferred tax	305	(616,987)	-	-
Income tax expenses for the financial year	<u>(16,400)</u>	<u>(1,004,827)</u>	<u>-</u>	<u>-</u>

In financial year 2008, certain subsidiaries of the Group qualified for tax incentive applicable to small-medium enterprise by virtue of having an issued and paid up share capital which is below RM2,500,000. Under this incentive, these subsidiary companies enjoyed a preferential tax rate of 20% on the first RM500,000 of the estimated assessable profit.

Pursuant to paragraph 2B, Schedule 1 of the Income Tax Act 1967 that was introduced effective from assessment year 2009, these companies no longer qualifies for the above preferential tax rate.

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued**14. TAXATION - continued**

- d) The tax saving arising from the utilisation of previously unused capital allowances and tax losses amounted to approximately RM430,900 (2008 - RM700).
- e) The Group and the Company have the following which can be used to offset against future taxable profits:

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Reinvestment allowances	4,072,772	4,207,398	-	-
Unused capital allowances	4,198,860	3,482,305	-	-
Unused tax losses	16,877,079	12,563,866	-	-
	25,148,711	20,253,569	-	-

15. FIXED DEPOSITS WITH LICENSED BANKS

All the fixed deposits of the Group are pledged for credit facilities granted to subsidiary companies as disclosed in note 19 and fixed deposits amounting to RM1,100,517 (2008 - RM1,076,365) are held in trust in the name of a director.

The above fixed deposits have maturity ranging from 365 to 455 (2008 - 365 to 455) days.

Other information on financial risks of fixed deposits is disclosed in note 35(c).

16. NOT-CURRENT ASSET HELD FOR SALE

	Note	2009	Group
		RM	2008
			RM
At 01 September		-	-
Transfer from property, plant and equipment	5	1,150,412	-
At 31 August		1,150,412	-

The non-current asset held for sale is the property at HS (D) 33693, Lot PTD 10643, Mukim Jalan Bakri, District of Muar, State of Johor of which a subsidiary company has entered into a Sale and Purchase Agreement, as disclosed in note 38, to dispose for sale consideration of RM1,150,412 with no material gain or loss arising.

17. SHARE CAPITAL

	2009	Group and Company		2008
	No. of	2008	2009	RM
	shares	No. of	RM	
		shares		
Ordinary shares of RM0.50 each				
Authorised	200,000,000	200,000,000	100,000,000	100,000,000
Issued and fully paid	126,505,500	126,505,500	63,252,750	63,252,750

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued**17. SHARE CAPITAL - continued****i) EMPLOYEES' SHARE OPTION SCHEME ('ESOS')**

The Group's ESOS is in force for a period of 5 years, was approved by the Securities Commission on 01 September 2004 and by the shareholders of the Company at the Extraordinary General Meeting held on 25 August 2004. The ESOS became effective on 13 September 2004. Pursuant to the scheme, options to subscribe for ordinary shares of RM0.50 each are granted to eligible employees of the Group, including executive and non-executives directors of any company in the Group. The ESOS expired on 12 September 2009.

The salient features of the ESOS are summarised as follows:

- (a) The maximum number of new shares of the Company which may be subscribed on the exercise of options granted under the ESOS shall not exceed fifteen per centum (15%) of the issued and paid-up share capital of the Company or such maximum percentages as allowable by any relevant authorities at any point of time during the existence of the ESOS.
- (b) Any employee including any director of the Group shall be eligible to participate in the ESOS if, as at the date of offer, the employee:
 - (i) is at least eighteen (18) years of age or above;
 - (ii) in respect of an employee (including Executive Director) is confirmed and employed full-time by and on the payroll of any company in the Group; and
 - (iii) in respect of a Non-Executive Director, is a member of the board of directors of company(ies) comprised in the Group;hereinafter known as "Eligible Employees".
- (c) The number of new shares that may be offered and allotted to any Eligible Employees of the Group shall be at the discretion of the Option Committee after taking into consideration the performance, seniority and length of service of the Eligible Employees and such other factors that the Option Committee may deem relevant, subject to the following:
 - (i) not more than fifty per centum (50%) (or such percentage as allowable by the relevant authorities) of the shares available under the ESOS should be allocated, in aggregate, to directors and senior management of the Group; and
 - (ii) not more than ten per centum (10%) (or such percentage as allowable by the relevant authorities) of the shares available under the ESOS should be allocated to any individual director or employee who, either singly or collectively through person connected with the director or employee (as defined in the Listing Requirements), holds twenty per centum (20%) or more in the issued and paid-up share capital of the Company;

provided always that it is in accordance with any prevailing guidelines issued by the Bursa Malaysia Securities Berhad ('Bursa Securities'), the Listing Requirements or any other relevant authorities as amended from time to time.

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued
17. SHARE CAPITAL - continued

The Option Committee shall offer to an Eligible Employee not less than one hundred (100) shares nor more than the maximum entitlement stipulated hereunder:

Category of Employee	Maximum Allowable Allotment Percentage (%)*
Executive Director	10
Non-Executive Director	3
Directors of the subsidiary companies	3
General Manager	3
Manager	2
Executive	1
Supervisor	1
Clerical	1
Non-Clerical	0.5

* *Based on the total number of shares in the Company available under the ESOS.*

- (d) The ESOS take effect on 13 September 2004 and continue to be in force for a period of five (5) calendar years from its effective date. However, the ESOS may at the discretion of the Option Committee, be extended or renewed (as the case may be) provided always that the initial ESOS period stipulated above and such extension of ESOS made pursuant to this By-Laws shall not in aggregate exceed a duration of ten (10) years. For the avoidance of doubt, no further sanction, approval or authorisation of the shareholders of the Company in a general meeting is required for any such extension or renewal (as the case may be).
- (e) The price at which the grantee is entitled to subscribe for each of the new UDS Capital Berhad's share shall be fixed based on the 5-day weighted average market price of the UDS Capital Berhad's shares, as quoted on the Bursa Securities, at the date of offer with a discount of not more than ten per centum (10%), if deemed appropriate, or such lower or higher limit in accordance with any prevailing guidelines issued by the Bursa Securities or any other relevant authorities as amended from time to time, or at the par value of each of the share of the Company, whichever is higher.
- (f) An offer made by the Option Committee to an Eligible Employee shall be valid for a period of fourteen (14) calendar days from the date of offer and shall be accepted within this prescribed period by the Eligible Employee to whom the Offer is made by a written notice to the Option Committee in such form as may be prescribed by the Option Committee of such acceptance accompanied by a payment to the Company of a non-refundable cash consideration of RM1.00 only for the grant of the option. The day of receipt of such written notice shall constitute the date of acceptance.
- (g) The new shares to be allotted and issued upon exercise of any option shall upon allotment, rank pari passu in all respects with the existing issued and paid-up ordinary shares of the Company, except that the new shares so allotted shall not be entitled to any dividend, rights, allotment or other distribution unless the shares so allotted have been credited into the relevant securities accounts maintained by the Bursa Malaysia Depository Sdn. Bhd. before the entitlement date and will be subject to all the provisions of the Articles of Association of the company relating to the transfer, transmission or otherwise of the shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued**17. SHARE CAPITAL** – continued

- (h) The grantees have no right to participate, by virtue of this option, in any shares of the company within the Group.

The summary of the movements of ESOS are as follows:

<u>Date granted</u>	<u>Expiry date</u>	Exercise price per share RM	Number of unissued ordinary shares under ESOS		
			<u>01 September 2008</u>	<u>Exercised</u>	<u>31 August 2009</u>
13.09.2004	12.09.2009	<u>0.58</u>	<u>4,981,971</u>	<u>-</u>	<u>4,981,971</u>
Exercisable at the end of the financial year					<u>4,981,971</u>

ii) WARRANTS

The Company had issued 21,084,250 warrants which were listed on Bursa Malaysia Securities Berhad on 02 December 2005 in conjunction with the rights issue on the basis of one (1) warrant attached to one (1) rights share subscribed.

The warrants are constituted by a Deed Poll dated 08 September 2005 executed by the Company.

The main features of the warrants are as follows:

- Each warrant entitles the registered holder during the exercise period to subscribe for one (1) new ordinary share at the exercise price of RM0.80 per share, subject to adjustment in accordance with the provisions of the Deed Poll.
- The warrants may be exercised at any time on or before the expiry date of ten (10) years from the issue date of the warrants on 02 December 2005. The warrants not exercised during the exercise period will thereafter become lapse and void.
- All the new ordinary shares in the Company to be issued upon the exercise of the warrants shall, on allotment and issue, rank pari passu in all respects with the then existing ordinary shares of the Company except that they shall not be entitled to any dividends, that may be declared prior to the date of allotment and issue of the new shares, nor shall they be entitled to any distributions or entitlements for which the record date is prior to the date of exercise of the warrants.

The summary of movements of warrants are as follows:

<u>Date of issue</u>	Exercise price per warrant RM	Number of warrants		
		<u>01 September 2008</u>	<u>Bought/ Sold/ Exercised</u>	<u>31 August 2009</u>
02.12.2005	<u>0.80</u>	<u>21,084,250</u>	<u>-</u>	<u>21,084,250</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued
18. RESERVES

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Non-distributable reserve:				
Share premium	<u>12,494,536</u>	12,494,536	<u>12,494,536</u>	12,494,536
Accumulated losses	<u>(19,451,272)</u>	(15,038,278)	<u>(20,648,039)</u>	(15,000,392)
	<u>(6,956,736)</u>	<u>(2,543,742)</u>	<u>(8,153,503)</u>	<u>(2,505,856)</u>

19. BORROWINGS

	Group	
	2009	2008
	RM	RM
Current portion:		
Secured		
Bank overdrafts	1,466,976	1,479,990
Bankers' acceptances	25,796,000	40,203,060
Term loans	703,051	663,129
Hire purchase payables (note 20)	<u>382,203</u>	<u>758,587</u>
	<u>28,348,230</u>	<u>43,104,766</u>
Unsecured		
Bank overdrafts	481,083	444,980
Bankers' acceptances	<u>398,000</u>	<u>1,500,030</u>
	<u>879,083</u>	<u>1,945,010</u>
Total current portion	<u>29,227,313</u>	<u>45,049,776</u>
Non-current portion:		
Secured		
Term loans	2,842,716	3,579,075
Hire purchase payables (note 20)	<u>305,456</u>	<u>666,908</u>
Total non-current portion	<u>3,148,172</u>	<u>4,245,983</u>
Total borrowings	<u>32,375,485</u>	<u>49,295,759</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued
19. BORROWINGS - continued

a) The non-current portion of the term loans is repayable over the following periods:

	2009	Group
	RM	2008
		RM
Between one to two years	960,831	866,313
Between two to five years	1,761,049	1,758,585
After five years	120,836	954,177
	<u>2,842,716</u>	<u>3,579,075</u>

b) The bank borrowings of the Group are secured by:

- i) Debenture incorporating legal charges over the properties of the certain subsidiary companies as disclosed in note 5, 6 and 9, and floating charges over all the present and future assets of the certain subsidiary companies; and
- ii) Fixed deposits as disclosed in note 15.

c) Other information on financial risks of borrowings is disclosed in note 35(c).

d) The term loans are repayable as follows:

<u>Loan account</u>	<u>No. of installments</u>	<u>Monthly repayment</u>
Term loan 1	36	RM19,735 commenced August 2006
Term loan 2	96	RM23,960 commenced August 2007
Term loan 3	120	RM16,667 commenced February 2007

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued**20. HIRE PURCHASE PAYABLES**

	2009	Group
	RM	2008
		RM
Due within one year	408,309	811,468
Less:		
Future finance charges	<u>(26,106)</u>	<u>(52,881)</u>
	382,203	758,587
Due after one year	317,402	704,185
Less:		
Future finance charges	<u>(11,946)</u>	<u>(37,277)</u>
	305,456	666,908
Future minimum lease payments:		
Not later than one year	408,309	811,468
Later than one year and not later than two years	225,561	512,370
Later than two years and not later than five years	<u>91,841</u>	<u>191,815</u>
Total future minimum lease payments	725,711	1,515,653
Less:		
Future finance charges	<u>(38,052)</u>	<u>(90,158)</u>
Present value of finance lease liabilities	687,659	1,425,495
Analysis of present value of finance lease liabilities:		
Not later than one year	382,203	758,587
Later than one year and not later than two years	216,172	483,642
Later than two years and not later than five years	<u>89,284</u>	<u>183,266</u>
	687,659	1,425,495
Less:		
Amount due within twelve months (note 19)	<u>(382,203)</u>	<u>(758,587)</u>
Amount due after twelve months (note 19)	305,456	666,908

Other information on financial risks of hire purchase payables is disclosed in note 35(c).

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued
21. DEFERRED TAXATION

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

Group 2009	Balance at 01 September 2008 RM	Recognised in the income statement (Note 14) RM	Balance at 31 August 2009 RM
Deferred tax assets			
Allowance for doubtful debts	(23,255)	-	(23,255)
Reinvestment allowances	(131,771)	-	(131,771)
Unused tax losses	(238,156)	-	(238,156)
Unused capital allowances	(96,074)	-	(96,074)
	<u>(489,256)</u>	-	<u>(489,256)</u>
Deferred tax liabilities			
Excess of property, plant and equipment's net carrying amount over their tax written down value	601,607	(3,733)	597,874
Deferred tax liabilities - net	<u>112,351</u>	<u>(3,733)</u>	<u>108,618</u>

Group 2008	Balance at 01 September 2007 RM	Recognised in the income statement (Note 14) RM	Balance at 31 August 2008 RM
Deferred tax assets			
Allowance for doubtful debts	(101,329)	78,074	(23,255)
Excess of tax written down value over their property, plant and equipment's net carrying amount	(51,393)	51,393	-
Reinvestment allowances	(136,635)	4,864	(131,771)
Unused tax losses	(127,536)	(110,620)	(238,156)
Unused capital allowances	(216,122)	120,048	(96,074)
	<u>(633,015)</u>	<u>143,759</u>	<u>(489,256)</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2008 – continued**21. DEFERRED TAXATION** – continued

Group 2008	Balance at 01 September 2007 RM	Recognised in the income statement (Note 14) RM	Balance at 31 August 2008 RM
Deferred tax liabilities			
Excess of property, plant and equipment's net carrying amount over their tax written down value	1,834,785	(1,233,178)	601,607
	<u>1,834,785</u>	<u>(1,233,178)</u>	<u>601,607</u>
Deferred tax liabilities - net	<u>1,201,770</u>	<u>(1,089,419)</u>	<u>112,351</u>

- b) Deferred tax assets of the subsidiary companies in the Group are only recognised to the extent where it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. The balance of deferred tax assets has not been recognised as it is not probable that sufficient future taxable profits will be available to offset against the following unrecognised deferred tax assets of these companies concerned.

Deferred tax assets have not been recognised in respect of the following:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Excess of property, plant and equipment's net carrying amount over their tax written down value	1,066,189	900,947	-	-
Allowance for doubtful debts	(335,495)	(262,449)	-	-
Reinvestment allowances	(1,735,128)	(1,068,007)	-	-
Unused tax losses	(4,009,271)	(3,216,087)	-	-
Unused capital allowances	(1,173,714)	(1,691,395)	-	-
	<u>(6,187,419)</u>	<u>(5,336,991)</u>	<u>-</u>	<u>-</u>
Less:				
Deferred tax liabilities	<u>-</u>	<u>155,647</u>	<u>-</u>	<u>-</u>
	<u>(6,187,419)</u>	<u>(5,181,344)</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued**22. PAYABLES**

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Trade payables	13,859,414	15,370,349	-	-
Amount due to customers on contracts				
Less:				
Progress billings				
At 01 September	368,972	-	-	-
Additions	-	368,972	-	-
Transfer to amount due by customers on contracts (note 12)	(368,972)	-	-	-
At 31 August	-	368,972	-	-
Amounts due to customers on contracts	-	368,972	-	-
Other payables				
Sundry payables	4,231,283	4,216,894	9,363	10,111
Payroll liabilities	255,695	277,078	-	-
Deposits received and accruals	323,023	349,967	10,000	118,000
	4,810,001	4,843,939	19,363	128,111
	18,669,415	20,583,260	19,363	128,111

Group

a) The normal credit terms of payables ranging from 14 to 120 days. Other credit terms are assessed and approved on case-by-case basis.

b) The foreign currency exposures of payables are as follows:

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Euro Dollar	794,766	-	-	-
United States Dollar	17,433,684	20,059,340	-	-
Ringgit Malaysia	440,965	523,920	19,363	128,111
	18,669,415	20,583,260	19,363	128,111

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued**23. REVENUE**

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Construction contracts	8,520,378	-	-	-
Dividend income from subsidiary companies	-	-	250,000	263,000
Sales of goods	129,134,901	139,526,621	-	-
	137,655,279	139,526,621	250,000	263,000

24. COST OF SALES

	Group	
	2009	2008
	RM	RM
Construction contracts	8,820,403	-
Cost of manufacturing	114,160,267	127,250,553
	122,980,670	127,250,553

25. OTHER INCOME

Other income comprise the following:

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Allowance for doubtful debts no longer required	395,455	163,714	-	-
Bad debts recovered	-	5,443	-	-
Dividend from quoted investments	44,213	76,841	-	-
Fair value adjustment on investment properties	217,016	-	-	-
Foreign exchange gain - realised	1,432,884	199,724	-	-
- unrealised	35,346	-	-	-
Gain on disposal of a subsidiary company	87	-	-	-
Gain on disposal of investments property	90,000	-	-	-
Gain on disposal of property, plant and equipment	2,771	145,390	-	-
Insurance claimed	10,228	41,282	-	-
Interest income	79,087	119,944	-	-
Rental income	137,600	124,510	-	-
Sundry revenue	220,555	340,201	-	-
	2,665,242	1,217,049	-	-

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued**26. OPERATING LOSS**

This is arrived at after inclusion of the following charges:

a)	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Allowance for doubtful debts	678,580	907,794	-	-
Amortisation of prepaid lease payments	27,796	27,795	-	-
Auditors' remuneration:				
Statutory audit				
- Company's auditors	60,000	60,000	10,000	10,000
- other auditors	35,000	37,700	-	-
Non-statutory audit				
- Company's auditors	12,129	24,275	2,784	11,313
Bad debts written off	400,131	-	-	-
Depreciation	3,163,816	3,268,985	6,027	1,080
Fair value adjustment on investment properties	-	40,000	-	-
Foreign exchange loss:				
- unrealised	-	6,927	-	-
- realised	31,485	199,548	-	-
Impairment loss on goodwill	14,000	-	-	-
Impairment loss on investment in subsidiary companies	-	-	5,721,547	1,400,000
Impairment loss on other investments	-	151,802	-	-
Levy fee forfeited	9,040	-	-	-
Loss on disposal of property, plant and equipment	114,362	-	-	-
Property, plant and equipment written off	17,945	1,596	-	-
Provision for foreseeable loss	247,284	-	-	-
Rental of				
- cylinder	8	-	-	-
- factory	94,920	143,420	-	-
- hostel	133,225	66,130	-	-
- office equipment	14,820	11,037	-	-
- premises	82,297	175,110	-	-
- vehicles	12,844	10,363	-	-

b) Addition information:

	2009	Group
	RM	2008
		RM
Purchase of raw materials	65,696,652	68,996,431
Purchase of trading merchandises	29,586,495	50,566,010

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued
26. OPERATING LOSS - continued

c) Directors' remuneration

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
i) Directors of the Company				
Executive:				
Salaries and other emoluments	1,256,000	1,250,000	-	60,000
Defined contribution retirement plan	111,360	98,640	-	-
The estimated monetary value of benefit-in-kind	247,073	370,619	-	-
Other employee benefits	125,187	2,519	-	-
	1,739,620	1,721,778	-	60,000
Non-Executive:				
Allowance	-	48,000	-	48,000
Commission	11,324	-	-	-
	1,750,944	1,769,778	-	108,000

ii) Directors of the subsidiary companies

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Executive:				
Salaries and other emoluments	518,432	480,500	-	-
Defined contribution retirement plan	54,720	48,060	-	-
The estimated monetary value of benefit-in-kind	28,025	49,200	-	-
Other employee benefits	18,626	3,838	-	-
	619,803	581,598	-	-

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued**26. OPERATING LOSS - continued**

The number of directors of the Company whose total remuneration during the financial year fell within the following bands:

	Number of directors	
	2009 Nos.	2008 Nos.
Executive directors of the Company		
- Below RM50,000	1	1
- RM100,001 – RM150,000	1	-
- RM200,001 – RM250,000	-	1
- RM250,001 – RM300,000	1	-
- RM300,001 – RM350,000	2	-
- RM450,001 – RM500,000	-	2
- Above RM500,000	-	1
	<u>5</u>	<u>5</u>
Non-executive directors of the Company		
- Below RM50,000	-	4
	<u>5</u>	<u>9</u>

27. FINANCE COSTS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Interest on				
- bankers' acceptances	1,095,543	1,547,831	-	-
- bank overdrafts	108,306	123,417	-	-
- hire purchases	52,737	88,095	-	-
- term loans	209,050	267,590	-	-
	<u>1,465,636</u>	<u>2,026,933</u>	<u>-</u>	<u>-</u>

28. LOSS PER SHARE**a) Basic loss per share**

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

	Group	
	2009 RM	2008 RM
Loss attributable to ordinary equity holders of the Company	<u>(4,412,994)</u>	<u>(7,339,523)</u>
	2009 Units	2008 Units
Number of ordinary shares in issue	<u>126,505,500</u>	<u>126,505,500</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued
28. LOSS PER SHARE - continued**a) Basic loss per share - continued**

	2009 RM	Group 2008 RM
Basic loss per share	<u>(0.035)</u>	<u>(0.058)</u>

b) Diluted loss per share

The fully diluted loss per share is the same as the basic loss per ordinary share, as the effects of ESOS and warrants are ignored as they are anti-dilutive, in calculating the diluted loss per ordinary share in accordance with FRS 133 on Earning per Share.

29. DISPOSAL OF A SUBSIDIARY COMPANY

On 29 May 2009, a subsidiary company, U.D. Panelform Sdn. Bhd. has disposed of its 100% equity interest in Evergreen Trend Sdn. Bhd. for a total cash consideration of RM100. The subsidiary was previously reported as part of the property investment segment.

The disposal had the following effects of the financial position of the Group as at the end of the financial year:

	Group 2009 RM
Cash at bank	2,013
Payables	<u>(2,000)</u>
Net assets disposal	13
Total disposal proceeds	<u>(100)</u>
Gain on disposal to the Group	<u><u>(87)</u></u>
Cash outflow arising on disposal:	
Cash consideration	100
Cash and cash equivalents of subsidiary company disposed	<u>(2,013)</u>
Net cash outflow of the Group	<u><u>(1,913)</u></u>

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued**30. CASH FLOW STATEMENTS**

a) Purchase of property, plant and equipment

During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	2009	Group	2008
	RM		RM
Purchase of property, plant and equipment (note 5)	4,849,480		3,271,481
Financed by hire purchase plan	(26,000)		(1,104,300)
Non-cash transaction (note 30(c))	(2,802,824)		-
	<u>2,020,656</u>		<u>2,167,181</u>

b) Cash and cash equivalents included in the cash flow statements comprise the following:

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Cash and bank balances	5,750,267	4,644,619	164,141	182,382
Bank overdrafts	(1,948,059)	(1,924,970)	-	-
	<u>3,802,208</u>	<u>2,719,649</u>	<u>164,141</u>	<u>182,382</u>

The currency exposure profile of the cash and cash equivalents are as follows:

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
- Euro Dollar	-	383	-	-
- Ringgit Malaysia	3,322,376	1,743,982	164,141	182,382
- Thai Bath	117	-	-	-
- United States Dollar	479,715	975,284	-	-
	<u>3,802,208</u>	<u>2,719,649</u>	<u>164,141</u>	<u>182,382</u>

c) Non cash transactions

During the financial year, the Group has the following non cash transactions arising from settlement of debts with assets:

	Note	2009	Group	2008
		RM		RM
Two parcels of vacant freehold land	37(b)	2,282,824		-
Two units of double storey semi-detached houses	37(d)	520,000		-
		<u>2,802,824</u>		<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued**31. SIGNIFICANT RELATED PARTY DISCLOSURES**

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

a) Identity of related parties

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

- i) Subsidiary companies of the Company as disclosed in note 7.
- ii) Key management personnel
- Key management personnel represents the executive directors of the Company and its subsidiary companies.
- iii) Mdm. Lee Geok Kim is a director of a subsidiary company, Poh Keong Industries Sdn. Bhd.
- iv) Ms. Koh Shih Hui is sister of Mr. Koh Tie Siang and daughter of Dato' Koh Low @ Koh Kim Toon.

b) Significant transactions undertaken during the financial year were as follows:

		Group		Company	
	Note	2009 RM	2008 RM	2009 RM	2008 RM
Subsidiary companies:					
Dividends received from					
- Sin Wee Seng Industries Sdn. Bhd.		-	-	(250,000)	(120,000)
- Syarikat UD Trading Sdn. Bhd.		-	-	-	(143,000)
Advance to subsidiary companies		-	-	(65,000)	(38,000)
Repayment from subsidiary company		-	-	75,580	-
Related parties:					
Rental of factory paid to Lee Geok Kim	(i)	94,920	94,920	-	-
Purchase of property, plant and equipment from Koh Shih Hui	(i)	-	35,000	-	-

- i) The directors are of the opinion that these transactions are transacted at approximate market prices and mutually agreed terms.
- ii) Information regarding outstanding balances which are unsecured, arising from related party transactions as at 31 August 2009, is disclosed in note 13.
- c) Compensation paid to key management personnel is disclosed in note 26(c).

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued
32. STAFF COSTS

The total staff costs, including directors remuneration, recognised in the income statements were as follows:

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Salaries and wages	13,067,537	13,242,016	-	108,000
Defined contribution retirement plan	957,805	906,218	-	-
Other employee benefits	292,080	305,767	-	-
	14,317,422	14,454,001	-	108,000

33. CONTINGENT LIABILITIES**UNSECURED****Group**

A customer of the subsidiary company, Syarikat U.D. Trading Sdn. Bhd. ('UDT'), has taken legal action against UDT for:

- i) unspecified damages;
- ii) the writ of seizure and sale proceedings ('WSS') which UDT obtained judgment in default on 02 October 2002 is void and illegal; and
- iii) UDT be restrained from proceeding with the WSS.

Based on the advice of solicitors, the directors are of the opinion that the above action will not be successful. The possible damages, if any, would not have any material financial impact to the Group.

Company

The Company has extended corporate guarantees to bankers for credit facilities to a limit of approximately RM56 million (2008 - RM72.8 million), as disclosed in note 36, granted to subsidiary companies.

Accordingly, the Company is contingently liable to the extent of credit facilities utilised by the subsidiary companies amounting to approximately RM28.1 million as of 31 August 2009 (2008 - RM46.2 million).

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued
34. SEGMENTAL REPORTING - GROUP

Segment information

Segment information is presented in respect of the Group's business segment. An analysis by geographical segment has been presented in respect of revenue only as the Group operates wholly in Malaysia.

Segment results, assets and liabilities include items directly attributable to the segments, as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise finance cost and corporate expenses.

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

Segment revenues, expenses and results include transfers between segments. Inter-segment sales are charged at market prices based on negotiated and mutually agreed terms. These transactions are eliminated on consolidation.

The main business segments and respective business activity of each segment of the Group are:

<u>Business segment</u>	<u>Business activity</u>
Manufacturing	Manufacturing of furniture products and log houses
Investment holding	Investment holding
Property investment	Property investment
Construction	Construction of log houses

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued**34. SEGMENTAL REPORTING - GROUP** - continued

Segment information is presented in respect of the Group's business segment.

2009	<u>Investment holding</u> RM	<u>Manufacturing</u> RM	<u>Construction</u> RM	<u>Property investment</u> RM	<u>Eliminations</u> RM	<u>Consolidated</u> RM
REVENUE AND EXPENSES						
Revenue						
External sales	-	129,134,901	8,520,378	-	-	137,655,279
Dividend income	250,000	-	-	-	(250,000)	-
Inter-segment revenue	-	10,969,198	-	204,000	(11,173,198)	-
Total	<u>250,000</u>	<u>140,104,099</u>	<u>8,520,378</u>	<u>204,000</u>	<u>(11,423,198)</u>	<u>137,655,279</u>
Results						
Segment results	(5,911,647)	(1,699,384)	(1,305,695)	210,430	5,721,547	(2,984,749)
Finance costs	-	(1,465,636)	-	-	-	(1,465,636)
Finance income	-	79,087	-	-	-	79,087
Loss before taxation						(4,371,298)
Income tax expenses						<u>16,400</u>
Loss for the financial year						<u>(4,354,898)</u>
Attributable to:						
Equity holders of the Company						(4,412,994)
Minority interests						<u>58,096</u>
						<u>(4,354,898)</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued**34. SEGMENTAL REPORTING - GROUP** - continued

Segment information is presented in respect of the Group's business segment. - continued

2009	<u>Investment holding</u> RM	<u>Manufacturing</u> RM	<u>Construction</u> RM	<u>Property investment</u> RM	<u>Eliminations</u> RM	<u>Consolidated</u> RM
ASSETS AND LIABILITIES						
Segment assets #	165,141	95,347,679	6,136,808	7,366,023	-	<u>109,015,651</u>
Segment liabilities @	19,363	49,806,898	1,213,622	5,017	-	<u>51,044,900</u>
OTHER INFORMATION						
Capital expenditure						
- Property, plant and equipment	-	1,955,037	65,619	-	-	2,020,656
- Non cash transactions (note 30(c))	-	2,802,824	-	-	-	<u>2,802,824</u>
						<u>4,823,480</u>
Amortisation prepaid lease payment	-	27,796	-	-	-	27,796
Depreciation	6,027	3,080,123	40,975	36,691	-	3,163,816
Impairment loss on investment in subsidiary companies	5,721,547	-	-	-	(5,721,547)	-
Non-cash expenses other than amortisation and depreciation	-	1,206,328	275,014	-	-	1,481,342
						<u>4,672,954</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued**34. SEGMENTAL REPORTING - GROUP - continued**

Segment information is presented in respect of the Group's business segment.

2008	<u>Investment holding</u> RM	<u>Manufacturing</u> RM	<u>Property investment</u> RM	<u>Eliminations</u> RM	<u>Consolidated</u> RM
REVENUE AND EXPENSES					
Revenue					
External sales	-	139,526,621	-	-	139,526,621
Dividend income	263,000	-	-	(263,000)	-
Inter-segment revenue	-	15,149,884	204,000	(15,353,884)	-
Total	<u>263,000</u>	<u>154,676,505</u>	<u>204,000</u>	<u>(15,616,884)</u>	<u>139,526,621</u>
Results					
Segment results	(1,646,990)	(6,740,349)	188,811	1,400,000	(6,798,528)
Finance costs	-	(2,026,933)	-	-	(2,026,933)
Finance income	-	119,944	-	-	119,944
Loss before taxation					(8,705,517)
Income tax expenses					<u>1,004,827</u>
Loss for the financial year					<u>(7,700,690)</u>
Attributable to:					
Equity holders of the Company					(7,339,523)
Minority interests					<u>(361,167)</u>
					<u>(7,700,690)</u>
ASSETS AND LIABILITIES					
Segment assets [#]	189,409	124,041,632	7,900,984	-	<u>132,132,025</u>
Segment liabilities [@]	128,111	69,745,258	5,650	-	<u>69,879,019</u>
OTHER INFORMATION					
Capital expenditure - Property, plant and equipment	-	3,271,481	-	-	<u>3,271,481</u>
Amortisation of prepaid lease payment	-	27,795	-	-	27,795
Depreciation	1,080	3,231,214	36,691	-	3,268,985
Impairment loss on investment in subsidiary companies	1,400,000	-	-	(1,400,000)	-
Non-cash expenses other than amortisation and depreciation	-	1,068,119	40,000	-	<u>1,108,119</u>
					<u>4,404,899</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued**34. SEGMENTAL REPORTING - GROUP - continued**

Segment information is presented in respect of the Group's business segment.

Segment information is presented in respect of the Group's business segment.

: Segment assets comprise total current and non-current assets, less tax assets.

@ : Segment liabilities comprise total current and long-term liabilities, less tax liabilities and deferred taxation.

Geographical segment

The following table provide an analysis of the Group's revenue by geographical segment:

	2009	2008
	RM	RM
Africa	2,562,314	2,729,941
America	3,521,315	7,205,308
Asia Pacific	38,023,063	34,315,500
Australia	4,092,403	3,192,253
Europe	33,138,287	24,121,652
Malaysia	56,317,897	67,961,967
Total revenue	<u>137,655,279</u>	<u>139,526,621</u>

35. FINANCIAL RISK MANAGEMENT

The operations of the Group are exposed to a variety of financial risks, including foreign currency risk, credit risk, interest rate risk and liquidity risk. The objective of the overall financial risk management of the Group is to minimise the Group's exposure to risks and cost associated with the financing, investing and operating activities of the Group. The Board regularly reviews and agrees policies for managing these risks. During the financial year under review, there is no trading in derivative financial instruments.

a) Foreign currency risk

The Group incurs foreign currency risk on sale and purchase transactions denominated in currencies other than Ringgit Malaysia. The currency giving rise to this risk is primarily United States Dollar and Euro Dollar.

Foreign exchange exposure in transactional currencies is kept to an acceptable level. The Group had entered into forward foreign exchange contracts to limit its exposure on foreign currency receivables.

As at the balance sheet date, the Group had entered into forward foreign exchange contracts with the following notional amount and maturity:

	Currency	Maturity within one to twelve months RM
As at 31 August 2009		
Forward contracts used to hedge sales	United States Dollar	<u>5,933,392</u>
As at 31 August 2008		
Forward contracts used to hedge sales	United States Dollar	<u>3,241,437</u>

The net unrecognised gains as at 31 August 2009 on forward currency contracts used to hedge anticipated sales which are expected to occur in the next twelve months amounted to RM704,681 (2008 - RM140,917) and are deferred until the related sales are transacted, at which time they are included in the measurement of such transactions.

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued**35. FINANCIAL RISK MANAGEMENT** – continued**b) Credit risk**

The Group manages credit risk by setting credit limits and ensuring that sales of goods are made to customers with an appropriate credit history. Trade receivables are monitored on a regular and ongoing basis for irregularities.

At balance sheet date, the Group does not have significant concentration of credit risk on trade debts.

c) Interest rate risk

The Group's policy is to borrow principally on a floating rate basis but to retain a proportion of fixed rate debts. The objectives for the mix between fixed and floating rate borrowings are to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

The following tables set out the carrying amounts, the weighted average effective interest rates ('WAEIR') as at the balance sheet date and the remaining maturities of the Group's financial instruments that are exposed to interest rate risk.

	Note	WAEIR %	Within 1 year RM	1-2 years RM	2-3 years RM	3-4 years RM	4-5 years RM	More than 5 years RM	Total RM
At 31 August 2009									
Fixed rate									
Fixed deposits with licensed banks	15	3.67	2,762,683	59,453	-	-	-	-	2,822,136
Hire purchase payables	20	4.04	382,203	216,172	89,284	-	-	-	687,659
Floating rate									
Bank overdrafts	19	6.08	1,948,059	-	-	-	-	-	1,948,059
Bankers' acceptances	19	3.43	26,194,000	-	-	-	-	-	26,194,000
Term loans	19	6.09	703,051	960,831	642,409	487,520	487,520	264,436	3,545,767

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued**35. FINANCIAL RISK MANAGEMENT** – continued**c) Interest rate risk** – continued

	Note	WAEIR %	Within 1 year RM	1-2 years RM	2-3 years RM	3-4 years RM	4-5 years RM	More than 5 years RM	Total RM
At 31 August 2008									
Fixed rate									
Fixed deposits with licensed banks	15	3.75	2,680,285	57,827	-	-	-	-	2,738,112
Hire purchase payables	20	4.77	758,587	483,642	183,266	-	-	-	1,425,495
Floating rate									
Bank overdrafts	19	7.82	1,924,970	-	-	-	-	-	1,924,970
Bankers' acceptances	19	3.81	41,703,090	-	-	-	-	-	41,703,090
Term loans	19	6.55	663,129	866,313	1,358,585	200,000	200,000	954,177	4,242,204

d) Liquidity risk

The Group seeks to achieve a balance between certainty of funding and a flexible, cost-effective borrowing structure. The policy, therefore, seeks to ensure that at a minimum, all projected net borrowing needs are covered by committed facilities. Also, the objective for debt maturities is to ensure that the amount of debt maturing in any one year is not beyond the Group's means to repay and refinance.

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued**36. FAIR VALUES****Recognised**

- a) The carrying amounts of financial instruments with a maturity of less than one year are assumed to approximate their fair values. For long term borrowings, fair values have been determined by discounting the relevant cash flows using current interest rates as at the balance sheet date.

The aggregate fair values of financial liabilities carried on the balance sheet date are presented in the following table:

	Group		Group	
	2009	2009	2008	2008
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Non-current financial liabilities				
Term loans	2,842,716	2,485,663	3,579,075	3,533,424
Hire purchase payables	<u>305,456</u>	<u>363,254</u>	<u>666,908</u>	<u>673,215</u>

- b) It is not practical to estimate the fair values of investment in subsidiary companies due to the constraints of timeliness and cost involved. However, at balance sheet date, the net assets of subsidiary companies are RM34,183,504 (2008 - RM38,719,900).
- c) It is also not practical to estimate the fair value of amounts due by subsidiary companies principally due to lack of fixed repayment terms entered by the parties involved and without incurring excessive costs. However, the Company does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received.

Unrecognised

- a) As at 31 August 2009, the contingent liability not recognised in the balance sheet of the Company is as follow:

	Note	Company		Net fair value RM
		Credit facilities limit RM	Amount utilised RM	
Corporate guarantees	33	<u>55,984,577</u>	<u>28,142,059</u>	-

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

- b) The fair values of forward exchange contracts of the Group as at 31 August 2009 are estimated at RM5,228,711 (2008 - RM3,100,520), determined using forward exchange market rate at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2009 – continued**37. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

- a) On 30 June 2008, a subsidiary company has entered into a Sale and Purchase Agreement to dispose two units of freehold warehouses with a carrying value of approximately RM710,000 for a total sale consideration of approximately RM800,000. The transaction has been completed during the financial year.
- b) On 29 August 2008, a subsidiary company has entered into Settlement Agreement to settle part of the outstanding balance owing by two suppliers amounting to RM2,282,824 by acquiring two parcels of vacant freehold industrial land from the supplier concerned. The transaction has been completed during the financial year.
- c) On 15 September 2008, a subsidiary company, Syarikat U.D. Trading Sdn. Bhd. has increased its investment in subsidiary company, Syarikat U.D. Trading Corporation Sdn. Bhd. by subscribing for 14,000 ordinary shares of RM1 each at par. As a result, the effective interest has increased from 51% to 65% since then.
- d) On 12 January 2009, a subsidiary company has entered into a Settlement Agreement to settle the outstanding balance owing by a vendor amounting to RM520,000 by acquiring two units of double storey semi-detached houses from the vendor concerned. The transaction has been completed during the financial year.
- e) On 29 May 2009, a subsidiary company, U.D. Panelform Sdn. Bhd. has disposed its 100% equity interest in Evergreen Trend Sdn. Bhd. for a total consideration of RM100 as disclosed in note 29.
- f) On 08 July 2009, the Company has entered into a Sale and Purchase Agreement to dispose a parcel of vacant freehold industrial land with a carrying value of approximately RM1,132,412 for sale consideration of approximately RM1,018,050. The transaction has been completed during the financial year.

38. SUBSEQUENT EVENT AFTER THE FINANCIAL YEAR

On 09 November 2009, a subsidiary company has entered into a Sale and Purchase Agreement to dispose a parcel of freehold industrial land with a carrying value of approximately RM1,150,412 for sale consideration of approximately RM1,150,412. As at the date of this report, the transaction has not been completed.